

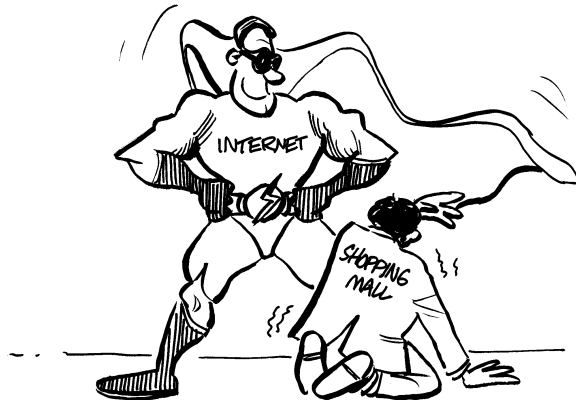
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What is E-business?

The new buzz word at the end of the 90s is E-business. To some degree every business does some kind of electronic business. Orders taken via phone or fax are primitive forms of E-business. The definition here, however, refers to the use of electronic networks as a means of making transactions, either between businesses or direct to customers. Electronic transactions have been made for some years.

- Large retailers use a system called EDI (Electronic Data Interchange)
- Large financial institutions move assets electronically
- Billions of pounds move electronically between the UK's banks each day

The use of these electronic systems has one major drawback: they are very expensive to implement. E-business as we know it today relies on another major development: the Internet. Beginning life in the academic



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world, it was little known until the World Wide Web came into existence along with the first Internet browser, Netscape's Navigator. This put a user-friendly face on what was an archaic communications system, and opened this up for use by anyone that had access to a computer.

Here was a cheap means of connecting computers and, therefore, people together. The networks were primarily used to move text messages from machine to machine. These networks have grown exponentially over the last few years; as a result the potential customer base has mushroomed.

At the moment the established markets have staggering statistics attached to them. The US market is the benchmark. It is expected that these kinds of statistics will soon apply to the online marketplace.

- 82 billion transactions a year are completed in the USA. Of these:
 - 35 billion are cash sales
 - 33 billion are cheque sales
 - 12 billion are credit card sales
- Business writes about 30 billion cheques a year

(Source: *The Future of the Electronic Marketplace*. MIT Press.)

Why move your business to the Internet?

A revolution is taking place. Business is about to be transformed on many levels, but the most fundamental aspect will be the way in which it sells to its customers. E-business offers an opportunity that cannot be missed.

A clear misconception has, however, developed that E-

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business is a large and expensive undertaking that is only suitable for large corporations. Nothing could be further from the truth. The Internet, and doing business online, can be as inexpensive as you would like to make it. On Wednesday you will see that there are electronic shop fronts to suit all needs and budgets.

The move to the Internet and an E-business solution offers a number of clear advantages to any business.

- *The chance to compete with all your competitors.* Previously, business existed in a niche. Each business competed with companies of similar size. The Internet is a level playing field.
- *The possibility to cut costs, in some cases to negligible amounts.* British Airways, for instance, saves on average £7 on overhead costs each time a ticket is booked online.
- Administration becomes more streamlined as order processing and billing are all done electronically and simultaneously.
- An existing business model like a mail order catalogue can easily be adapted to online commerce.

What are the strengths and weaknesses of this move?

Businesses must not make the mistake that moving even a small part of their operation to the Internet will bring instant wealth. As with any move into a new market, the pros and cons of that move must be evaluated carefully if costly mistakes are to be avoided. On Saturday you will see

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that you must build into your Action Plan proper costings for the setting up and maintenance of your website; only then can you begin to contemplate an economic success which provides your business with another permanent income.

Strengths

- A business that only trades in their own country now has the opportunity to trade globally
- An existing customer base can be enhanced with additional services provided via the Internet
- Brand presence can be developed
- Direct communication with customers is facilitated
- Fulfilment processes are streamlined
- Marketing can be more focused when an online business uses its sales demographics and customer profiles, all of which can be generated online



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Weaknesses

- The size of the Internet can make it difficult for a store to stand out without expensive media campaigns
- Trading globally with multiple currencies can be difficult
- Cultural differences are often overlooked on the net i.e., a business must ensure it is trading legally in those markets which it is likely to reach
- Multiple language support: the Internet is global and English may be the universal language, but businesses must take into account that a large proportion of their potential business may not speak English
- Delivery of tangible goods must be as efficient in the global marketplace as it is in the business' home country – smaller businesses may find this particularly difficult (we will look at this point in detail on Friday)
- Many existing customers may not yet have easy access to the Internet and, therefore, a business' website

How can E-business benefit you?

Failure to appreciate how the Internet and E-business can enhance a company's profitability is the fundamental reason why many businesses are failing to take advantage of this new marketplace. The Internet and E-business is not just for technology based companies. Any business can benefit. Yet some business leaders cannot see how their business models fit into this new economic landscape. This is, however, the very heart of the problem. Existing business models do not apply. A company must transform not only the way it does business with its clients, but also the way that it is organised to take the maximum advantage of E-business.

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If you can answer yes to any of the questions below, your company can benefit from E-business.

- Do you sell a product(s) that can be easily shipped to customers?
- Does your business primarily sell information?
- Do you offer customer support via telephone at the moment?
- Are you constrained by limited advertising budgets?
- Do you publish a printed catalogue?
- Are your goods or services specialised?

Integrating E-business into an existing website

Many businesses may have already taken the plunge and set up a website. In most cases this has been somewhat of a knee jerk reaction to the media coverage of the Internet, and partly as a reaction to business competitors appearing online. No one wants to be left behind when staking a claim in this new marketplace.

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An existing website can easily be adapted to offer E-business services to its customers. The route that is taken will largely depend on how a business has organised its website, what kind of goods or services it sells, and how comprehensive it wants its order fulfilment to be.

Businesses have a number of options when adding an E-business solution to an existing website:

- A new shop front
- Adding a payment option

A new shop front

In many cases the website of a business will contain a database of the goods for sale. Software such as *Shop@ssistant* offers a simple means of moving your existing database of goods onto an E-business ready website.

Shop@ssistant (covered in greater detail on Wednesday) offers a means of taking your existing database and creating your shop front from this information. *NetStart* is the shop front software from the leading payment company NetBanx which we will look at on Tuesday when we look at online payment systems. Here a series of simple forms allows a company to build its E-business compatible website quickly. *NetStart's* key features are:

- Multiple catalogue pages
- Multiple item selection
- Individual item prices (including shipping and VAT)
- Area banded shipping costs by weight or unit
- Order or item discounting
- Stock maintenance

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Adding a payment option

On Tuesday you will see how the major players in the online payments market offer a complete service to their clients. Today, consider the following points when drawing up your guidelines for the online payment option to best suit your business.

- *What kind of goods do you sell?* If you sell expensive goods, then accepting credit card payments online is economically feasible. The overheads that these payments attract make credit cards unsuitable for small payments. Always ask yourself what costs are involved with each payment method.
- *If you sell information that can be downloaded, credit and debit cards are not feasible.* Consider micropayment options.
- *If your customer base is used to paying via cheque, you can still offer this means of payment online.* Create a form that your customers can print out and then mail to your offices. Why not offer a freepost address at the same time as an added incentive? At all times you must ensure that customers have a trouble free means of making a payment.
- *The Internet offers any business instant access to an international market.* If your business will receive orders from abroad you must ensure that you have a payment method that takes this into account. Companies like WorldPay specialise in this kind of multi-currency payment. The Euro should also be seriously considered if your business trades in the European Union. (The Euro is looked at in more detail on Tuesday and on Saturday.)

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Designing your first E-business enabled website

We will be looking at two business types tomorrow that will illustrate how businesses can make E-business the very centre of their trading infrastructure when they appear online. Designing an E-business website from scratch has a number of advantages:

- Total control can be exercised over the appearance of a website
- Shopping cart and payment systems can be integrated from the start
- Branding can be enhanced with innovative use of new technologies
- Marketing and client support can also be integrated into the website

Summary

Overall, any company can benefit from an E-business enhanced Internet presence. Large or small, all businesses can take advantage of this new marketplace. The fact that this new market offers a global level playing field for business is unprecedented. Competition is no longer defined by the advertising budgets that large corporations can wield in the marketplace.