

Internet and eBusiness

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Abstract:

There are few things in the world, which had a mayor influence on the economy. The introduction of electricity was one - eBusiness and the Internet might be the next. The new economy, as it is called, is constantly changing and challenging organizations. Globalization, cost reduction, customer relationship management and the faster changing markets have a strong impact on companies. Enterprises need to adapt to change faster than ever to stay competitive and face the transition to the e-economy.

Many people only see in eBusiness the selling and marketing of products and services via the Internet. But reality shows that this opinion does not hold any ground. The purpose of this paper is to give an overview about eBusiness including definitions, perceptions and models. The main part of this work addresses the importance of the whole value chain and defined business processes within an organization. Michael E. Porter' value chain model will be used to provide a general idea about value chains within an organization. The second part brings the "basic" value chain in relation to eBusiness and illustrates the importance of it for companies and organizations.

Key-wods: eBusiness, eEconomy, eCommerce, Internet, technology

1) Introduction

The paper will only give a basic overview of the issue mainly because a detailed analysis would be to complex and to long for this essay, and additionally I

find it very essential to reach a basic command on value chains and business processes within organizations and to achieve the understanding that eBusiness will concern the whole value chain. It is important to change perception about

eBusiness and understand the complexity of the topic. The reason for that is my practical experience on this topic originating from my internship at the Siemens AG and my study specialization International Logistics. To round up the whole picture this paper includes some practical examples and also a short critical analysis.

It is important for this work to notice that there is much literature available concerning eBusiness or eCommerce. Because of eBusiness being such a new issue many authors use different terminologies and adding to this - many only address technical issues but leave the business side totally out of perspective. Speaking from my own experience I realized that the business concept behind every new invention is one of the most important things. Technology is in most cases a tool and changing virtually every day. This does not apply to business rules and concepts. They do evolve over time but have to be of a consistent and stabled nature. Business should initiate technology and not vice versa and companies should put their focus on the business concept to make eBusiness work.

2) Internet and eBusiness

In the 1970s started an innovation, which will influence economies and business in the future. Large corporations started electronic trading with technologies like the electronic transfer of funds. After that EDI (Electronic Data Interchange, standardized format for data transfers) became the system which included for example financial transactions and connected not only financial institutions but also manufacturers, retailers, service providers and so on. But only with the

introduction of the Internet electronic commerce has expanded so rapidly.

Business has changed drastically and will continue even more in the future. Almost every large company and even small and medium sized businesses have online presentations on the World Wide Web. But many still underestimate the chances of eBusiness.

This first part will give a short overview of the Internet, the World Wide Web and eBusiness including some figures on the use of the Internet and the size of eBusiness.

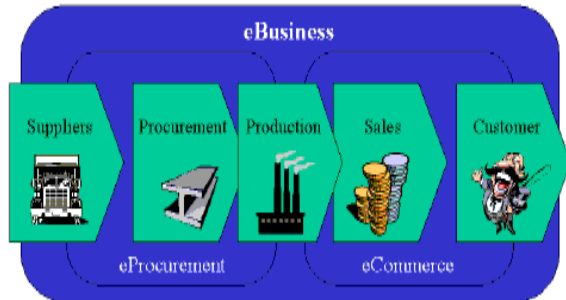
2.1) eBusiness definition

The above definition of electronic commerce or in short eCommerce covers a wide range of concepts and is not limited to the Internet or even the World Wide Web. Many definitions only target a smaller range or use the terms electronic shopping or Internet shopping as synonyms. This is true so far that the Internet is the central eBusiness or eCommerce medium today and the business-to-consumer transactions are in the center of public awareness due to companies like Dell or Amazon. But electronic transactions in the sense of the above definition are neither new nor limited to the Internet as outlined before.

Electronic commerce or eBusiness uses several technologies, ranging from electronic data interchange (EDI) to email. At present business-to-business transactions play the major role in eBusiness.

The term eBusiness is also used as a synonym for eCommerce. I found a more detailed distinction between eCommerce and eBusiness in the literature of KPMG, a known international consultancy (see picture

1). For this paper I will mainly use the term eBusiness despite of eCommerce.



Picture 1: Systematic eBusiness (KPMG)

2.2) Types of eBusiness

There are several types of eBusiness defined. The first two are used already widely in the literature but the term business-to-employee is fairly new. The fourth type eGovernment is a phrase I have chosen to describe the growing sector of governmental transactions.

Business-to-business

B2B, as the short naming, is defined as electronic transactions done between businesses or organizations. Business-to-business does not only relate to the sales side within an organization. EDI for example is one of the oldest forms of business-to-business trading and as said before business-to-business is at present the biggest part of eBusiness.

Business-to-consumer

This concept describes the eCommerce or electronic trading between business and individual customers. Examples for business-to-consumer

transactions are home banking, buying stocks, finding jobs, organizing travel, buying items at retail stores and electronic malls like Amazon.

Business-to-employee

With more and more companies focusing on the Intranet the employee will be included in the eBusiness concept. Examples are internal communication via email but especially electronic conferences, transfer of internal data or management information systems. For the future B2E will play an important role in the personal administration of employees, like time reporting, travel expenses management and so on via Internet or Intranet.

3) Conclusions

EBusiness changes the organization and business processes and this will be a mayor challenge for organizations in the future. The task is it to build networks to profit from each other. The Boston Consulting Group states that companies should use eCommerce to fundamentally rethink their offerings. Organizations should be able to expand the richness of products and services through eBusiness by increasing information content and the degree of customization.

From my own experience I can support this point - the importance of business concepts and defined business processes. EBusiness contains many opportunities but problems as well which companies need to consider. This paper was only focusing on value chains and had the task to reach a basic understanding on the new issue eBusiness and some of its implications. There are so many other things, which play an important role here as well. Issues like security, legal rules and

laws, human factors, technologies and so on.

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