The Internet and E-Business (II)

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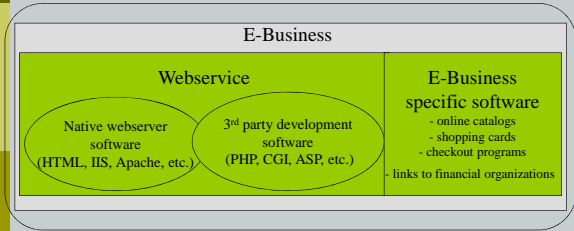

LEARNING GOALS

- Describe the nature of e-business.
- Describe the basic e-business models.

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What is E-Business?

- Conduct of commercial transactions with the help of telecommunications systems
- E-Business took off in the 1990s with the rise in popularity of the Internet and WWW.
- Early forms of E-Business
  - Electronic funds transfer (EFT)
    - Sending money through electronic networks directly from one bank account to another
  - Electronic data interchange (EDI)
    - Transfer of commonly used business documents in electronic form using a standard format

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Webservice vs. E-Business

E-Business	
Webservice	**E-Business specific software**
Native webserver software (HTML, IIS, Apache, etc.) — 3rd party development software (PHP, CGI, ASP, etc.)	- online catalogs - shopping cards - checkout programs - links to financial organizations

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E-Business Benefits

- The ability to tap into global marketplace
- Business is open 24/7
- Increased transactions and search speed
- Convenience
- The ability to offer customized products easily
- Improved customer service
- Consumers can become sellers

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E-Business Drawbacks

- Security
- Privacy
- Changing consumers' habits of touch and feel
- Inability to reach consumers who do not have Internet access due to digital divide

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Components of E-Business

- Business components could be Physical or Digital.
- The extent to which a Business is an e-Business depends on the extent to which the components are digital.

	COMPLETELY PHYSICAL (Bricks & Mortar)	"BRICKS AND CLICKS" HYBRID PHYSICAL/DIGITAL	COMPLETELY DIGITAL
Products	Physical books	Physical books	Electronic books
Processes	Transactions done at store	Orders online	Orders online
Delivery	Customers take books at purchase	Books sent through the mail (physically delivered)	Customers download books online
Example	Traditional "mom and pop" local bookstore, campus bookstore	www.amazon.com www.bn.com	www.audible.com

Processes: activities related to finding/selecting the product and paying.

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Basic E-Business Models

- **E-business model** – an approach to conducting electronic business on the Internet

	Business	Consumer
Business	B2B	B2C
Consumer	C2B	C2C

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Basic E-Business Models

- Business-to-Consumer – B2C
  - Business sells products directly to the consumer.
- Business-to-Business – B2B
  - Businesses sell to other businesses.
- Consumer-to-Consumer – C2C
  - Consumers sell directly to other consumers.
- Consumer-to-Business – C2B
  - Consumers sell directly to businesses. Less used than other models.

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B2C Models

- Subscription
  - Consumers pay to have regular access to site.

- Online storefront
  - Web site acts as intermediary between manufacturer and consumer.
  - E.g. Amazon.com

- Bricks-and-clicks
  - Combines a traditional retail outlet with an online storefront
    - CircuitCity.com

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B2C Models (continued)

- Internet presence
  - Use web presence to provide information about products and services
    - Exxon.com
- Intermediary
  - New types of intermediaries connect buyers and sellers
    - E-Trade.com

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B2B Models

- B2B is much larger than B2C
  - Size estimates up to $20 Trillion
  - Increase 50% per year
- Information exchanges
  - Exchange business documents over the Internet
  - EDI via the Internet
- Direct sellers
  - Direct sales model, direct to other businesses
    - Dell Premier pages
    - Cisco

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C2C Models

- Online *garage* sales
- Online auctions
  - Allows consumers to buy and sell goods with other consumers
  - EBay.com
- C2C services
  - Sell expertise directly to other customers
  - Keen.com
- Online communities
  - Allow people with similar interests to come together
  - Chat rooms
  - Discussion boards

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E-Government Business Models

- Government-to-Business -G2B
  - Helps government and business work together more efficiently
  - Reduces paperwork and costs for business and government

- Government-to-Citizens -G2C
  - Government providing services to citizens over the Internet
    - Vehicle registration renewal
    - Online voting

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Summary Questions

	Book	Notes
1) What is meant by Brick-And-Click?		7
2) What is meant by e-business model		8
3) What are the basic e-business models		8
3) What are the two main e-Government models		14

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