What are e-Business and e-Commerce?

Definitions and specific applications vary. Field is dynamic, changing rapidly.

**e-Business:**

**e-Commerce:**

Terms often used (inappropriately) as synonyms
**Subdivisions of EB and EC**

Often divided based on involved parties:
- **B2C**—Business-to-Consumer
- **B2B**—Business-to-Business
- **C2C**—Consumer-to-Consumer
- **C2B**—Consumer-to-Business

Field is young. What we now consider e-Commerce began in mid-1990’s.

Many new business models, applications of technology, etc. exist.
## Dell: e-Commerce Pioneer

Founded in 1985 as Dell Computer Corp. by Michael Dell.

By 1993, one of top 5 computer makers worldwide. But, loss of $100 million in 1994.

One of first companies to move to Web for commerce.

In 2000, tops in worldwide PC shipments. $50 million in *daily* Internet sales; $18 billion annually.

*Now, sales top $60 billion annually. $3-4 billion annual profit.*

## e-Commerce Definitions and Concepts

Pure vs. Partial EC—to what degree is technology used:

- **Product**—digital or physical?
- **Process**—order receipt and fulfillment
- **Delivery**—digital or physical?

Pure EC delivers a digital product using a digital process using digital delivery.

Not all companies can be “pure play,” but moving that direction as possible is worthwhile.
EC Definitions and Concepts

Virtual Organizations: companies that exist only online.

Brick-and-mortar: only do business in physical world.
Click-and-mortar (bricks and clicks): do business in both physical and electronic world.
e-Commerce Virtual Continuum:
How would you respond?
"e-Business is just a fad. Twenty years from now businesses will have moved on to something else and we'll just laugh about all the effort we wasted."

Why EB and EC? What’s in it for individuals?
What’s in it for companies?

What challenges exist?
### Power of EB and EC


**Downsides:** Employee sabotage, hackers, wasted time on personal communication, etc.

Business Reengineering—technology is transforming the way many jobs are done.

Service—heart of successful business.

**Can cut service costs while improving both quality of goods and increasing delivery speed.**

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### Potential Power of EB and EC

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<tr>
<th>Improved communication</th>
<th>Better ways of doing business</th>
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<td>+</td>
<td>Better service</td>
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<td>+</td>
<td>Lower Costs</td>
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Increased customer satisfaction

Higher profits
The dot com bubble. What was it?

In 1999, a large number of EC companies began to fail. Variety of reasons:

Many questioned whether EC was just a fad. Just because a business is on the Internet does not make it a winning idea. EC, however, continued to grow.
Business Models

Ultimately a business must establish 2 important elements:

Value of EB, EC for our company is only as good as the **plan** we have in place for making things work.

EC Business Model Elements

- **Customers**--Who are they? How do we reach them?
- **Products and Services**--What value do we provide?
- **Business Process**--How do we make and deliver products and services?
- **Resources**--How do we identify and source requisite components?
- **Supply Chain**--Who are our (direct) customers? Who are our suppliers?
- **Finances**--How will we make money? Where will our operating capital come from? How will we manage costs?

Can we create a unique, sustainable competitive advantage?