# Business Infrastructure and Management

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## Unit 1

Q] What is e-business and what are the characteristics of E-business?

E-Business presents a broader dimension of e-commerce as it represents the use of electronic technology, especially web and other network technology for business.

E-Business represents:

1) A range of online business tools and processes that transform a company's value proposition by using sophisticated data warehousing to target customers more effectively, networks to link companies with suppliers, distributors and other business partners; and flexible organizational infrastructure and that adapt to change.

2) A way for companies to participate as part of a larger networked community of providers, each bringing specialised skills and new levels of performance to an e-market place.

Characteristics of E-Business -

- Collaborative Product Development
- Collaborative Planning, forecasting and replenishment
- Procurement and other management
- Operations and logistics
- Security and privacy
- Lack of Trust and user resistance
- Channel conflict

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- Other limitations are - lack of touch and feel etc.

Q] Catagories of E-Business (B2B, C2B, B2C, C2C):-
Every transaction occuring over the internet for e-commerce can be classified into one of the 4 following types

1) B2B
B2B, or Business to Business, is the largest e-commerce model. In this model, both the sellers and buyers are business entities. This model discribes the transactions between a retailer or a wholesaller, or a wholseller and manufacturer.
Also, the transaction of the B2B business model is much higher than that of the B2C model.
Some of the examples of B2B models are Alibaba, Amazon, IBM etc

Benefits of B2B Model
- Products of import and export
- Encourages business online
- Position trade guides
- Determine buyers and suppliers

Features of B2B Model
- Long sales cycle
- More complex model and target market
- Less price sensitivity

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- Niche marketing strategy focused on trade channels
- Less potential for emotional and impulse purchases
- More revenue per sale
- Customers demand more data
- Multiple users and user IDs

2) B2C

The B2C business is the most common type. This is the thickest e-commerce market. Business to consumer known as B2C, is the most common and the thickest e-commerce market. In this online model, the business sells to individual customers. This business model offers direct interaction with the customers.

This model works by marketers and retailers so that they can sell their goods to internet users. This is the traditional retail model, but the business is conducted online as opposed to in a physical store.

Some examples of B2C models are Wal-Mart, Staples, Target and REI.

Benefits of B2C

- Expansion of niche marketing opportunities
- Expansion of the marketplace to global proportions
- Greater customer loyalty
- Cheaper electronic transactions

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Features of B2C
- Easy to understand
- Short sales cycle
- Clear target market
- Lower risk and costs of entry
- Potential for emotional and impulse purchases
- Mass/consumer media marketing strategy
- Price-sensitive customers

3) C2C
The C2C or consumer to consumer business model involves a transaction between two consumers. It is also known as a citizen to citizen. A common example of this model would be an online auction, where a customer or visitor posts an item for sale and other customer bids to purchase it. However, the third party generally charges a commission.
Also, having a C2C business or website requires immense planning and marketing. Although the sites act as intermediaries to match the customers, they don't check the quality of products being posted online. The few examples for this model include Craigslist, eBay and OLX.

Benefits of C2C
- No intermediary
- Low transaction cost
- Round the clock availability

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- Wide Reach

Features of C2C

- Negotiable market based price
- Simple buying process
- Potential for emotional and purchases based on needs

4) C2B

Customer to business; known as C2B, involves customers selling their services or products to business. It is roughly the same as a sole proprietorship serving a larger business. The one thing that differentiates C2B from other business models is that the consumers create the value for the products. Also, the model caters to the need of freelancers who work on tasks given by the clients. However, these websites require planning due to the legal complexities involved. C2B examples include Google Adsense, Commission Junction and Amazon.

5) Elements of E-Business

| Components | Key Questions |
|---|---|
| Value proposition | Why should the customer buy from you? |
| Revenue model | How will you earn money? |
| Market opportunity | What marketspace do you intend to serve and |

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| | |
|---|---|
| | what is its size? |
| Competitive environment | who else occupies your intended marketspace? |
| Competitive advantage | what special advantages does your firm bring to the marketspace? |
| Market strategy | How do you plan to promote your products or services to attract your target audience? |
| Organizational development | what types of organizational structures within the firm are necessary to carry out the business plan? |
| Management team | what kinds of experience and background are important for the company's leaders to have? |

1) Value Proposition

Defines how a company's product or service fulfills the needs of customers.

Questions to ask:

- Why should the customer buy from you?
- what will your firm provide that others do not or cannot?

Successful e-commerce value propositions:

- Personalization/customization
- Reduction of product search, price discovery costs
- Facilitation of transactions by managing product delivery

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## 2) Revenue Models

Describes how the firm will earn revenue, generate profits and produce a superior return on invested capital

Most companies rely on one, or some combination of the following major revenue models:-

- Advertising (Yahoo)
- Subscription (WSJ)
- Transaction fee (eBay)
- Sales (Amazon)
- Affiliate (MyPoints)

Why may a company want more than one revenue model?

### Five Primary Revenue Models

| Revenue model | Examples | Revenue source |
|---|---|---|
| Advertising | Yahoo.com | Fees from advertisers in exchange for advertisements |
| Subscription | WSJ.com; Consumerreports.org, Sportsline.com | Fees from subscribers in exchange for access to content or services |
| Transaction Fee | eBay.com, E-Trade.com | Fees (commissions) for enabling or executing a transaction |
| Sales | Amazon.com, LLBean.com, Gap.com, Sears.com, JCPenny.com | Sales of goods, information, or services |
| Affiliate | MyPoints.com | Fees for business referrals |

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3) Market Opportunity

Refers to the company's intended marketspace and the overall potential financial opportunities available to the firm in that marketspace.

Marketspace:- Area of actual or potential commercial value in which company is/to intends to operate.

Bot Realistic market opportunity:- Defined by revenue potential in each market niche in which company hopes to compete.

Market opportunity typically divided into smaller niches

4) Competitive Environment

Refers to the other companies operating in the same marketspace selling similar products.

Who else occupies your intended marketspace?

- Other companies selling similar products in the same marketspace
- Includes both direct and indirect competitors.

Influenced by:

- Number and size of active competitors
- Each competitors' market share
- Competitors' profitability

5) Competitive advantage

Achieved by a firm when it can produce

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a superior product and/or bring the product to market at a low price than most, or all, of its competitors.

"What special advantages does your firm bring to the marketspace?"

- Is your product superior to or cheaper to ~~product~~ produce than your competitors?

Important concepts:-

- Asymmetry exists whenever one participant in a market has more resources than other participants
- First mover advantage is a competitive market advantage for a firm that results from being the first into a marketplace with a serviceable product or service.
- Complimentary resources - resources and assets not directly involved in the production of the product but required for success such as marketing, management, financial assets and reputation.
- Unfair competitive advantage occurs when one firm develops an advantage based on a factor that other firms cannot purchase.
- Perfect market : a market in which there are no competitive advantages or asymmetries because all firms have equal access to all the factors of production.
- Leverage :- when a company uses its competitive advantages to achieve more advantage in surrounding markets.

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6) Market Strategy:
The plan you put together that details exactly how you intend to enter a new market and attract new customers.
Details how a company intends to enter market and attract customers. Best business concepts will fail if not properly marketed to potential customers
Examples:-
- Youtube having social network marketing strategy which lets users to post content on the site for free;
- AOL distributing out free trial CDs through magazines and newspapers

7) Organizational development plan
Development plan describes how the company will organize the work that needs to be accomplished.
Work typically divided into functional departments eg, production, shipping, marketing, customer support and finance
As company grows, hiring moves from generalists to specialists eg: eBay starting out from one person firm into multi-departmental large enterprise

8) Management team
Management team: employees of the company responsible for making the business model work.
A strong management team:

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- Can make the business model work.
- Can give credibility to outside investors
- Has market-specific knowledge
- Has experience in implementing business plans

(f) E-Business Roles

1) Reduced Business Costs

One of the primary benefits of e-business is its ability to cut costs. This technology eliminates the need to have a physical presence, such as a brick-and-mortar store or an office. Companies no longer have to rent a space and pay for utilities unless they want to.

For example, if you provide PR and marketing services, it's not necessary to rent an office. You can run your business remotely and reach customers worldwide. Sure, you can expand your operations, rent a space and hire staff but that's optional. You could just as well hire a remote team and do everything online. The choice is up to you.

Additionally, e-business strategies like social media and online advertising involve lower costs than traditional marketing which allows startups and small companies to reach their target audience and compete against big industry names without spending a fortune. Furthermore, technologies such as AI and machine learning can

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help reduce your operational costs and increase your productivity.

2) More Efficient Marketing

Over 93 percent of online experiences begin with a search engine. Today, most customers look for information about products and services on the internet. By implementing the best e-business practices, you can reach a wider audience and increases customer engagement.

Modern technologies, such as programmatic marketing, use smart data for more precise targeting which allows you to define your ideal buyer persona and display relevant ads accurately. You'll no longer spend your marketing budget on banners and digital ads that customers will either block or ignore altogether.

3) Centralized Data

The latest e-business functions enable companies to store massive amounts of data and keep it secure. Cloud hosting, for example, allows you to take customer data, videos, contracts, employee records and other information away from the office to a virtual storage location which means you'll no longer have to rely on USB drives or paper documents. Plus, you can access these files on the go, regardless of your location.

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4) Improved Inventory Control

In today's digital era, organizations can automate the inventory of goods, process orders and accept payments without handwork. Modern e-business practices allow e-commerce stores, logistics centers and other product-based companies to gather information faster and have better control over their goods. Automated inventory management tools can free up your ~~to~~ time and eliminate human error resulting in lower operational costs and improved efficiency. You can focus on the core aspects of your business without having to worry about the small things.

5) Superior Customer Experience

Customer Relationship Management (CRM) software allows for more efficient communication with your prospects and clients. With these e-business solutions, companies can maximize upselling and cross-selling, get better insights into their audience and improve customer experience.

If a customer contacts your team, they will be able to retrieve key data related to past purchases and buying preferences within minutes. Furthermore, CRM software automates everyday tasks, such as data entry, sales tracking and reporting.

6) Higher Revenue

The latest e-business strategies can translate

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into higher revenue for your business. They can not only reduce costs but also enhance communication within your organization. Data-driven marketing, CRM software, content management tools and other technologies contribute to your business growth.

By integrating these solutions into your daily activities, you'll get more done in less time. All of your employees, suppliers, customers and processes will be interconnected. Your departments can share valuable information in real time so they can achieve the desired result, whether its closing a sale or increasing marketing reach which lead to higher productivity and performance, increased customer satisfaction and efficient transactions.

Q) Challenges of E-Business

1) Finding the right products to sell:

Shopping cart platforms like Shopify have eliminated many barriers of entry. Anyone can launch an online store within days and start selling all sorts of products.

Amazon is taking over the eCommerce world with their massive online product catalog. Their marketplace and fulfillment services have enabled sellers from all over the world to easily reach

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paying customers.
Also Aliexpress have simplified product sourcing by giving access to Chinese manufacturers within a couple of clicks.
All of this has made it very difficult for retailers to source unique products unless you decide to manufacture your own.

2) Attracting the perfect customer
Online shoppers don't shop the same way as they used to back in the day. They use Amazon to search for products (not just Google). They ask for recommendations on Social Media. They use their smartphones to read product reviews while in-store and pay for purchase using all sorts of payment methods.
Lots has changed including the way they consume content and communicate online. They get easily distracted with technology and social media.
Retailers must figure out where their audience is and how to attract them efficiently without killing their marketing budget.

3) Generating targeted traffic.
Digital marketing channels are evolving. Retailers can no longer rely one type of channel to drive traffic to their online store.
They must effectively leverage SEO, PPC, email, social, display ads, retargeting, mobile, shopp-

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ing engines and affiliates to help drive qualified traffic to their online store. They must be visible where their audience is paying attention.

4) Capturing quality leads
Online retailers are spending a significant amount of money driving traffic to their online store with conversion rates ranging between 1% to 3%, they must put a lot of effort in generating leads in order to get the most out of their marketing efforts. The money is in the list. Building an email subscribers list is key for long term success. Not only will help you communicate your message, but it will also allow you to prospect better using tools such as Facebook Custom Audiences.
Not all leads are created equally. Retailers must craft the right message for the right audience in order to convert them into leads with hopes of turning them into customers.

5) Nurturing the ideal prospects
Having a large email list is worthless if you're not actively engaging with subscribers. A small percentage of your email list will actually convert into paying customers. Nonetheless, retailers must always deliver value with their email marketing efforts.

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Online retailers put a lot of focus on communicating product offering as well as promotions, but prospects needs more than that. Value and entertainment goes a long way but that requires more work.

6) Converting shoppers into paying customers
Driving quality traffic and nurturing leads is key if you want to close the sale. At a certain point, you need to convert those leads in order to pay for your marketing campaigns.
Retailers must constantly optimize their efforts in converting both email leads as well as website visitors into customers. Conversion optimization is a continuous process.

7) Retaining customers
Attracting new customers is more expensive than retaining the current ones you already have.
Retailers must implement tactics to help them get the most out of their customer base in increase customer lifetime value.

8) Achieving profitable long-term growth
Increasing Sales is one way to grow the business but in the end, what matters most is profitability.
Online retailers must always find ways to cut inventory costs, improve

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marketing efficiency, reduce overhead, reduce shipping costs and control order returns.

9) Choosing the right technology & partners
Some online retailers may face growth challenges because their technology is limiting them or they've hired the wrong partners/agencies to help them manage their projects.
Retailers wanting to achieve growth must be built on a good technology foundation. They must choose the right shopping cart solution, inventory management software, email software, CRM systems, analytics and so much more.
In addition, hiring the wrong partners or agencies to help you implement projects or oversee marketing campaigns may also limit your growth. Online retailers must choose carefully who to work with.

10) Attracting and hiring the right people to make it all happen
Let's face it, online retailers may have visions and aspirations but one true fact remains, they need the right people to help them carry out their desires.
Attracting the right talent is key in order to achieve desirable online growth. Also, having the right leader plays an even bigger role.

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Retailers should be out there getting their name out within the online community by attending eCommerce conferences, speaking at events and networking. Employees want to work for companies that care about them and their future. Having a sense of purpose is key.

11) Computer Fraud and Abuse Act

Act was passed in US in 1986 to prosecute hackers

Under the act following activities are considered illegal

- Knowingly accessing a computer system either without authorization or in excess of permitted authorities and obtaining confidential information from government department
- obtaining credit card information held by the issuing company or customer service company or any financial information held by financial institute
- Intentionally accessing the computer system of government department which is either meant for exclusive use by government official or whose use effect the whole system
- Knowingly and with an intention of fraud cracking a password of government system effecting the commerce within the country and foreign country

12) Credit Card Abuse Law

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Sharing or unauthorized access to credit card info of people stored at different sites or ATM info used to pay or long distance phone call code
Special software are there to crack the PINS

3) Software Piracy
-Illegally copied
Selling copies of a software without payment
In 2001 61% of software sold in India were pirated

4) Computer Virus and Harmful Software
A virus is a complex code which replicates itself and spread across network.
Cannot be easily decoded
Logic bombs are software programs which are able to corrupt data at a particular time or under specified condition.
The act of possessing virus or harmful software is not illegal but the act of producing them on network is illegal

## 5) E-Business Requirements

Web Hosting
- Domain Name Services
- Storage and Backup
- Server Speed and Reliability
- Management information
- Security

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- Technical Support
- Advanced Solutions
- Pricing

## Selecting an Internet Service Provider

- Location
- Price
- Internet Toolkit

## Broadband Internet Access

- Narrowband
- ISDN (Integrated Services Digital Network)
- Broadband:-
  - Faster Upload and Downloads
  - Affordability
  - Speed
  - Constant internet Access
  - Reliability

## Internet Security

- Internet Security Software
- Anti-Virus Software
- Firewall

## Privacy Policy

- The Privacy Amendment (Private Sector) Act 2000
- Legal statement
- Data sharing
- Log files
- Email addresses

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The Spam Act 2003
- Spam Act 2003
- Spam Act 2003 : A practical guide for business

Q] Impact of E-Business
- Direct sales to customers
- Anytime access from anywhere
- Customization of products
- Quicker time to market
- Flexible pricing, product portfolio and promotions
- Price discrimination
- Transfer of fund with efficiency
- lower stock outs
- Automated and convenient process
- Improved Customer Service
- New Competitions

Q Inhibitors of E-Business
1) Not having a defined mission and vision :-
All organization have a purpose. And, this purpose drives decisions, strategy and business approach.
Taking the time to articulate why a business exists (mission) and what it is try to achieve (vision) gives clarity to purpose.
Organizations sometimes get so caught up in the day-to-day that they lose sight

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of who they are and what it is they are trying to accomplish. A well written mission and vision statement helps to keep that focus.

2) Not having a strategy to achieve the vision
Planning is one of those exercises that people either love or hate. But a written plan is a systematic approach to achieving business objectives.
A strategic planning process is intended to pause and take some time to think through what it is that the organization is trying to achieve and develop a strategy and plan to get there.
This type of planning and focus also helps to keep the organization from veering off into areas that may not line up with the vision.
Keeping focused on strategy is the goal.

3) Not Staying with Changing Trends and Technology
Business trends and technologies are changing at lightning speed. And, organizations that don't make it a business priority to keep up with changing trends will soon find themselves behind the curve.
For example, think about how you did advertising just a few short years ago.
Today if you are not using social media to help boost your business you will soon find out that the ones that are will be

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capturing a larger percentage of the market. You need to create a system for continuous learning.
You can do this by subscribing to newsletters and blogs or attending conferences hosted by the forerunners in these areas.
Keeping up with trends should be considered an important business strategy!

4) Not having Goals
Writing and implementing business goals is the practical side to achieving vision through strategy.
Mapping out a plan, assigning responsibility and determining a timeline for completing action items is crucial to goal attainment. Delegating tasks that support those goals down to the employee level is the next step of the process.
Employee goals should be written for all levels of the organization so employees can see how what they do affects achieving the organization's vision and strategy.

5) Not understanding who the customers are and what they want
It is amazing the number of businesses that don't understand who their customers are or what they want.
Every organization should have a process in place to gain customer perspective

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from customer comment cards or customer satisfaction surveys and to take that feedback and turn it into improved products and services.
There are lots of surveys software available. Google docs has a free survey tool.
Customers are moving targets and what they want today may be different from what they want tomorrow. Think about your own expectations of a cell phone company. Just a few years ago an affordable price for minutes and texting was what we wanted. Today, most plans offer unlimited text and talk but now data is the big thing - what will tomorrow bring?

6) Not taking care of their Employees
Employees are a businesses most important customer because they are the ones who do the work and interact with customers.
Organizations need to foster employee engagement and take care of employees by providing the necessary resources to do their job.
This could mean job training, equipment or simply a say in how work is performed.
It is important to assess the work environment, from the employee's perspective. This can be done by using employee satisfaction surveys and incorporating feedback into improvement plans.
When employees are engaged with the organization, they go above and beyond

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to do a good job and take care of the customer and, at the end of the day, isn't that the most important goal?

7) Not having a good performance management process

Successful organizations have learned the value of managing employee performance. Employees need to have a good understanding of what is expected of them and how they will be held accountable for those expectations.

Good communication and coaching can help with setting expectations and identifying developmental opportunities for employees. Additionally, these one-on-one supervisor interactions may also identify those employees who may not be the right fit for the organization.

Structured communication processes help to identify the right people, the right seats and the wrong people to let off the bus.

8) Not Managing Resources

Managing business resources is critical to the long-term health of an organization.

This means managing people, time and money. Employees need to be managed so that what they do every day truly impacts what the organization is

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trying to achieve.
As well, neglecting to pay attention to how money is spent, taking financial risks and leveraging assets can quickly turn to disaster.
It is important to develop a consistent budgeting process that supports strategy and corporate objectives.
In addition, keeping a watchful eye for employee fraud and data theft is also an important aspect of resource management. Organizations that get lazy and don't pay attention to these critical areas are at risk of waking up one day to a mess that is often irreversible.

9) Not having fun
If we are all in this for the long haul, we need to enjoy what we are doing. Doing things intentionally to make the work environment fun and helping employees manage a healthy work life balance can really contribute to the long-term health of an organization.
Most organizations don't experience rapid growth without intentional planning and strategy. Investing the time and resources into figuring out what the purpose of the organization is and creating a plan to get there is an important step in growing your business.

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