



BUSINESS TO CONSUMER

What does e-business really mean?

The most basic definition of e-business is simply this: using the internet to connect with customers, partners, and suppliers. But the term also implies the transformation of existing business processes to make them more efficient. To engage in e-business, companies need to be able to unlock data in their back-end computer systems, so they can share information and conduct electronic transactions with customers, partners, and suppliers via the internet. And for some companies, engaging in e-business means adopting new web-enabled business models— auctioning off surplus goods, selling products directly to consumers, or joining in online purchasing cooperatives with their competitors. Without a doubt, embarking on an e-business effort requires as much thinking about business strategy as it does about technology.

How is e-business different from e-commerce?

In some instances, the terms are used interchangeably. But to purists, e-commerce refers only to online transactions. The term e-business encompasses online transactions, but it also refers to online exchanges of information, such as a manufacturer letting its suppliers monitor production schedules via an extranet (a secure web site that can be accessed only by authorized parties), or a financial institution letting its customers review their banking, credit card, and mortgage accounts via a single web interface. In this respect, e-business overlaps with the business-technology disciplines of customer relationship management.

Just how much electronic commerce is being conducted via the Net?

Despite all the hype, Internet-based e-commerce currently amounts to only a small fraction of the U.S. GDP. But experts predict e-commerce volumes will grow exponentially over the next few years, particularly in business-to-business e-commerce — that is, transactions between businesses and their suppliers, partners, and business customers. Cambridge, Mass.-based market researcher Forrester Research Inc. predicts business-to-business e-commerce in the U.S. will grow from \$406.2 billion in 2000 to \$207 trillion in 2004. By contrast, Forrester predicts that business-to-consumer e-commerce in the U.S. will grow from \$38.8 billion in 2000 to \$184.5 billion in 2004.

Who should be in charge of a company's e-business effort?

In some companies, early web efforts were led by marketing or IT departments as special projects. But that is starting to change as e-business becomes a higher priority for the business as a whole. A recent survey of large global corporations by Pricewaterhouse Coopers and The Conference Board found that nearly 50 percent of them have full-time units devoted to e-business. A survey of dotcoms and traditional companies by International Data Corp. (a Darwin sister company) found that roughly 50 percent of e-business efforts are headed by CEOs.

Have all companies jumped on the e-business bandwagon?

Not yet. PricewaterhouseCoopers and The Conference Board found that 70 percent of the global companies they surveyed derive less than 5 percent of their revenues from e-business. Several factors have kept some companies surveyed from rolling out e-business initiatives, including the following: potentially high and uncertain implementation costs; lack of demonstrated ROI within their industry; concern about tax, legal, and privacy issues related to e-business; and scant use of the internet among their customers.