Globalisation of Indian Business

Areas which can have significant contribution to international business

A. E –Business

B. Outsourcing & IT Industry : IT/BPO & KPO

E-Business

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Nature of E-Business

- E-Business can be defined as the conduct of automated business transactions by many electronic communication networks,(via the internet), end to end.

- The term end-to-end signifies that a series of automated business processes and information systems of different companies, which are involved in an inter company business transaction, is fully integrated.

- The aim is to provide seamless interoperation and interactive links between all the relevant members of an extended demand and supply chain- ranging from product designers, suppliers and their partners to end-customers.
- An end-to-end process involves integrating designers, suppliers, buyers, trading partners, logistics providers and end-customer in the entire planning and execution process.

E-Business vs. E-Commerce

- E-Business refers to the all business activities conducted on the internet by a company. In contrast, e-commerce is a part of e-business the term refers only to the activities involved in buying and selling online.

- E-commerce essentially involves monetary trade while in e-business, money transactions are not necessary.

- ◻ E-commerce activities include identifying suppliers, selecting products or services, making purchase commitment, completing financial transaction and obtaining service.
- ◻ E-business involves marketing, product design, consumer service evaluation, and more.

- To start with e-business needs human resources – people who can design, create and maintain websites.

- The material resources required include specialized computers, equipments, software and high speed internet connection lines.

Three groups of firm form part of e-business

- Telecommunication Infrastructure
- Internet software producers
- Online sellers and content providers

Models of E-Business

- A business model refers to a group of shared characteristics, behaviors, and methods of doing business that enables a company to generate profits through higher revenues and lower costs.

- ❑ B2B
- ❑ B2C
- ❑ C2C
- ❑ C2B

B2B model

- This model involves inter-business transactions using an electronic network. Both buyers and sellers are business only.

- Major uses include order processing, inventory management, distribution management, channel management and management of payments.

- Benefits of b2b model:

  o Elimination of intermediaries.

  o saving cost

  o transparency in pricing

- Example: corporate buyers can visit Sun Microsystems web sites (www.sun.com) select detailed descriptions of Sun's products and solutions. Request sales and service information, and interact with staff members.

B2C model

- Selling goods and services online to final consumers.

- Examples: Amzon.com, Wal-Mart.com, Google.com.

C2C model

- Online exchanges of goods and information between final consumers.

- This model involves the growing popular use of peer-to-peer (P2P) software that facilitates the exchange of data directly between the individuals over the internet.

- Example: E-bay is a global player in the c2c business of auctions.

C2B model

- Online exchanges in which consumers search out sellers, learn about their offers, and initiate purchases, sometimes even driving transaction terms.

- Examples of these firms include price comparison websites such as http://www.addall.com which search online bookstores throughout the world to provide price comparisons and shipping and delivering information.

Impediments to E-business

➢ **Lack of clear e-business strategy**

- this requires clarity about the e-business strategy itself.

- E-Business strategy provides a clear mind amp so that its implementation and measurement can be monitored.

- The e-business implementation process requires evaluating a company's supply chain, its customer relationship, and an e-business assessment survey. This enables a company to benchmark e-business against that of similar companies.

➢ **Uncertainty of financial beliefs**

- Large or small firms, before adopting Internet-based transactions, need to be clear about the ROI.

- E-Business must guarantee better return on the investments made on physical infrastructure, software, human resources, maintenance and servicing, and telecommunications.

➢ **Technology concerns**

- Business process integration is what is widely regarded as the ultimate objective of   e-business.

- With BPI, interactions between enterprises are achieved electronically according to some predefined process which ensures that the business transactions are both meaningful & reliable.

- At the core of the business process integration is technology, specially Internet.

■ Internet technology comprises five primary components:

✓ Backbones: are the mainline telecommunications channels of the internet, built with high capacity fiber-optic cables that move the data at the speed of light.

✓ Digital switches (routers)

✓ Servers

✓ Point of presents (POPs)

✓ Individual (clients) users 'devices

➢ **Security and trust issues**

- Theft of business information and funds.

- Alteration of financial documents

- Illicit transactions

- Payment security

- Lack of trust is a severe barrier to the use of e-business. The buyer needs to trust the seller to supply the goods as promised, to ship them correctly and in timely manner.

➤ **Legal issues**

- legal issues refer to the lack of awareness about the statutory provisions affecting online business transactions.

E-Business readiness

- E-business readiness is a measure of the quality of a country's technology infrastructure and the absorbing capacity of its e-business uses.

Country	Score
US	8.95
Hong Kong	8.91
Sweden	8.85
Australia	8.83
Denmark	8.83
Singapore	8.74
UK	8.68
Germany	8.39
Japan	8.08
South Africa	5.95
Brazil	5.65
Thailand	5.22
India	4.96
China	4.85
Russia	4.42

(source: E-business ranking,2008,The Economist Intelligence Unit)

E-Business Applications

➢ **E-marketing**

• Refers to the conduct of all marketing activities through internet.

• It includes use of electronic data and its application for product development, pricing, promotion and distribution of goods and services to the consumers.

➢ **E-Procurement**

- Purchase of supplies and services over the internet.

- E-Purchasing has replaced the conventional purchasing activities.

- It covers the entire purchasing process from gathering information to delivery.

- Key advantages:

✓ Reduced costs

✓ Improved process efficiency

✓ increased control

✓ Global reach

➢ **E-HR**

- E-HR is the total integration of all HR systems and processes based on common HR data and information and on interdependent tools and processes.

- E-HR has the potential to change the all conventional HR activities.

➢ **E-Trade documentation**

- The EDI has done away the manual ways of trade documentation.

E-Business strategy and structure

- **Build on current models and experiments with new e-business models:** Search for ways to use the e-business to reduce costs or enhance services offered by the traditional business.

- **Meet the challenge of developing an e-business organization:** Distinction between either a separate autonomous entity for e-business or a seamless integration into the current model. Best results may be obtained when there is integration.

- **Allocate resources to the e-business:**

  To succeed e-business requires commitment of financial, infrastructure and human resources. Some of the e-business activities can be outsourced, if these resources do not exist.

- **Build a superior e-business infrastructure as a basis of a differentiation strategy.**

  - This needs building websites with superior online experiences.

  - Each customer may be personalized.

  - Streamlining & simplifying transactions are also needed.

- **Make sure that the entire management team aligns with e-business agenda.**
  - Each organization needs to decide how e-business fits into existing organizational design and management system.
  - Companies must decide how much to integrate their evolving internet operations into their traditional business operations.

Thank You!!