



Role of e Business- Challenges & Opportunities in an Indian Economy

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Abstract: *E-business (electronic business) derived from terms as “email” and “ecommerce” is the conduct of business on the Internet, not only buying and selling also servicing customer and collaborate with the business partners. E-business includes e-commerce but also covers internal processes such as production, inventory management, product development, risk management, finance, knowledge management and human resources. E-business strategy is more complex, more focused on internal processes, and aimed at cost savings and improvements in efficiency, productivity and cost savings. This paper assesses the impact of innovation on economic productivity, focusing on the macroeconomics benefits in business management of ebusiness. The impact of the ebusiness on business management have resulted in a reduce economic volatility, strengthen productivity growth and improve standards of living. Major corporations are rethinking their business in terms of the Internet and its new culture and capabilities. Electronic business plays a central role in the economy, facilitating the exchange of information, goods, services, and payments. It propels productivity and competitiveness and is accessible to all enterprises, and as such, represents an opportunity also for SME competitiveness. The main issues, challenges, opportunities, and solutions related to electronic business adoption, with a special focus on SME. Addressing technological, organizational, and legal perspectives in a very comprehensive way, to disseminate current developments and practical solutions and applications for SMEs.*

Keywords: *e-business, e-tailing, e-commerce, ERP, ASP*

I. INTRODUCTION

“E-business” refers to the process of using the Internet and associated technologies to transform every business process and E-enable all parts of the organization’s value chain from acquiring, serving, and retaining customers to interacting with employees, partners, and the world at large. “E-commerce” can safely be considered one vital but small part in the overall E-business architecture. There are two basic categories of businesses conducted over the Internet.

e Business (electronic business) is using technology to improve your business processes. This includes managing internal processes such as human resources, financial and administration systems, as well as external processes such as sales and marketing, supply of goods and services, and customer relationships.

The way in which you manage your business relationships has not changed, but the way they are referred to when using e

Business tools has. They are becoming more often known as:

- business to business (B2B)
- business to consumer (B2C) (also known as e Commerce)
- government to consumer (G2C)
- government to business (G2B).

The first category is the Business-to-Consumer (B2C) segment, which includes the popular, Wall Street friendly businesses like Amazon, ETrade, etc. The second is the Business-to-Business (B2B) segment, which is increasingly overshadowing the B2C segment and includes such names as Chemtex and Auto Exchange.

An e-business strategy is also more difficult to execute, with four directions of integration: vertically, between Web front- and back-end systems; laterally, between a company and its customers, business partners, suppliers or intermediaries; horizontally, among e-commerce, enterprise resource planning (ERP), customer relationship management (CRM), knowledge management and supply-chain management systems; and downward through the enterprise, for integration of new technologies with radically redesigned business processes. But e-business has a higher payoff in the form of more efficient processes, lower costs and potentially greater profits.

Despite fundamental differences in the business models, they share one common key aspect - use of Internet technologies to manage all aspects of the business. An effective E-business architecture must satisfy a basic set of requirements that are given below:

Single View of Customer Mode of accessing the business, there is only one customer. Businesses need all information regarding a customer and develop a holistic view of the customer. This includes access to all products and services used by the customer to provide opportunities for cross-selling of products and services.

Multiple Access Channels While use of the Internet as the point of contact with the customer as distinguished from the traditional channels, businesses are increasingly finding that customers are using multiple channels to satisfy their needs includes the Internet, handheld devices like mobile communication devices, cell phone, and set-top boxes for cable.

Integrating the Enterprise - There is a need to integrate all these applications to the fullest possible extent to allow for fast and accurate performance of business functions.

The World Wide Web Customers are using multiple access channels, the boundary less nature of the Internet opens up the entire world as a potential market for one's business. While this is a very attractive proposition, it throws up challenges of the kind few businesses have had to contend with in the past

The Entire Value Chain While many of the aspects thus far have focused on the interaction between the customer and the enterprise, the remaining interactions between the business and its partners and employees also need to be considered

Security and Privacy A successful business is its ability to establish an environment of trust between its customers and itself. The Internet has renewed fears about this traditional issue by creating the impression that the Internet is an unregulated jungle in which evil-minded hackers roam free with the power to tap into information databases and eavesdrop on transactions between the customer and the business.

Leveraging the Legacy Applications Some of the biggest initiatives in the field of E-business have recently come from old, traditional companies like Ford, GM, and GE. Most of these companies already have billions of dollars invested in their current systems and they would like to leverage this investment as a part of their strategy to move into the E-business space.

Scalability, Availability, Flexibility, and Reliability E-businesses architecture must provide the ability to start small and grow rapidly to meet business needs. The electronic storefront and the associated channels are the modes of contact with the customer and, hence, reliability of these applications is vital. They have to be 365x24x7.

There are more variations on each theme than we could possibly imagine the majority of e-business opportunities fall into one of five categories:

1. Selling goods online: E-commerce, or electronic commerce, is one subset of ebusiness. It involves buying and selling hard goods, electronic goods or services over the Internet. When people think about doing business on the Internet is good, old-fashioned trade. Selling goods online is probably the simplest way by that we can start an e-business.

2. Service Companies: The Internet can be used for a lot more than just selling products. Companies are now moving toward service-oriented models, using the Internet as a delivery vehicle to provide services to consumers and to other businesses-including many services that weren't possible before the Internet revolution and the technology accompanying it.

3. Distance learning: In the old days, when a company wanted to train its employees, it had to send them to an off-site location, pay for accommodations, and lose a day or two of productivity for each employee. Now it's possible for employees to get training on demand, right at the desktop, delivered via the Internet.

4. Telecommunications: Since deregulation, telecommunications has blossomed, and the competitive marketplace has opened up. There are plenty of opportunities for the Internet entrepreneur here, from simply selling telecom equipment and services to becoming a link in an Internet telephony network. Internet telephony, a new type of technology that allows to place long distance calls over the Internet at very low cost, is an area with lots of potential for service-oriented companies.

5. Information and content provider: The World Wide Web has turned publishing on its ear, giving the opportunity to create a publication without having to invest in printing presses, ink or paper.

II. ABOUT E-BUSINESS-GENERATED COMPETITIVE ADVANTAGE

E-business involves all commercial activities, a dynamic set of technologies, applications, and business processes performed across computer platforms that link organizations to their customers, suppliers, and other business partners through electronic exchange. It not only provides new opportunities to sell goods and services, but also adds value through improvements in supply chain efficiency and effectiveness.

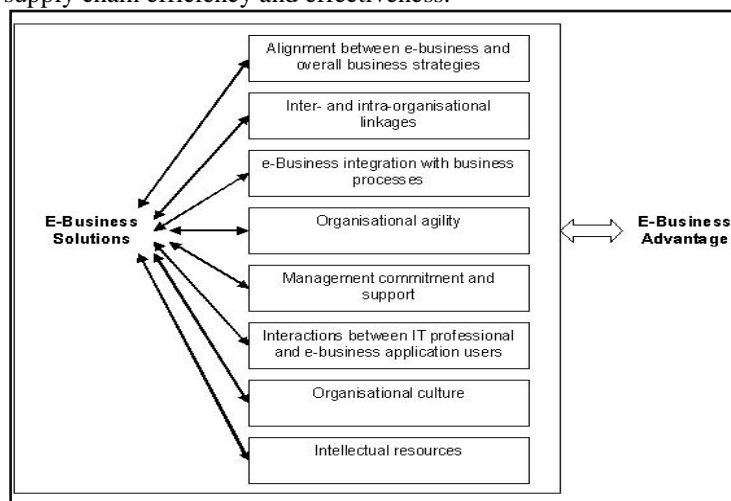


Figure 1. E-Business Advantage Framework Components

- i. **Alignment between e-business and overall business strategies:** Ebusiness strategies should be consistent and aligned with the overall organization business strategy, if they are to provide a competitive edge to organizations.
- ii. **Inter-organizational linkages:** Inter-organizational linkages refer to the organization's ability to strategically use electronic linkages such as EDI and extranets to establish upstream partnerships with suppliers and downstream relationships with customers .
- iii. **E-business integration with business processes:** Increasingly, business processes are becoming standardized and embedded in e-business applications. As a consequence, these become replicable and subject to competitive imitation.
- iv. **Organizational agility:** E-business can be a primary providing the necessary support for developing the capability to be agile in adapting in an ever-changing environment includes flexibility and responsiveness, which are necessary for organizations to respond quickly to the fluctuating customer needs and competitive landscapes.
- v. **Management commitment and support:** Management commitment and support is important because it has the potential to differentiate successful from unsuccessful e-business investments. Lack of awareness and understanding of the potential benefits and value to be gained by e-business investments can be a significant barrier for successful strategic e-business implementations.
- vi. **Interactions between IT professionals and e-business application users. :** Rich, quality, and cooperative interactions can be the source of innovative insights, which are vital for developing supporting e-business solutions, and are therefore considered as a key success factor of e-business investments.
- vii. **Organizational Culture:** Organizational culture is important as it affects employee orientations toward innovations in general. It has even been argued that organizational culture can be a key source of enduring competitive advantage.
- viii. **Intellectual Resources:** Intellectual resources include organizational human resources with technical and managerial IT skills.

III. EBUSINESS CHALLENGES ARE

- i. Attracting & keeping customers
 - a. Eyeballs, user experience, branding, stickiness
 - b. Business to Consumer & Business to Business
- ii. (Internet) Time to Market
 - a. Rapid implementation of new services
 - b. Lots of competition
- iii. Backend Integration: Single Biggest Problem
 - a. Content Sources, Legacy Systems
 - b. ERP, Customer Service, Sales Force Automation, Tax, Data Warehouse, Logistics
- iv. Quality of Service
 - a. real-time, transactions, availability, performance, scalability
- v. Lack of experienced resources
 - a. management, domain, architects, development

eBusiness Opportunities in India - There are plenty of exciting business opportunities in India a list of business ideas for those entrepreneurs who are interested in Internet ventures, outsourcing technology, e-commerce opportunities, software development opportunities, business trends and other business ideas adding a list as we find case studies in Bangalore, India.

- Online Customer Support From India
- E-Commerce Export Opportunities In India
- Export Animations, multimedia, Graphics Or Other Content Products
- Export Data Services
- Start A Software Company
- E-Commerce Business Opportunities Within India

1. ONLINE CUSTOMER SUPPORT FROM INDIA: There is a company in Bangalore that has pioneered this idea. Aditi (www.aditi.com) provides email customer support for Real Media. The customer in America who needs support will have his problem solved via email by a team of Indians. The Internet has opened the door for this type of opportunity. It really is true that the geographic barriers are coming down.

The Potential: The business potential in this type venture is the cost savings of running a business in India. There is a huge labor pool of good quality English speakers who can easily handle customer support for web sites like Real Media. The cost to hire someone to do this is about US \$150-\$200 per month. We can expect to hire a very nice English speaker who has had some computer training. Furthermore he or she will have a pleasant attitude, as most Indians are warm and friendly.

The Downside: The risk is that the customers will not be served well if the Indian staff is not trained properly. The staff needs to understand the mindset of the American customer. This can easily be overcome as long as the potential problem is recognized.

2. E-COMMERCE EXPORT OPPORTUNITIES IN INDIA: There are plenty of things that can be purchased and exported. One young man has sought out unusual coffee and spices and now has an e-commerce site where he sells these items through the mail. Perhaps it is not even necessary to purchase and warehouse anything.

The Potential: The potential is to find a niche market. Perhaps this could be in the area of health care products, herbs or plants that are only found in India.

The Downside: The risk is that the product may not sell. Fortunately the Internet can be used to test the market before taking much risk. It is much easier to find the demand for items and then meet that demand than to start with the product. India has plenty of products that can be tested on the market.

3. EXPORT ANIMATIONS, MULTIMEDIA, GRAPHICS OR OTHER CONTENT PRODUCTS: Again this idea utilizes the skilled creative labor force in India. There are many companies who are collaborating with other foreign companies for the needs and they full fill their expectation.

The Potential: The potential is to fill the huge demand for quality content that the web is creating.

The Downside: The downside is that it requires careful supervision to assure that the product communicates effectively to a Western audience. For example, a Westerner's taste for colors is different to that of an Indian.

4. EXPORT DATA SERVICES: Any kind of outsourcing of data entry or data conversion is a good candidate for a successful start up business in India. The hottest thing these days in Bangalore is medical transcription. Doctors and hospitals in the USA send their audio transcriptions via the Internet to Bangalore, India. They send the audio file at 5:00pm which is around 5.00am in India.

The Potential: The potential for this type of business venture is great. Many of the Bangalore companies are growing and adding employees quickly. The reason there is such a global demand for this kind of work is because companies want to have their documents in a digital format. This conversion may include scanning the document into the computer and then going one-step further and tagging and indexing them in HTML SGML or XML so that it can be put on the Internet and easily retrieved.

The Downside: The risk is in, not maintaining top quality work for the client. This has been a complaint of many clients.

5. START A SOFTWARE COMPANY: There are plenty of success stories. Bangalore and Pune already has at least 600-900 software companies. Most of these are Indian owned and non-resident Indians have started a few of them. For a list of Bangalore software companies can go to resource page. Government of India and especially Karnataka (the state in which Bangalore is), is encouraging foreign involvement and investment and has turned on the green light to hi-tech companies. They have even created some tax incentives for this industry.

The Potential: The potential is for the development of quality software using the extremely intelligent labor force in India at a lower cost. Cost savings can be found in rent, insurance etc. High quality programmers can be hired for 25%-50% of the cost of the same software programmers in the West. For a good example look at gseindia.com and read the history of this high end Swedish/Indian Software Company.

The Downside: The downside is that there are inefficiencies related to working in India i.e.: erratic power, government bureaucracy, poor Internet connections etc. Unless the cost saving is considerable, many of the problems related to doing business in India will offset the benefit.

6. E-COMMERCE BUSINESS OPPORTUNITIES WITHIN INDIA: The consumer market is huge and expanding. It is not only growing by sheer population growth but also because the improving economy is producing a growing class of people with disposable income. Furthermore this potential market is relatively untouched. It is only in the past few years that many consumer products have become available in India.

The Potential: The potential is to get involved early in the e-commerce boom. As of now there are only a handful of companies involved. The potential is limited for the next year or two. But keep in mind that China had only 600,000 Internet users in November 1997 and by October of 1999 China has about 4 million users (And the big advantage that India has over China is the common use of the English language.). The same growth of the Internet will happen in India.

The Downside: There are some serious obstacles in the way. Few people are used to the idea of mail order. It may take one or two years for the trust to be established between the customer and the company. Also the middle class is 50-70 million but only about 1 million have direct access to the Internet, only 1 in 36 Indians have a phone and most don't have a credit card.

IV. CONCLUSION

The business environment is undergoing rapid changes, enabled by the technological changes fostered by the growth of Internet and wireless technologies. Businesses need to adapt their infrastructures to successfully compete in this environment. Firms that adopt an approach that provides them with the flexibility to pick the solutions that best meet their functional needs while managing to achieve enterprise-wide integration for real-time information management are best positioned to succeed in the next millennium. E-business is the future for banking, travel, retail, and other industries. E-business is not just a new sales or service channel; rather, it involves a holistic end-to-end rethinking of all operations from back-room IT architecture to front-end customer touch points. The ultimate goal is to bring as many operations as feasible online in an integrated fashion, not only for better customer relationships but also to improve internal business operations. An e-business transformation may seem daunting, but it can be an invigorating prospect for large companies. If it is done well, the payoff is substantial in terms of cost savings and growth potential; more important, it gives all operators a chance to reset their business model.

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