

# Lecture 5

# E-commerce Implementation and management issues

## **Vision/objective**

What is the business problem to solve? Is it to ...

- Broaden your customer base?
- Recapture customers being lost to competitors with online stores?
- Better serve your existing customer base?
- Better integrate departments/units within your existing business

# Vision (cont')

Any of the above reasons are legitimate for moving online, but the following need consideration: risks

- Will your business just move to online and achieve nothing?
- What will be unique with your service delivery when your business is exposed to online competitors

## Vision (cont')

- Does your existing customer base need or want anything that you cannot provide in your traditional business environment?
- Are your employees in agreement with this idea?

# Vision (cont')

- Do you have all the necessary hardware, software, and infrastructure to host a business online?
- Do you have the personnel and skills to build and maintain a web site?
- Do you have the legal expertise onboard to manage issues such as
  - Protecting intellectual property-trade secrets, trademarks
  - Legally managing customer data collected online
  - Navigation regulations, taxes to be paid

# Decisions

The choice of

- In-house development – retraining, new personnel
- Outsourcing – consultants, Application Service Provider (ASP)

Issues of making business information available

# Decisions

- Hardware required. At least One web server, computers to store customers database information, to support program development and security
- Software required. Programs to process customers information and orders that will be pouring in, software to interact with your accounting, shipping and inventory control software
  - Open source software
  - Commercial software

# Advantages of E-Commerce

## Cost savings

- There is no expensive rentals, no need for physical company set up
- Lower employee cost
- Lower electricity bills, water bills



# Advantages of E-Commerce

## Time savings

- Quick response time to markets, customers, suppliers
- Since business runs 24 hrs, time and distance is not a problem. You can sell to customers any where in the world, what ever time zone
- Easy to find products by just few clicks

# Advantages of E-Commerce

## Connection Improvements

- Mediating organizations are removed in the customer chain (disintermediation)
- Easy reach to customers, there is no theoretical geographic limitations

# Advantages of E-Commerce

## Quality Improvements

- Access to new markets
- New ways of marketing new products
- General improvement in customer relation
- Customers can easily select products from different providers without moving around physically

# Advantages of E-Commerce

## Strategic Improvements

- Organizations are more effective and efficient
- Business is done on a global scale

# Disadvantages of E-Commerce

## Security and Privacy

- Viruses
- Electronic fraud, hackers
- Mistrust of e-commerce – refrain from purchasing large value goods from this medium
- Good and bad people are involved
- No guarantee for the product quality

# Disadvantages of E-Commerce

- Digital divide

- The digital divide refers to the situation where some people have access to modern information and technology while others do not

# Disadvantages of E-Commerce

- Technology standards

Standards develop rapidly in support of electronic markets. Some of these standards are not particularly secure for integrating with standards in some other areas

# Conclusions

- E-commerce has come to stay, and it will only grow bigger
- It has shown steady growth since its conception in the mid 1990s and the future of E-commerce has unlimited potential.
- The advantages of Ecommerce are endless!
- Most of the disadvantages can be overcome