

## An E-Business Strategy

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*On the last decade the integration of e-business into organizations has increased, but there are still difficulties during this process. In the present environment any organization must include into their business plan the possibility of identifying the e-business integration method, the implementation cost, and the expected results. The article's aim is to analyze the necessary means and steps in e-business integration into the business plan of an organization.*

**Keywords:** e-business, e-strategy, business plan, digital economy.

At the present there are many organizations, mostly small and middle-sized, which do not use at full capacity the available technology and knowledge. They did not include in their business plan methods of creating e-business strategies that would align to present standard of organization strategy.

Development of e-business imposes integration and alignment of business processes and staff to the present organization strategy.

Within the present business environment, an organization may be situated in one of the following stages of e-business integration process [Jatko & Proksch, 2004] (figure 1):

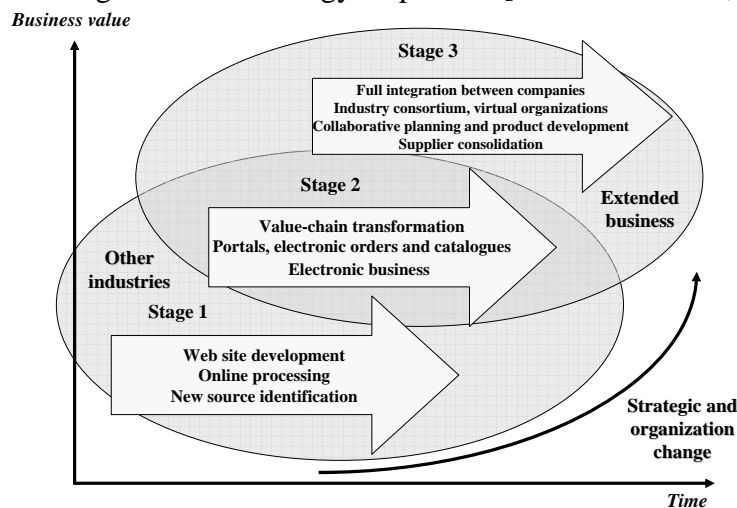


Figure 1. Leverage of e-business

1) *Experimentation.* Many organizations are still in the experimentation stage. At this stage, the individual departments of the organization develop separate Internet applications that are not connected to the business or e-business strategy of the organization.

2) *Integration.* At this stage the integration of e-businesses takes place. It must support the current business strategies by integration of function departments. Organizations focus on the direct support given by the present businesses. Their goals are decreasing costs, increasing income and implementing the business support given by the existing mod-

els.

3) *Transformation.* Organizations use e-business strategy to coordinate the organization's strategy. Inter-organizational processes are enlarged to the level of business customers, suppliers and partners. The organizations' value channel becomes interconnected, leading to identification of new sources of income and the increase of customers' satisfaction. Passing to the transformation stage involves understanding of business processes of company, customers, suppliers and competitors.

**Table 1. E-business Development Stages**

<b>Stages Indicators</b>	<b>Experimentation</b>	<b>Integration</b>	<b>Transformation</b>
<b>E-business Strategy</b>	No e-business strategy	E-business strategy supports the present strategy of the organization	E-business strategy <i>is</i> the strategy of the organization
<b>Organization Strategy</b>	No connection between e-business strategy and organization's strategy	E-business strategy <i>depends</i> on the strategy of the organization	E-business strategy <i>coordinates</i> the strategy of the organization
<b>Goal</b>	Oriented on sections	Inter-functional participation	Inter-organizational involvement
<b>Results</b>	Unclear	<ul style="list-style-type: none"> <li>▪ Decreasing cost</li> <li>▪ Supporting business</li> <li>▪ Identifying practices</li> <li>▪ Increasing income</li> </ul>	<ul style="list-style-type: none"> <li>▪ New income flows</li> <li>▪ New business opportunities</li> <li>▪ Clear improvement of customers service</li> <li>▪ Consumers' satisfaction</li> </ul>
<b>Means</b>	Technologic infrastructure and software applications	Business processes	Personnel, intellectual capital, relations, cooperation
<b>Role of Information</b>	Takes second place after technology	Support for the efficiency and effectiveness of processes	Information asymmetries are used to create business opportunities

Source: Hackbarth, G. and Kettinger, W. J., Building an E-business strategy, 2000, Information Systems Management, vol 17, page 78

In adopting the e-business strategy a main factor is products specificity. For products that do not have a fixed relative degree of value to be added (automobile industry), the objective that determines evolution of business models tends to be limited. On the other hand, when new types of products and services may appear (advertising, food production), there are a great variety of e-business models that can be implemented [Barsauskas & Sarapovas, 2004].

The integration process of e-business into the business plan may be achieved by getting through two stages: a) creation of e-business strategy, and b) development of application environment and implementation.

#### **A. Creation of E-business Strategy**

Starting from the present trend of customer oriented business, we present below the main stages needed for creation of e-business strategy (figure 2).

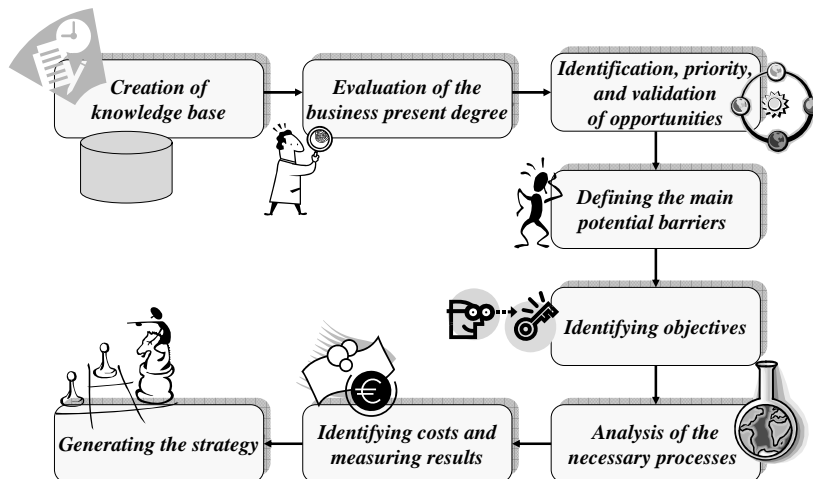


Figure 2. Creation of E-business Strategy

A.1. *Creation of knowledge base.* The organization's knowledge base allows a comprehensive view on the customers' needs and organization's capacity to satisfy them. The knowledge base represents the starting point in settling the value that may be added for the customers. It must include at least information on [Singh, \*\*\*\*]:

- *customers:* identifying the customers on the target market, the customers' profile, the change options, the value to be added to customers, customers relation trends;
- *competition:* identifying direct competitors and strong/weak points;
- *technological tendencies:* technological evolution and implications;
- *economic and environment tendencies.*

A.2. *Evaluation of the present degree of business* by identifying the strong and weak points and the difficulties in solving possible problems of the organization. This stage helps finding the competence that serves the best customers needs and create the starting point in restructuring the value chain of the organization. Within the organization must be evaluated at least the following domains [Singh, \*\*\*\*]:

- *the interface with the customer:* selling process, e-commerce, marketing, service, distribution channels;
- *production:* creation, distribution, supply channels, production programming, stock management;
- *human resources:* culture, knowledge, knowledge management;

- *technology:* resource planning systems, networks, web sites, intranet, security, IT knowledge;

- *infrastructure:* financial systems, research and development, human resources;

- *stakeholders:* identifying main, analysis of target stakeholders' processes, distribution of power between stakeholders.

At this stage the function strategies and the management strategy of the organization must be framed. If the management strategy of the organization entails diversifying the market or new products/services for new markets, the level of costs for these markets must be evaluated.

A.3. *Identification, priority, and validation of opportunities for the organization in e-business integration.* One of the possibilities that organizations have in finding e-business opportunities is focusing on factors CTQ (Critical To Quality) of each stage of buyer's experience. These stages may be [Barsauskas & Sarapovas, 2004]:

1. the buying experience: information obtained when interaction with the company is made within the present process and mechanism of buying;
2. delivery, installation, and use of the product or service;
3. supplements (activities that are needed to extend the value of the product/service).
4. product maintenance and service (simple and quick process);
5. disposal (presence of useless features of the product).

The five stages of buyer's experience may be analyzed from the point of view of means of approaching the customer on increasing quality features. The means by which products and services increase quality for the customers must be identified at this stage [Barauskas & Sarapovas, 2004]:

- *customer's productivity*: the product allows the customer to achieve more with lesser resources in a shorter time;
- *simplicity*: the product is easy to buy, use and maintain;
- *convenience*: the product is easy to get, suitable to use;
- *risk*: the product reduces the legal, physical, and financial risk for the buyer;
- *entertainment and image*: the product creates a new entertainment;
- *Environmental friendliness*: the diminishes frustration of previous stage of use or destruction.

This approach helps the organization focus on developing strategies for the most critical stages of the buyer's experience and on creating exceptional value to the customer. Among the opportunities that organizations may find by integrating e-business are:

- new markets, eliminate territorial barriers;
- new sources of income from publicity, online services, and virtual communities, selling data on customers;
- access to complete information on customers profile;
- creating value by providing new ways of payment;
- decreasing costs;
- rapid decision making and reaction capacity;
- continuous flow of new business opportunities generated by significant absence of qualified selling resources, and by low defined selling processes (generally with no technological support);
- electronic marketing.

Priority of opportunities must be achieved according to the capacities of the organization, to the way the e-business integration strategy is aligned to the present strategy of the organization and to the results that may

be reached. Opportunities that have been found and organized must be validated by comparison to similar experience etc.

A.4. *Defining the main potential barriers/problems and finding new ways of solving them.* Any organization, especially the small and the middle-sized ones, may face problems in the process of adopting e-business. Therefore, finding and defining the main potential barriers/problems and finding new ways of solving them represents an important stage in the e-business integration strategy. In the process of e-business integration an organization may face problems generated by:

- organizational culture, the personnel cost and training;
- conflict between channels;
- lack of integrated approach for the system infrastructure;
- lack of technical standardization;
- lack of consistency and convenience of user interface;
- old legal systems;
- lack of technical knowledge on computers and e-business, both at the managerial and the executive levels;
- lack of methodology on e-business project development.

At the level of the small and the middle-sized enterprises, the main barriers in adopting B2B business may be the following [Barauskas & Sarapovas, 2004]:

- Small and the middle-sized enterprises have reduced opening towards new concepts. They cannot afford experiment the new concepts.
- Style of business is different; the business relations are based on personal relations and community bonds;
- Small and the middle-sized enterprises have a big opportunity cost. They cannot afford to make mistakes, as any mistake may be fatal.
- Difficulties in getting access to successful experiences of other organizations;
- Small and the middle-sized enterprises have different features of competition pressure;
- Lack of trust in the new technology;

- Narrow band of Internet;
- Small and the middle-sized enterprises are under smaller pressure to reduce operational costs;
- Lack of experience /education/understanding of e-business
- ICT Infrastructure implemented at the present is generally based on individual ICT systems while solutions increase year after year;
- Technological cycles are rapidly changing.

Solutions must be found for each problem/barrier in order to solve/eliminate them. In order to successfully implement an e-business initiative it is necessary that strategy development cover the adoption difficulty.

A.5. *Identifying objectives for e-business integration* involves finding opportunities that can bring the highest value to the customers and for which exist the necessary competence. Identifying of objectives is based on the results of previous stages.

A.6. *Analysis of the necessary processes for e-business introduction and integration.* At this stage the necessary processes for e-business introduction and integration (change and/or elimination of existing processes, externalization of certain processes, - redesign organization processes; new processes) must be identified and analyzed with regard to the general impact on the organization.

A.7. *Identifying costs and measuring results.* In choosing the e-business implementation strategy, a decisive factor is represented by its costs and results. In measuring these results there must be taken into account the indicators of performance (that show the plan of business value to be provided in order to take the advantages of digital capacities, the way this value will be incorporated into products, services or experience), as well as the resulted advantages/disadvantages.

The main advantages of e-business are:

- extension of the market and global access by eliminating traditional frontiers;
- larger visibility, as the internet is an open door for information;
- improved receptivity, leading to better relations with customers and partners; low cost in-

terconnectivity as an efficient method to respond to costumers demands.

- new services by Internet with the opportunity to introduce lowest cost services for customers, partners and employees (e-payment, online service, online advertising, etc.) [Singh, \*\*\*\*].

- intensifying and improving business relations as the electronic environment facilitates communication between organizations and customers (*open* standards associated to internet provide interoperability between companies and sites) [Singh, \*\*\*\*].

- low costs.

- Disadvantages of e-business are mainly:

- conflicts between channels, competition (www intensifies competition and globalization);

- customer's loyalty: one of the effects of ICT is th easiness with which a customer may surf the internet in order to satisfy its needs; on the other hand, the internet reduces the cost of customer's transfer from one provider to the other, and when the business does not creates customer experience this problem amplifies [Singh, \*\*\*\*];

- the legal environment and copying: the electronic copying environment and any information published on the net is accessible to be copied; in such a situation there is little protection (at the present there is no global jurisdiction for the www) [Singh, \*\*\*\*];

- security and confidentiality of information.

A.8. *Generating the strategy* based on the results of previous stages. Strategy must include at least the description of the project, the estimation and eventual risks. In order to implement a successful e-business, organizations must provide interfaces relating to the partners (suppliers, customers).

## **B. Development of application environment.**

B.1. *E-business design.* This stage relates the e-business project, the business objective, and the technologic base, helping at the finding the environment needed by the application. The detailed e-business project or application environment strategy ensures the passing from what to how it has to be done in or-

der to create value. The application must take the capacities offered by Internet and transform them into value to the customers in order to achieve a clear competition advantage. *B.2. Development and integration of the application.* After application development stage, according to the detailed e-business project, takes place the integration of the application at all levels of organization. Integration means aligning the business processes and the personnel to the present strategy of the organization.

### Conclusion

One of the main objectives within the transformation process of the organization is getting competition advantage in entering new markets and attracting new customers. The question is what strategy the organization must adopt in order to create an e-business strategy that would transform the advantages offered by the electronic environment into value to the customers. The organization must adopt an e-strategy that can bring the highest value to the customers and for which exist the necessary competence.

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