

Benefits, Challenges and Proposed Solutions of e-Business in India

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Abstract

This paper emphasizes on the concept, benefits, challenges and major solutions of e-Business in India. Many of the people are confused and make others confused between e-Business and e-Commerce. In this paper it was tried to explore the basic concepts of e-Business because in India majority of people both businessmen and customers find difficulty in e-Business even many of them don't know what it is. It presents a research basically on why many of the people are not aware or scared of e-Business and what are the major problems people find while operating business or purchasing through internet. Basically, electronic business is the process of buying, transferring, or exchanging products, services, and/or information via computer networks, including the internet. E-business can also be beneficial from many perspectives including business process, service, learning, collaborative, community. To compete with other domestic and international traders' knowledge and use of e-Business is a must in today's world. Thus, by giving light on advantages, challenges and solutions, it was tried to give simple brief outlook on e-Business.

Keywords: e-business, e-commerce, businessmen, customers

1. Introduction

1.1 Meaning

The Internet has completely reshaped customer relationships. The transformation began with the dot-com boom, which spawned a new type of company whose entire business model was predicated on Web acceptance and usage. These companies -- Yahoo, Amazon, eBay and Google took advantage of the Web in all aspects of their business.

Soon, traditional "brick-and-mortar" enterprises realized that to survive, they too had to satisfy customer expectations to procure goods and services over the Internet. And firm which, in contrast to an electronic commerce firm, conducts its day-to-day business functions over the internet and/or other electronic networks such as electronic data interchange (EDI) through e-Business.

Electronic business includes collaborating with distributors on sales promotions, interacting with and servicing the customers, and conducting joint research with business partners. Electronic business commonly referred to as "eBusiness" or "e-business", or an internet business, may be defined as the application of information and communication technologies (ICT) in support of all the activities of business. Commerce constitutes the exchange of products and services between businesses, groups and individuals and can be

seen as one of the essential activities of any business. Electronic commerce focuses on the use of ICT to enable the external activities and relationships of the business with individuals, groups and other businesses.

E-business may also be defined as the conduct of industry, trade, and commerce using the computer networks. The term "e-business" was coined by IBM's marketing and Internet teams in 1996. It includes collaborating with **distributors on sales promotions**, interacting with and **servicing the customers**, and conducting joint **research with business partners**.

1.2 The e-business Concept and Market Research

The selection and refinement of the business concept should be integrally tied into knowledge of the market it serves. In performing market research care must be

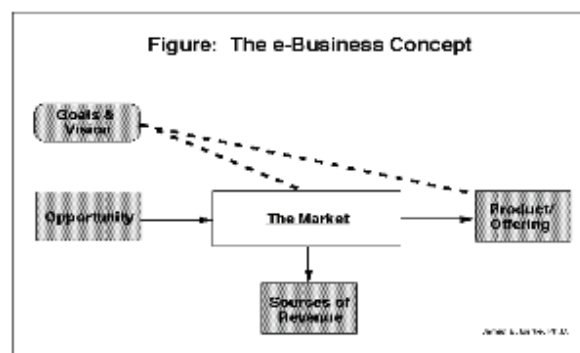


Figure 1: The e-Business Concept

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taken to account for the global reach of the Internet for both customers and competitors. It is also important to remember that markets shift, and can shift rapidly under certain conditions. But most important is to truly understand what the market is, who comprises it, and what do they want.

1.3 e-Business Process

Three primary processes are enhanced in e-business:

1. **Production processes**, which include procurement, ordering and replenishment of stocks; processing of payments; electronic links with suppliers; and production control processes, among others;
2. **Customer-focused processes**, which include promotional and marketing efforts, selling over the Internet, processing of customers' purchase orders and payments, and customer support, among others; and
3. **Internal management processes**, which include employee services, training, internal information-sharing, video-conferencing, and recruiting. Electronic applications enhance information flow between production and sales forces to improve sales force productivity. Workgroup communications and electronic publishing of internal business information are likewise made more efficient.

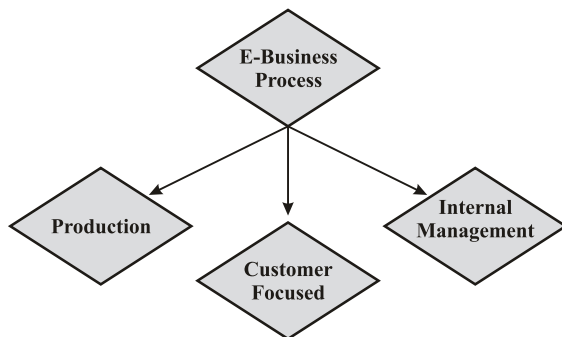


Figure 2: The e-Business process

1.4 e-business Infrastructure

E-business infrastructure is the share of total economic infrastructure used to support electronic business processes and conduct electronic commerce transactions. It includes hardware, software, telecommunication networks, support services, and human capital used in electronic business and commerce. Examples of e-business infrastructure are:

- Computers, routers, and other hardware
- Satellite, wire, and optical communications and network channels

- System and applications software
- Support services, such as web site development and hosting, consulting, electronic payment, and certification services.
- Human capital, such as programmers.

2. e-business & e-commerce

E-business and e-commerce are terms that are sometimes used interchangeably, and sometimes they're used to differentiate one vendor's product from another. But the terms are different, and that difference matters to today's companies.

In both cases, the e stands for "electronic networks" and describes the application of electronic network technology - including Internet and electronic data interchange (EDI) - to improve and change business processes.

e-commerce is buying and selling using an electronic medium. It is accepting credit and payments over the net, doing banking transactions using the Internet, selling commodities or information using the World Wide Web and so on.

e-Business in addition to encompassing e-commerce includes both front and back-office applications that form the engine for modern e-commerce. e-business is not just about e-commerce transactions; it's about re-defining old business models, with the aid of technology to maximize customer value. e-Business is the overall strategy and e-commerce is an extremely important facet of e-Business.

Thus e-business involves not merely setting up the company website and being able to accept credit card payments or being able to sell products or services on time. It involves fundamental re-structuring and streamlining of the business using technology by implementing enterprise resource planning (ERP) systems, supply chain management, customer relationship management, data ware housing, data marts, data mining, etc.

3. Objectives

Following are the objectives of e-business in perspective of Indian market.

- 3.1 To find the basic concept of e-business and its benefits.
- 3.2 To determine the challenges faced by community while operating e-business.

3.3 To identify proposed solutions for above challenges.

4. Research Method

The data is purely secondary based and has been gathered from various journals, magazines and mainly Internet sources.

5. Benefits, Challenges and Proposed Solutions of e-business in India

In India, there are about 3.4 million small and medium enterprises (SMEs) which accounts for 42 percent of manufacturing sector turnover and 35 per cent country's exports. These SMEs employ over 17 million persons. There is a huge unexplored market in India and the existing security offerings are scarce and fragmented. Since the SME market is the largest spender on IT, it is the right time for an entry and also because SMEs in India are under a great deal of pressure from the bigger customers to create a secure e-business infrastructure. SMEs are increasingly seeing the benefits arising from e-commerce as expanded geographical coverage giving them a larger potential market into which they can sell their products and services. Some of the key industries that have high potential for early adoption of e-commerce are financial (stock exchanges and banks), automobiles, retail, travel, IT and manufacturing.

This research is based on three key elements in e-Business focusing on understanding, benefits, and challenges in India.

5.1 Benefits

In the conceptual part we have already discussed in the introduction part as far as benefits of it, following are the major benefits of e-Business:-

Benefits to Businessmen:-

- Reaching customers and covering world 24/7 from anywhere.
- Lower operating cost and economical.
- Higher profitability through better customer services.
- Improves productivity and quality by direct interaction with customers.
- Improves knowledge, convenience and control over the product and related things by information sharing with other businessmen.

Benefits to Customers:

- Improve customer service & satisfaction through e-customer relation management (CRM).
- Eliminates the need for consumers to waste gas, time and energy visiting stores for common purchases.
- Price comparisons, sales alerts, coupons and discount codes are readily available to maximize customers savings.

5.2 Challenges

To extract benefits from e-Business, it is important for businesses to overcome its inhibitors and challenges. E-business challenges identified from the literature are summarized and presented as below:-

Challenges to Businessmen:

- No scope for illiterate businessmen.
- Lack of awareness and understanding about the value of e-Business or lack of computer literacy.
- Lack of faith and trust of customers on online shopping.
- Data protection and the integrity of the system that handles the data are serious concerns.
Website on which e-Business operates must be scalable, or upgradable on a regular basis.
- The availability of product details, catalogs, other information about a business and idea of extracting business intelligence from the website is also possible as it is accessible by all.
- For many countries shipping cost is even higher than the price of the product.

Challenges to Customers:-

- Similarly, no scope for illiterate customers.
- Purchasing product over the Internet is still not safe, as it may not look same as it appears on internet.
- Entering credit card and other identifying information to complete online transactions increases vulnerability to computer hackers, identity theft and business' misuse of personal information.
- Consumers are unable to scrutinize product quality or authenticity before finalizing purchases.
- Bargaining is also not possible here.

5.3 Proposed Solutions

It is known that e-Business has become one of the most important element in running business successfully particularly for small business. Managers have realized on how e-Business can benefits their business and thus, many organizations have started their business online. Internet is becoming more and more powerful tools for a firm to run their business as internet helps to connect the stakeholders from all over the world which has improved the efficiency of an organization. Thus after knowing the importance of e-Business, in today's world, we should also try to find out possible solutions for the challenges given above. Followings are proposed solutions for this problem:-

Solution for Businessmen:-

- Providing and helping the farmers to sell the agricultural and tropical products to sell online by quoting their rates as per market regulations removing intermediaries.
- Educating traders about computer basics, online shopping and its benefits.
- Providing some way to touch, look and feel products before purchasing.
- Reduction of delays in delivery.
- Providing correct information about the product.
- Providing inexpensive and easy access to information networks.
- Legal recognition of e-Business transactions.
- Protection of intellectual property
- Reaching remote and rural areas

Solution for Customers:-

- Educating customers about computer basics, online shopping and its benefits.
- Full implementation of Cyber Law and IT Acts.
- Consumer protection from fraud.
- Protection of consumers' right to privacy.
- Legal protection against unauthorized access to computer systems.

6. Conclusion

We have reviewed all the basic information about e-Business its benefits, challenges and proposed solutions from the businessmen's and customer's point of view. But government should also take certain steps

to resolve all the limitations for the growth of e-Business. Similarly all our public organizations should plan ahead to train our Indian business community to learn more about the future business opportunities to compete global competition and towards our countries growth. Though government is already taking

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