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Suchánek, Petr

Silesian University - School of Business Administration

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E-BUSINESS DEVELOPMENT KEY AREAS

Petr SUCHÁNEK

Key words: e-business, e-commerce, e-business strategy, procedural and technological audit, internet stores, optimization, search engine optimization, paid links, information and communication technologies, return on investment.

E-Business

Electronic business (e-business) is burgeoning area. E-business presents alternative, which has irreplaceable place nowadays and significantly supports profitability and competitive advantage production and business subjects. We can deduce mounting interest in electronic business from the increasing numbers of business transactions.

E-business is sometimes conceived only as internet stores, booking systems and the like. These activities are referred to as e-commerce. E-business has a larger sense. Many other activities, whose aims are support and effectiveness increasing of business processes, come under e-business. E-business presents all enterprise activities that are supported of information systems and information and communication technologies (ICT).

E-business strategy as home element of e-business implementation in firms

Implementation of e-business in firm calls for make detailed analysis and strategic concept development. Wrong made analysis results in negative influence on current firm doing business and e-business implementation would not produce expected results.

E-business strategy is derived from corporate strategy. There are three fundamental sectors in term of operating management:

- customer relationship management,
- supply management and
- operating management.

Information system management, business processes management, management of logistics and production logistics, management of human resources come under three fundamental sectors. All these activities are supported by quite a number of CRM (Customer Relationship Management), ERP (Enterprise Resource Planning), etc. systems.

In e-business strategy must be allowed for:

- firm structure,
- firm produce and business activities,
- target group,
- competition,
- return of investments,
- technical support,
- staffing,
- system security,

- system operation,
- management system.

Individual parts may be under consideration and analyze in successive steps or in parallel with regards to contexture. The main general purpose of e-business strategy developing is pursuit to obtain added value with usage of information and communication technologies (ICT). We can understand to added value as higher profit, lower costs, shortening of business transaction time and so on.

The main primitive element is procedural and technological audit. Its' output is description of state-of-the-art.

Today's electronic business environment is already enough sizable and if we want to achieve in it, we have to keep to many terms. These terms are becoming standard nowadays. In this respect competition analysis and analysis of strategic partners have to be made. From results of procedural and technological audit we can identify purposes for improvement and technologies to achieve improvement. In next step identified purposes have to be nail down. Technologies are the main supportive primitive elements of e-business implementation. It's are usually supplied by outside contractor. Functional information and price and service proposal are source information. If we have all requisite information, priorities of implementation can be determined. Priorities are determined in connection with real applicability in firm with regard to price, state of firm, state of branch and business partners and generally possible contribution for firm business activities. Final phase is exemplary plan of implementation.

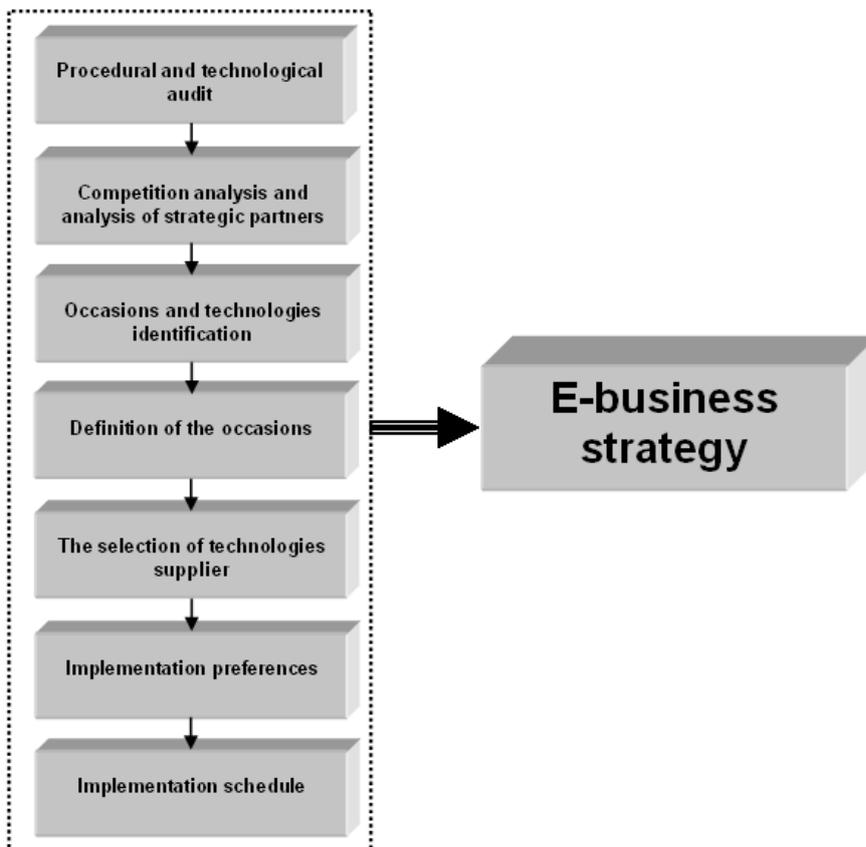


Image 1 – Development of e-business strategy.

E-business strategy has to always be fundamental element. Wrong or defective execution analysis can be the causes of problems especially refer to increasing of investments to new analysis or system re-engineering. High percentage of small and medium sized companies underestimated or all the time underestimate sense of e-business strategy development. The reason is ignorance or effort input cost reduction. Result from research that save money to detailed analysis in terms of e-business strategy developing result in profit reduction after prospectus realization.

Internet store development

Internet stores and internet commerce (generally called e-commerce) are by one of extensive area of e-business. Internet stores are by one of alternative of company presentation and offer of its products. Internet stores have to fulfill many conditions to make good. All conditions have to be considered already during e-business strategy developing. In addition to security, stability and rate demands creator of internet store has to ensure easy operation and usability not only for visitors and customers but also for workers which have to update information in internet stores and process all business and e-business transactions. Base conditions to internet store realization can be summarized as:

- **Search engine optimization** – effort to be internet store web sites shown in one of forefront in web browser after user request. Optimization should be done both key words searching and for example in agreement with product title, brand name, product type and so on.
- **Eye-appeal** – internet store web sites should have a good graphical lay-out and contain marketing components and services to customer luring. There can be for example newsletters, affiliate applications, video presentations, tags, discussion groups and so on.
- **An easy manageability** – for both customers and staff.
- **Rate** – high-quality graphic, multimedia components, extensive products database, searching and others mustn't be the cause of retardation and limit to work with internet store web sites.
- **Stableness** – internet store has to have continuous function.
- **Security** – in internet store security of all transaction has to be ensured. Security has to be ensured especially in context of system of payment, server attacking, name of description protecting and other specifications associated with e-business transactions on internet.
- **Interfacing** – data from internet store have to be processing in information system used in company. Internet store and information system have to be becomingly interconnected to make possible easy data transmission. Data transmission should be furthest automatized.
- **Return of investments and profit** – depend upon optimization for browsers but also onto all shown characteristics.
- **System modularity** – If we want to data base expand, we don't have to buy or develop new internet store system. Current system can be expanded with new modules, by which means function increasing.
- **Analyses** – managers need statistic analyses of data from internet store. Fundamental statistic data may be part of internet web sites, more detailed analyses are more suitable to make in term of information system to which data from internet store are stored.

All of the above characteristics have substantial effect to full-value functionality and usability of internet stores.

Principal aim of every shop is to obtain at full blast customers. Customer of internet store is user visited web sites and done order.

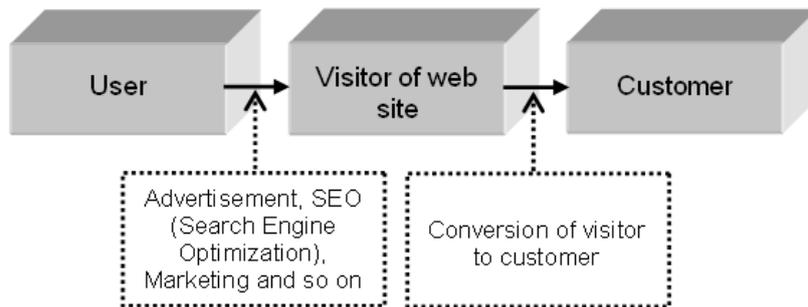


Image 2 – Attendant to consumer conversion.

Order is most often watched action. Order is conceived as buying products or services. Result from research, common margin of conversion in common internet store reach approximately 1 %. Shopping probability of users know internet store can be for up to 30 %. On internet web sites many actions can be done. We can think of its as special type of conversion even if these actions don't bring profit but are significant marketing indicator. As these conversion actions can be:

- user registration,
- user login,
- user downloads of demo, freeware, shareware or full version of application (for example open source),
- user contact (user sends e-mail, takes a part in discuss group, calls to seller and so on),
- user browses promotional web sites.

Conversions are measurable variables. Generally true is fact, that increasing number of users connected to internet results in an increasing number of internet stores customers.

For comparison I feature next table of number of internet users in Czech Republic and Turkey. Next detailed information can be discover on web sites www.internetworldstats.com.

Table 1 – Internet usage in Czech Republic, Turkey and Total Europe.

State	Population (Est. 2007)	Internet Users	% Population (Penetration)	% Users Europe	Usage Growth (2000 - 2007)
Czech Republic	10,228,744	5,100,000	49.9 %	1.5 %	410.0 %
Turkey	71,158,647	16,000,000	22.5 %	4.6 %	700.0 %
Total Europe	801,821,187	348,125,847	43.4 %	100.0 %	231.2 %

Source: www.internetworldstats.com

In terms of marketing, we have to deal with the best possible availability of internet store web sites on internet. Number of methods can be used to this goal. Search engine optimization and paid links are the most considerable.

Search engine optimization and paid links

Search engine optimization (SEO) is one of e-marketing areas. It is evidenced, 90 % of users is interested in at the most the first 2 web sites pages, 80 % at the most the first 5 web sites pages shown by internet browser.

Search engine optimization deals with localization and searching of individual web sites. Output is optimization of web sites so that web sites been to show in one of the forefront places after user request.

- We can say, SEO is lump investment,
- in case of commercial applications, SEO has a short-term investment return,
- becomingly done SEO is cheapest and most effective investment with sure result,
- printed advertisement and similar ways of presentation are expenses with short-term effect,
- SEO has a longest continuation and effect as compared with other paid services.

Besides SEO we can use paid links called PPC (Pay-Per-Click) campaigns. PPC campaigns are at the most targeted form of internet advertisement. With PPC we can order advertisement campaign onto some tens catalogues, browsers and portals with any number of key words and phrases. To the Czech projects, PPC campaign can be established for example in systems Google AdWords (adwords.google.com/select/Login), eTarget (<http://www.etrarget.cz/>) or www.ppc-reklama.cz, to the foreign projects for example in Overture (<http://searchmarketing.yahoo.com/overture.php>).

SEO and PPC are realized with the aim of visit rate increasing of web sites. It results in start obtaining ahead of competition. Both methods increase conversion ratio, market share and decrements spending on customer.

SEO as well as PPC have irreplaceable position in internet marketing. SEO ensure fixed attractive costs, if we want high conformability, it is more suitable to use PPC. Most suitable way is to use combine of both methods. SEO should supply standard stage and guard main web subject. PPC is suitable to use for action or time-limited offers, for start of new project and so on.

Information and communication technologies & e-business

In the all sphere of usage, basis of e-business are software and hardware areas contained all applications necessary for company business activities – marketing, sale, supply chain, production, custom services, accountancy, human resource management – in various languages and with possibility to engage business activities globally. In market there are many products to support these activities. If we want to choose and install some system, we have to impeach several risk areas:

- usability,
- performance,
- security,
- availability,
- functionality,
- operability.

These areas are characteristic for both, hardware and software tools. Beyond company decides to implement system, it should be interested in shown risk areas and do their analysis. We can claim, e-business and e-commerce system should not be too complicated for users, it should offer sufficient achievement (to be offer fast), it should be trustfulness in term of all

conventions, norms and law in force and of course it is necessary to supply products and services in time and in request quality. It all must be supported by information system.

Conditions of successful implementation e-business in company

By virtue of shown facts, we can summarize conditions of successful e-business implementation in company to the next points:

- Incorporation of e-business concept into company strategic concept. To this goal, detailed financial and technical analyses with regard to risk management have to be done.
- We have to construct high-quality and reliable infrastructure of local area network susceptible safe data transmission.
- Local area network has to be connected to internet by high-speed connection.
- We have to use efficient servers intended to client services administration. Servers have to have suitable engineering characteristic and operating system ensuring data security saved in information system.
- In information system, it has to be used firmware fully satisfying total functional and safety requirements and providing understandable and comfortable user interface.
- One important thing is qualified and educated staff ensuring functionality of all enumerated areas.
- Responsible personnel have to monitor all internal and external processes and do state-of-the-art analysis.

Principal aim of the all business activities is profit. Profit should be permanent. If we want to profit, we usually have to be investing. Capital investments are input element of all areas listed in this article. Investments have to be returned. If it be to the contrary, business should be no good. Return on investments and repayment-time are always important indicators.

Return on Investments (ROI)

Return on investments is rate of profit and investments. In e-business area, investments can be to:

- information system implementation,
- staffing,
- web site development,
- web site maintaining,
- marketing,
- advertisement,
- operation,
- servicing,
- logistics,
- security,
- system monitoring,
- etc.

ROI is one of marketing indicators. With help of ROI we can give practical expression to efficiency of whatsoever business or fruitfulness of whatsoever investment. ROI is important indicator during e-business strategy developing and constant monitored parameter. We can compute ROI in many ways. Generally we can write formula to ROI compute in the form:

$$\text{ROI}(\%) = \frac{\text{profit}}{\text{investment}} * 100$$

For concrete purposes e-commerce, if we have functional internet store and we want to solve advertisement investment return, we can use next form:

ROI (%) = (average margin * incomes from advertisement campaign) / (cost of medium where advertisement was located + charges for campaign administration)

Main aim is achieve the highest value of ROI indicator. If ROI does not achieve value 1, financial loss comes in to being. Important indicator is time of investment return. Return of investments is one of fundamental indicators of strategic concept. If analysis don't show enough high investment return, we have to change prospectus.

Conclusion

Nowadays e-business is important alternative and part of company business activities. Implementation of e-business activities require primarily e-business strategy processing. E-business strategy has to contain detailed analysis of all basic and related areas. Main item of e-business strategy development is fulfilment of procedural and technological audit. Wrong or narrow analysis can be the cause of later problems related with investments increment or system re-engineering. One of frequent e-business activities is electronic business realized as internet stores. Internet store development and keeping should always be according to conditions, norms and law in force. Non-performance some of conditions may result in limitation of functionality, customer restriction and financial loss. One of fundamental conditions is need to keep accessibility of internet store in internet browsers. To this goal we can use both methods SEO and paid links. In many cases as good option is combination of both methods. E-business fundamental elements are information systems in companies. Its realization and operation have for e-business activities important effect. That is way if we want to choose, implement and operate information system, we have to have in mind all related risk areas and do detailed analysis. By virtue of e-business strategy definition and analyses doing, we can define fundamental conditions of successful implementation e-business in small, medium sized and big companies. In all cases, we have to monitor and analyze investment return to business activities make good.

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Key words: e-business, e-commerce, e-business strategy, procedural and technological audit, internet stores, optimization, search engine optimization, paid links, information and communication technologies, investment return.

Abstract: At present e-business is standard alternative and its development is very fast. E-commerce is subset of e-business. E-commerce is implementation of the business transactions on the internet (internet stores, booking system, and so on). E-business and e-commerce have directly dependence on information and communication technology (ICT). Many conditions have to be satisfied to e-business systems operate all right and bring contribution. The fundamental element is e-business strategy. Aims, procedures, methods, inputs, outputs and the like have to be analyzed in e-business strategy. Individual parts may be under consideration and analyzed in singles steps or in parallel with regards to contexture. Once of the e-commerce key area is internet stores development. Internet stores are realized as a web sites published on internet. Web sites make possible communication between custom and operators information system. Internet store web sites have to fulfil the quite of number of conditions. Principal aim of the internet store web sites is effort to internet store web sites be displayed in one of the forefront in internet browser after request of user. To this goal for example Search Engine Optimization (SEO) or method of paid references can be used. Both methods are very important for internet marketing and they also can be used together. Data from internet store web sites are computing in firm information system. On this account we have to directly defined dataflow between internet store websites and information system. We can buy software for e-business support from provider or new software can be developed. In both cases we have to pay attention to risk areas. Conditions of successful implementation of e-business in firm are in the end of the article.