

# *The New Economy: E- Business The Need of the Modern Era*

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## <<< Abstract

Digital business is causing an upheaval that is shaking the foundations of traditional business. More and more companies recognize the opportunity the internet offers and start to establish an online presence with a sound business model behind it. Increased revenues and additional customers who return voluntarily to the company are drivers that bring more and more companies to digitize their offerings. Through the Internet it is possible to invent new and innovative ways to add value to existing products and services without necessarily spending a lot of money. Electronic business is a super set of business cases, which have been digitized and work now on the Internet. An e-business category is defined by the business case and not by the technology used to implement it. Over time more and more type of business will be converted to a digital form, even though it may seem impossible today. Technology is moving fast to make things possible tomorrow, which seemed impossible today.

## 1. INTRODUCTION

E-business is not a technological change. It is a fundamental change in the way business is done... aided, supported and enabled by technology. The pervasive connectivity of the Internet and the attractive graphical user interface of the world wide web (www) present enormous opportunities for business of all kinds. The internet and the web support together provide opportunities in selling, customer relationship, product/ service design, user support, geographic expansion, logistics and supply chain integration. This is nothing but e-business (electronic business) on the internet.

Traditionally trading by the buyers and sellers is done through three channels like face-to-face, mail and phone. The Internet has become the fourth channel for trade. Internet trade is booming and allows businesses to sell more and at a lower cost. This Internet offers a great opportunity over traditional channels as it has some advantages or strengths.

In 1997 IBM has started to use the term-E-business for the first time till that time e-commerce was the buzz word used. The shift in terms also means shift in paradigm until then selling on the web was experienced but broadening the approach to allow more type of business on the web created the new term- e-business. This e-commerce is just one aspect of E-business like e-marketing, e-mailing, e-franchising etc. E-business is about using the convenience, availability and world wide reach to enhance existing businesses for creating new virtual businesses.

IBM defines as “secure, flexible, and integrated approach to delivering differentiated business value by combining the systems and processes that run core; business operations with the simplicity and reach made possible by Internet technology.

E-business is about using Internet technologies to transform the way key business processes are performed ex-on line purchasing both wholesale and retail. E-business means using the web to do business- period. To other, it covers every things imaginable application of information technology to business. Technology is moving fast to make things possible today. Net commerce is an effective e-business solution. Everyday more companies and people gain access to the web, and everyday, more purchases are transacted electronically. Such on line purchasing became popular in 1996, when over 1 lakh tickets for the summer Olympics were ordered through the official Olympic Games web site, which was created by IBM. By the end of 1996, business being conducted over the web was about US\$ 60 billion annually and estimated 1 trillion US\$ by 2005.

## 2. ADVANTAGES OF E- BUSINESS

E-business is becoming popular day-by-day due to its various merits like:

### a) **Global Accessibility and sales reach:**

Business can expand third customer base and product line throughout the world.

**b) Free Sample:** Products can be sampled via the web fast, free of charge and easily.

**c) Cost reduction:** Businesses can cut down their costly production by dynamically adjusting prices.

**d) Closer relationship:** Business to Business sellers can develop closer relationship.

**e) Time to Market:** Shorter time to market and faster response time to changing market demands.

**f) Media breaks:** The Internet reduces the number of media breaks which are necessary to transport information.

**g) Customers', loyalty:** Due to availability of never closing site and latest information resulted into improved customer loyalty.

**h) E-business Categories:** There are number of categories of E-Business which have been proven success on the Internet. Many other exists and in order to make one of these categories successful it need to interact wit categories for ex-E-commerce need to interact with E-marketing, and E-communication etc.

There categories need to work together both offline and online. The Internet offers huge possibilities to integrate the categories and automate the interaction between the presses. Some of the population categories are: E-auctioning, E-banking, E-commerce, E-directories, E-engineering, E-franchising, E- gambling, E-learning E-marketing, E-supply, E-trading and E-operational resource management.

## 3. OPPORTUNITIES OF E-BUSINESS

There is a wide range of a e-business opportunities which depend mainly on the nature of business and the customers it serves. These are:

a) Sale of high-quality, specialized products that appeal to an audience of affluent well educated, and well informed people.

b) Companies can expand their reach to global customers at a low marginal cost.

c) Wholesalers, distributors or service providers can sell to business and that demand the convenience and efficiencies of buying from a web side.

d) Companies holding comprehensive sets of digital assets like logos, image libraries inventor information etc. can sale their product electronically.

e) Business-to- business sellers, the majority of whose customers base is already on the Internet, can build a closer relationship electronically.

f) Companies having a corporate web side and efficient network operations can establish subsidiary sites for related ancillary products.

g) Business selling products can be sampled and promote on the web like recorded music, books, magazine etc.

h) Business selling products that can readily be distributed over the Internet an expand their customers base ex-software. Market Research, Financial Report, Industrial Reports, news about local events, sports, travels. etc.

- i) Business selling products that are subject to frequent changes can reduce production and obsolescence costs because they offer only current products on sit. They can also adjust pricing in real time in response to fluctuation in demand.
- j) Business that configure products to customer measurement or specification can expand made-to-order services to new market ex-food shopping, delivery services, custom- tailored garments, just-in time products etc.

The concept of e-business had been invented before in Internet become popular in 1970. E-business was popular for financial networks, which used propriety hard0-and software solutions. Electronic Data Interchange (EDI) was also available long before the Internet was used for it but was costly affair and were not accessible for private use and on large scale. The Internet made it possible to E-business.

#### 4. USAGE OF E-BUSINESS IN INDIA

With the competition growing day-by-day, economy liberalising, and multinational creeping in the domestic market, the emphasis is increasing day-by-day o profit planning and cutting the cost to improve profitability. Margins are getting thinner day-by-day and survival is on keeping the profit at desired level, e-busies can be taken as an effective tool to cut the cost of operation and, thus, can improve the profitability. the cutting in cost, whether in manufacturing on in operation can definitely be advantageous and if some of these advantages are being passed to ultimate beneficiary, i.e. the customer, can create a niche for the business. Here e-business can be beneficial for any type of business, whether it is manufacturing, trading or service industry.

The scope of e-business to the service industry can prove much more relevant than that of any other organization. The Indian railways are the burning example of the same. This is one area, where introduction of automation has not only reduce the cost, but the services of reservation have become so user friendly that one can get the reservation sitting in

any part of the country. Any amount of manpower deployed would not have delivered these services.

Similarly the implementation of EFT Electronic Fund Transfer, implementation of electronic debit and cleaning scheme are the distance dream of banking customers, where the boundary of branches, banks is on the verge of collapse. The Introduction of anywhere anytime banking. Tele banking, Internet Banking. ATM banking are the examples of e-business and e-commerce implementation in banking. For a customer in India, the day is not far off when he can bank in any premises irrespective of the fact that he/she can have account in bank. With the introduction of swift. Master and Visa card, a beginning has been made where even country boundaries are removed. in the vision beyond eight to ten years, the glob al banking can be seen as the eminent dream for the customers of twenty-first century.

#### 5. REASONS FOR GOING ONLINE

A company needs to be one the Internet (Online) because:

- a) **Expansion of Market-** Company can collect experience with a new customers segment.
- b) **New Service:** Company can provide new services for customers and business segment.
- c) **Business relationship:** Reat-time data increase the profit for every partner involve. It also helps to strength the business relationship.
- d) **Visibility:** Generate more visibility in your target market and gain mind share.
- e) **Cost reduction;** Internet helps to reduce cost of product, support, service and estate.
- f) **Channel conflicts:** Internet prevent an resolve channel conflicts.
- g) **Responsiveness:** Internet increase responsiveness to customers and partners.

#### 6. AREA OF E-BUSINESS

- **Intranet:** It is using within the organization people on the Intranet and able to see organization is specific web sites. These web-sites are separated from the rest of the world.
- **Extranet:** Business to Business (B2B) deals. The extranet consists of two Intranets connected via

the Internet so that two organizations are allowed to see confidential data of the other . Generally only small part of information are made available to the partner, just to enable the business deal. Such networks have existed long before the Internet like private network but it was most costly.

• **Internet:** Business to consumer (B2C) area this is most prominent one. Traditionally this is what most people know as e-commerce, selling products on the web.

There are communication Gateways and need to use properly. Technically there is no difference between the Internet, the Intranet and the Extranet. The later two are the sub-sets of the first one which can be viewed only groups.

## 7. CONCLUSION

Digital business is resulted in increase in business and shaking the foundation of traditional business. Many companies are recognizing the opportunity the Internet offers and start to establish an online presence with a sound business model. Increased revenue and additional customers attracts more companies to digitize their offerings. Through

Internet it is possible to invent new and innovative ways to add value to existing products and services without spending a lot of money.

Today the internet established itself as a mainstream medium Internet technologies are advancing to support present commercial transactions and new commercial transactions also. Companies need to move fast in this Global Economy, in case of electronic business, along with speed, careful planning and its execution are also important . This need the expertise variety of skills and discipline hence every company has to develop expertise in its own field and at least some expertise in the field of others.

E-business, the Internet and the globalization all depend on each other. The more global players exist the more e-business they want to do. The more-business is online, the more people will be attracted to get direct Internet access. And the more people are on line the more global players will arise. Thus, the interdependency of all these rivals better prospectus to E-business in India and in Global too.

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