CHAPTER 5

Emerging Modes of Business

Meaning

In this age of internet, the world commerce has gradually started linking with it, this has brought a new concept of commerce called e-commerce/e-business. Now we are capable of reaching the users of Internet all over the world simply by opening a shop on the Internet. The Internet users can order for the goods, receive their delivery and make their payment while sitting at their home on the Internet.

Scope of e-Business

It can be understood by the view point of the parties involved and making transactions :

1. **B2B Commerce :** It is that business activity in which two firms or two business units make electronic transaction. For example- one can be a producer firm and other a supplier firm.
2. **B2C Commerce -** Business to customer In this one party is a firm and other party is a customer. On one hard a customer can seek information through Internet about products, place orders, get some items and make payments and on the other hand the firm can make a survey any time to know who is buying, and can also know the satisfaction level of customers. In modern times, call centres can provide these informations.
3. **Intra-B Commerce** Within business Commerce - Under it, the parties involved in the electronic transaction are the two departments of same business. For Example through internet it is possible for the marketing department to interact constantly with the production department and get the customised goods made as per the requirement of customers.
4. **C2C Commerce -** Customer to Customer Commerce - Under it, both the parties involved in electronic transaction are customers. It is required for the buying and selling of those goods for which there are no established markets. For example-selling old car through internet.

Benefits of e-Business

The major benefits of e-Business are as follows:

1. **World wide reach-** Internet gives businessmen an extended market. New customers come in contact with them. This results in increase in sales.
2. **Elimination of Middlement -** Ever since the e-Business came into existence, the wholesalers and retailers have started disappearing. Now, most of the producers have started having direct contact with customers. As a result the consumer get goods on less price.
3. **Easy Distribution Process -** Many types of information and servicer can be received on computer through e-business. This has simplified the system of distribution and has also made it less costly.
4. **Lower Investment required -** In this, you don t require any big showroom or huge investment. All you need is computer and Internet.
5. **Easy to launch new products -** Any company can launch its new product in the market through the medium of E-Business. A complete information about the product is made available on Internet. In this way, the consumer and other businessmen get information about the new product while sitting at home.

Resources Required for Successful e-Business Implementation

The resources required for the e-Business are :

1. **Computer system -** The presence of computer system is the first requirement of e-Business. The computer can be linked with Internet by just pressing its keys.
2. **Internet connection -** Internet connection is very essential and now a days we can get this facility by sitting at home.
3. **Preparing the web-Page-** web page has the greatest importance in the use of e-Business. It is also known as Home Page. Any product that is to be shown on Internet is displayed on web page.
4. **Effective telecommunication system-** e-business requires on effective telecommunication system in the form of telephone lines etc.

On Line Transactions

On line transaction means receiving information about goods, placing an order, receiving delivery and making payment through medium of internet. Under this system, the sale purchase of every type of thing, information and service is possible.

Payment Mechanism

Payment for the purchases through online shopping may be done in following ways :

1. Cash on delivery (CoD) - Cash payment can be made at the time of physical delivery of goods.
2. Net-banking transfer - The customer can make electronic transfer of funds (EFT) to account of online vendor over the internet.
3. Credit or Debit cards - The customer can make payment for online transaction through debit or credit card by giving the number and name of bank of card.

Security and Safety of e-Transactions

The following methods can be used to ensure security and safety of online transactions.

1. Confirming the details before the delivery of goods - The customer is required to furnish the details such as credit card no., card issuer and card validity online.
2. Anti Virus Programmes - Installing and timely updating anti virus programmes provides protection to data files, folders and system from virus attacks.
3. Cyber crime cells - Govt. may set up special crime cells to look into the cases of hacking and take necessary action against the hackers.

Outsourcing or Business Process Outsourcing (BPO)

Many activities have to be performed for the sucessful conduct of business like productions, buying, selling, advertising etc. When the scale of business is small, the businessman used to perform these activities easily. However, with the enlargement of scale of business, this job has become tedious. Therefore, in order to overcome the difficulties connected with the performance of many activities and to get the benefit of specialisation, these services are now obtained from outside the organisation. This is called outsourcing of services or BPO

Need for BPO

BPO is essential for following reasons :

1. Obtaining Good Quality services - If a compnay attempts to perform all the

activities itself, there is every possibility of quality of services being affected adversely. In order to avoid this difficulty, the need for obtaining services from outside is felt.

2. Avoiding Fixed Investment in Services - If a company attempts to get these services from within the organisation itself, it has to establish different departments for this purpose which involves huge investment. Therefore it appears justified to get these services from outside the organisation at a little cost.

3. Smooth running of business - outsourcing of services is needed in order to run the business smoothly. The attention of businessman gets distracted from various small things and will be focused on the main activity.

Scope of BPO

In modern business many outside services are used. Out of these services, the following are the important ones :

1. Financial Services - These services means those outside services which help the company in some way or other in the management of finance.

2. Advertising services - Advertisement is very necessary for increasing sales. If this service is obtained from outside agency, it will cost less and the quality of advertisement will also be good.

3. Courier services - These services means delivering goods, documents, parcels from company to customers and vice-versa.

4. Customer support service - These services means delivering goods to customers and to give after sale services also. Generally, the manufacturers of TV, Fridge, AC etc. use these services.

KPO (Knowledge Process Outsourcing)

KPO refers to obtaining high end knowledge from outside the organisation in order to run the business sucessfully and in cost effective manner. Unlike conventional BPO where the focus is on process expertise, in KPO the focus is on knowledge expertise.

Need of KPO

In today s competitive environment focus is to concentrate on core specialisation areas and outsources the rest of activities. Many companies have come to realise that by outsourcing the non-core activities, not only costs are minimised and efficiency improved but the total business improves because the focus shifts to key growth areas of business.

Scope of KPO

1. It is the upward shift of BPO
2. It focuses on knowledge expertise instead of process expertise
3. It provides all non-core activities.
4. It has no pre-determined process to reach a conclusion.
5. It offers an alternative career path for the educated.

Questions

1. What is electronic business?
2. What is KPO?
3. What is EFT?
4. Explain briefly the need of outsourcing services.
5. Write about advertising services and courier services.
6. Name the essential resources required for e-business.
7. Define online transaction .