E Business The Electronic Work Essay, Research Paper

Introduction

During the last ten years information technology has experienced unprecedented levels of change, this technology is not only influencing the way in which we conduct business, it is changing the way in which we conduct our lives. The invention of the personal computer has affected us all in some way, but it is the Internet, or the World Wide Web as we think of it now that is leading the way forward in communications. The creation of this information highway is being compared in status to that of the industrial revolution. The impact of it is embroiling governments and leading industrialists in a technology battle to keep up with the immense changes ahead. Barbara Roache MP, Under Secretary of State for Small Firms writes in a bulletin for The Department of Trade and Industry: -

We stand on a threshold of a revolution in the way we do business. We can not afford to underestimate the impact of electronic commerce on the global marketplace, or the important part it has to play in creating our vision of the UK of the future a modern knowledge based economy.

The Web

Developed from Arpanet, a system used by the American Department of Defence as a means of communication between academic and government mainframes, the Internet as we know and use today was created from a software application developed by an English man Tim Berners-Lee in nineteen eighty nine. With a mere one hundred thousand users at that stage, the web has grown to colossal proportions, ten years later by nineteen ninety nine that figure had grown to one hundred and fifty million, and it is now estimated that five hundred million users will be connected by two thousand and three. (Figures and information gathered from articles from Pricewaterhouseacoopers web sight.) To emphasise this unquestionable growth and to highlight the speed in which this medium is developing, a report from the United States of America Department of Commerce stated that: -

The Internets pace of adoption eclipses all other technologies that preceded it. Radio was in existence 38 years before 50 million people tuned in; TV took 13 years to reach that benchmark. Once it was opened to the general public, the Internet crossed that line in four years.

This is a staggering figure considering that this growth is still escalating further. Using data drawn from Pricewaterhousecoopers web site it is estimated that current and future figures for users world-wide are as follows: –

Location Current 2005

+ North America 151 million 231 million

+ Western Europe 87.7 million 213.7 million

+ Asia Pacific 72.1 million 189.7 million

+ South/central America 19.6 million 56.1 million

+ Eastern Europe 10.8 million 45.5 million

With this type of infrastructure it is no wonder businesses worldwide are embracing the technology and investing heavily for their futures. The latest trend following on from an American lead, is the way in which telecommunication companies such as NTL are willing to forego Internet call charges, instead they are relying on revenue gained from advertisers who use the web as a form of electronic billboard a bold decision, but one that proves their belief in the future of e-commerce.

E-Business

One of the major uses of the Internet for businesses is the ability to conduct work electronically, hence the term E-Business was born. To simplify this term the author of Pricewaterhousecoopers web page explains that: -

E-Business is the use of information technology to conduct business among buyers, sellers and other trading partners Think of it as any other business practice that improves performance, creates value and establishes customer relationships, only it is done electronically over the Internet.

The term e-business encompasses everything carried out electronically within the business environment e-commerce, e-tailing, and e-procurement, to businesses it is not just about financial transactions, it is about forming business partnerships. The ability for an organisation to be in constant touch with both its suppliers and customers is paramount to allow continued growth and success.

Most smaller organisations are now finding themselves being drawn into the e-business arena; like it or not, the large industrial giants whom the smaller company relies upon are forcing their hands into change. Many larger organisations are now insisting that all business be conducted solely in an electronic format, in an article written for The Economist magazine the author states that: -

When a really large company moves some or all of its operations to the web, important things start to happen. The first is a ripple effect. All the big companies trading partners come under intense pressure to turn into e- businesses too. The big firm, having invested a lot of money in e-business infrastructure, is determined to get a return on it. Customers and suppliers who want to trade the old-fashioned way will get frozen out, while those who get it will simply win more business.

Clearly the larger organisation needs good returns on its substantial investment in new technology, to fulfil this requirement the subordinate organisation must follow their lead, enabling the greater power to achieve ultimate benefit. However in doing so merely to remain in business they have found themselves to be somewhat more competitive.

Benefits

Suggested benefits of running a business electronically range from time saved processing orders, through to more hidden cost savers such as the reduction in paper waste. In the same article from The Economist magazine the author quotes Lou Gerstner the Chief Executive Officer of IBM, who states that: -

By electronically procuring more than $12 billion- worth of goods over the Internet this year, IBM will eliminate about 5 million paper invoices.

It seems from this type of information that the industrial giants such as IBM, stand to make the greatest savings of all, due mainly to the massive amount of transactions that they make. Understandably they have encouraged the growth of e-business in its entirety to include online shopping. Lou Gerstner goes on to remark that: -

Customers will visit IBM s home article 28 million times this year for e-service and support. These self-service transactions will save $600 million.

Companies globally are eschewing the advantages of operating electronically, cases from all of the major companies can be found to further emphasise the benefits. From the above article General Electrical spoke about a Trading Process Network (a web based link with its suppliers) that they had developed, its features included an electronic catalogue, on option of paying online, and further more it allowed their suppliers to make online bids for supply contracts. General Electrical went on to give cost savings from operating this system stating: -

This system has cut procurement cycles in half, processing costs by a third, and the costs of goods purchased by 5 50%. GE now does well over $1 billion-worth of web-based business annually. The number of its suppliers had come down, but the remaining ones have become more efficient.

The British Government and the European Union have looked at figures such as these and have agreed to set up targets for public purchasing using electronic procurement, in a paper from the Department of Trade and industry titled Net Benefit they issued a statement outlining their intentions: -

Governments are major players in the market for goods and services public purchasing amounts to 11% of Government Departmental Procurement. If Governments want to encourage electronic commerce, they need to set an example. Ambitious targets have been set in the EU. The European commission has set a target of 25% of public procurement transactions to take place electronically by 2003, while the UK Government has announced targets of procuring 90% (by volume) of routine goods electronically by 2000/2001 and making 25% of Government services available online by 2001

The section highlighted in bold text above proves that this is no passing fad, the action of governing bodies implementing changes to their own systems in an effort to influence organisations and public alike, displays firm beliefs in the Internets future.

Probably the most used system in e-business is the e-mail in a document named Net Benefit from the Department of Trade and Industry s web sight it states that 63% of UK companies use the system for contact means, how many businesses or individuals would miss the benefits of being able to leave messages, or make contact with potential respondents, at any time, anywhere in the world instantly? The e-mail format has become so well used that the postal type service with its encumbering delays are now the second choice within businesses. These changes in use have occurred solely because we are accustomed to the benefits; now ask the question how many would miss the accessibility of the Internets vast archives of information? It would not be bold to state the answer to be anyone who has used it! This is the real reason that e-business is a revolution the advantages unfold themselves with use.

Doubters do still exist however and surprisingly the sceptics appear to be the powerful company Chief Executives; in research carried out by Pricewaterhousecoopers, it is stated in an article called E-Business E-Xplosion that: -

None of the 119 board directors and CEO s of global corporations who were surveyed believes e-business is an important consideration for their companies.

Cec Primeau, a principal e-business consultant argues in the same article that: -

By the time e-business is commonplace in a few years, it will be too late for e-sceptics to make the transition traditional business practices will be unsustainable in a world where electronic is rapidly becoming a redundant prefix to business.

To quote further from the same article in research carried out by Giga Information Group it is anticipated that: -

By 2002, corporations around the world will save up to $1.25 trillion by doing business over the Internet.

Savings of this magnitude make us all sit up and take notice, the question company directors must ask is can they afford not to act now?

CCL of Tomorrow

CCL is one of the finest exponents of a company able to take advantage of this technological advancement, its size as a company as a whole puts it in the middle sector, however it is made up of many small operating sites spread widely around the global market place. Positioning itself as such means that contact between fellow sites in the UK and North America have often found barriers in sharing information. Further more having customer and supplier associates from both the larger blue chip companies and independents it is often difficult to offer the same level of service to all. Creating customer partnerships connected with common goals will improve CCL s standards of service.

Importing and exporting large quantities of raw materials, components, and finished goods around the world, is inherently problematic, the ability to improve on just in time warehousing will reap major rewards in customer satisfaction, and the ability to remain competitive. The ability to work more closely with all of these business allies is the major influence on CCL s continued success.

To make the most of the available technology will require the integration of intranet and extranet systems, allowing external access to the AS 400 operating system. From this it will be possible for their customers to view such items as current stock levels (both unprocessed and finished goods), expected delivery dates and times, and further more with the design and release of our their web sight it is possible to broadcast to the world the services CCL are able to supply. The untapped commerce available is boundless; it is almost like having a sales team at your disposal capable of encompassing the world markets.

Succession Planning

Companies such as Ford Motors are embarking on radical and sweeping concepts of doing e-business, in an article written jointly by Kathleen Kerwin, Marcia Stepanek and David Welch, they speak of Ford s Chief Executive Jaques Nasser s decision to create a business group whose job is to study, and implement radical changes in the way that we order a car. Fords vision is of the customer going online, specifying options, and finance package, agreeing a delivery date and afterwards offering service and backup from the electronic connection within the vehicle. This type of venture surely provides us with a vision of our futures, a future dominated by shopping and communicating on line. Many small to medium size companies are embracing the technology, evident by the profusion of web sights and online purchasing facilities now emerging, but despite this the global companies are not as quick to use the technology as expected. In an article from E-Commerce News written by Beth Cox, it is stated that the results from a survey sponsored by Pricewaterhousecoopers and The Conference Board showed that,

79% of companies surveyed reported that e-business accounts for less then 5% of revenues further more only 28% are able to process transactions online and 60% do not have extranets linking operations with key suppliers and financial partners.

This links quite interestingly to the previously observed fact; that Chief Executives within large corporations are the sceptical or unenlightened members of staff whom do not feel it is one of their primary business considerations. If this is the case is e-business the revolution it is hyped up to be, or do the large corporations now face the challenge of playing catch up?

Summary

E-business is not only revolutionary, it is also evolutionary, we are at present ensconced in the birth of a new form of conducting business, the only thing that the future guarantees is that things will change. E-business will evolve as users find improved methods of working, organisations will become coalitions, and industries reliant on each other will form value chains striving to be better than other competitive chains. Customers and suppliers will join ranks, not as direct partners but as information allies pooling resources to achieve a common goal, that goal being to remain competitive. If CCL or others companies fail to spot the opportunity, opposition forces will become too great from competitors and inevitably they will die, investment in this new business technology improves the chances of market place survival.

The way forward is by developing Intranet systems; a central information facility integrated into their business partners systems, allowing total pervasive e-business. This term is referred to in a book titled The E-business ( R )evolution, 1999, by Daniel Amor, and translates into (Using any device that contains a chip. People are able to connect to your data and transmit or receive information to do e-business.)

Organisations who believe it is enough to follow trends, convincing themselves that having a web sight is all that is required to do e-business will be swept away with the tidal wave of technology the medium is capable of. As barriers of security come down the public will respond to the advantages that the technology holds, and more people will be less afraid to conduct and run their finances in this way. Who knows even cash as we know it today may cease to exist, replaced by a form of swipe card that you credit with spending money direct from your online bank account, public houses, newsagents and the like will then debit this card when purchases are made.

On the business front the winners in the battle just like any other battle will be the strategists, it is not just about having the technology at their disposal, it is all about using it constructively to gain the most benefit. With this in mind although the big corporations are late to enter the arena, perhaps the very fact that they are, has allowed them the opportunity to learn from others mistakes and it will be their offerings that are the real revolution.