

Economic Opportunities of E-Commerce

by

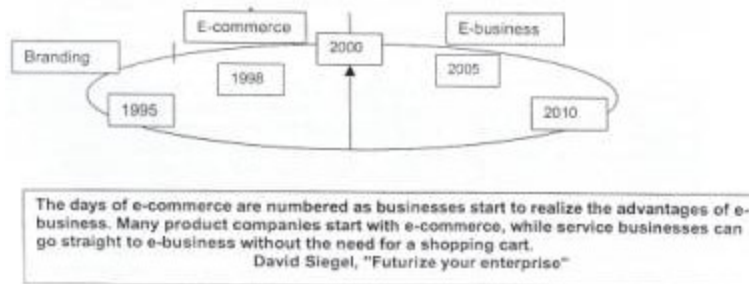
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What is E-commerce and why is everyone telling you to do it?

Before you rush out there and start putting out an electronic shopping cart, or a website for the sake of a website, you need to better understand the medium you are dealing with and why you need to be doing anything about it at all. If you are a neighborhood shop with very faithful customers who prefer coming to talk to you and shop, do you really need a website and do E-commerce?

If you decide you want to adopt E-commerce, well let me quite provocative today in a session on E-commerce and tell you that rather than embark on Ecommerce, you should embark on E-business!



To understand this notion of e-business, it may be good to go back to the fundamentals of this new medium we are dealing with. What is different about Ecommerce today, after all we have been conducting business using fax, telephone, video conference, EDI networks. What is so "e" about ecommerce? Well, it is the Internet!

The telecommunications network is a point to point network i.e. one person calls one other person using that person's unique telephone number The broadcast network TV) is a multipoint to multipoint network i.e. one station reaches hundreds or thousands or ever millions of people but only to people in that country or on that network. It is a closed network.

In short, to adopt e-business, need to see IT and Internet not just a tool for the outside world to reach you, but also as an empowerment tool for your company. A key part of helping migrate your business to e-business, is :

- Build a knowledge management system (to manage external and internal knowledge)
- And institutionalize learning (e.g. encourage your staff to surf the Internet to learn from external sources, get all staff email accounts, etc)

Relevant quotes about how key learning and keeping up is important to today's industry, here are some relevant quotes

In today's economy, the most important resource is no longer labor, capital or land, it is knowledge - Peter Drucker

In a time of drastic change, the learners will inherit the future - Eric Hoffer

Knowledge is king. For most businesses, the possibility of online university level training are particularly relevant to efforts to promote knowledge management, lifelong learning, and the oft-labeled "learning organization .

Globalization, the speed of change, service orientation of business, worker dispersion, closer business relationships, technology and competition are some reasons why a "learning organization is key to keeping on top of this industry,

We at GetIT Multimedia.com are committed to e-learning, especially for SMEs. We currently distribute an e-learning application (web-based) that companies can buy and use. For those who cannot afford to buy these systems, we plan over the next few months to launch an e-learning website where companies can rent classroom time, have access to a library of online courses, etc. Keep posted on these developments. (show a quick demo of it) If interested to learn more, we will be speaking about e-learning applications at the E-commerce workshop on Wednesday.

Rest assured that much as we are ourselves advanced with IT and the Internet, we too are constantly learning ourselves. The beauty of the Internet is that you are not tied to any one system. The open standards allow you to switch providers, services platforms, applications, and scale according to your needs Not like before, where spend lots of money on one system and then it is not compatible with the next one you buy. We have ensured that the systems we sell, and the services we provide are IP compliant and therefore open and distributed systems.

The Internet suite of protocols (TCP/IP) basically run over the telecommunications network and makes it one huge open multipoint to multipoint network. Now when you post a website, it can be reached by millions of people (they do not need to be on a similar TV station or country etc). Anyone who is on the Internet is reachable. Anyone with an e-mail address is reachable at the same costs as sending an e-mail to a local person. This new medium is exciting since now you can technically sell to millions of people around the world. No need to spend millions putting adverts on CNN, CNBC, etc. Cheap, reliable and wide reaching. This is what people are excited about!!!!

Is this really an opportunity for all?? Having heard of the successes of companies like Amazon.com, Yahoo.com, etc. To some extent, yes and to a large extent no. Not at

least until you really understand the medium and why you are doing ecommerce. It is not as easy as simply putting up a website. As Mr Jeff Papows, CEO of Lotus puts it, "The web is overhyped and undervalued . Ironic but true.

In the arena of E-commerce, it is important to know if you trying to reach the consumer (man on the street) which is known as the Business to Consumer (B to C) market or are you trying to reach other businesses, which is known as the Business to Business (B to B) market.

The B to C is not an easy one. Think about it. There are millions of web sites out there. How do you get people to come to your site? The competition is tough. There is a "first mover advantage and branding is key. A lot of Silicon Valley B to C companies spend most of their monies of advertising on TV, on buses, on billboards, etc. Also, if you are selling a product that is not unique and for which there are other distributors for, how do you compete with them on a global basis on price, etc. Th consumer no longer will care if they bought it in the US or in Brunei, as long as it reaches them in time and it is cheaper. Many venture capitalists in the US are no longer funding B to C companies. Hard market to survive in.

According to Mr Papows of Lotus, from a consumer perspective, these are the industries most affected by the web, and these least affected.

The most affected

- Books
- Stock Trading DOs
- PCs
- Automobiles
- Travel

The least affected

- Food
- Consumer durables
- Clothing
- Local services
- Banking and insurance

According to Mr Jeff Papows, CEO of Lotus, B to B will outgrow B to C in the next year. And here is where e-business will come in, whether you are a goods or services company. This is to some extent externalizing your internal processes on dealing with customers, suppliers and even competitors. Companies that are customer driven will succeed in this sphere. There is a need to have a total mindset shift, where you do not see your website as merely a function of what you do, but an integral part of "changing your whole company , the way it works, the way it thinks, etc.

Mr David Siegel, a well known Internet strategists, in his book "Futurize your Enterprise , states that "I identify six common mistakes companies make online. These six traps are so prevalent it's hard to find a company that isn't in at least two. Even successful

web companies fall into these traps, limiting their ability to gain their customers' loyalty.

Trap 1- not taking the medium seriously.

Most companies treat the Web as a trade show or an extension of its catalog. It gives the example of two companies who decide to get into ecommerce. Company A hired an experienced person, staffed the team, budgeted monies for the project and built the system from scratch. Company B wanted to watch and see, and so took the marketing person and a few engineers to get an online system going. A year later, Company A's team was successful and was already profitable. Company B, had to go back to get more money, and by the time it spent as much as Company A, it was still not successful. It has underestimated what it took to go online.

Trap 2- trying to do everything for everyone.

Try to please all the visitors to your website, and it becomes so packed with information and features that no visitor could possibly feel welcome. Rather, focus on the audience you are trying to reach, and ensure you provide them with what they need at your site. Also ensure they can become contributors to your site to add value to the site. This will in time create a community of interested parties. within your targeted audience

Trap 3- Technology for technology's sake

This happens when your IT team gets caught up with the thrill of new user interfaces and technologies than focusing on why the site is there in the first place. They add cool features, lots of flash, shockwave, graphics, spinning logos, blinking buttons, animations, etc sometimes even making download time hard and long. Jerry Yang the Founder of Yahoo.com insist that the site should reflect the needs of its customers, and that people coming to your site have three top concerns, which are 1) speed, 2) speed, and 3) speed. You should work hard to make have quick page response times.

Trap 4- Brochureware

This happens when the marketing department tries to put all marketing materials onto your website. The site ends up with lots of pages of uninteresting content, which then is often rarely visited. The way out of this marketing trap, is to let the customers do most of the work, e.g. bookstores who let any customer to do book reviews. Customer book reviews have more influence on others than the bookstore reviews.

Trap 5- the introverted website

A company merely attempts to make the website look like its physical counterpart. For example, the company looks at its products and services and simply puts them on the site, reinforcing its brick and mortar approach to the web. These sites do not scale well, tend to be less organized and becomes more confusing as the company adds

more content. It is better to have your site cater to the needs of your customer, rather than your own needs. Help create neighborhoods of interest among your customers, and special interest pages where each customer can find information to help them meet their own unique needs.

Trap 6 - taking yourself too seriously

When you think that the views of those in your company are all you need as feedback for developing your website. This also happens when you want your site to be THE authoritative site for all issues relating to your industry. Without asking the right questions up front, it does not matter how cool your site is, it will never live up to the expectations of your customers.

THE WARNING SIGNS OF E-CANCER

- Company treats the web as a trade show
- It takes a week to make a spelling change on the website
- Web site looks suspiciously like the company brochure
- Website reads exactly like the company brochure
- Site has too much on the front page
- Site has too little on the front page
- Site requires latest browser and plug-ins

In conclusion,

Keep in mind that the world of e-business is for everyone, unlike the world of ecommerce. The world of e-business is however, more challenging in terms of change of mindset as well. It is believed that the next phase of the Internet will be the click and mortar companies. These are brick and mortar companies that learn to leverage the Internet to make themselves more successful than they currently are. Services online companies also fit within this portfolio of economic opportunities the Internet has to offer.

My company for example, is largely a service company, with related products such as the e-learning software, multimedia CDROMs, etc. We are still in the phase of brochure ware with our website, and are slowly learning how to leverage the Internet. In our own small way, though, we have leveraged the Internet over the last few years. We use emails to correspond with clients, and deliver reports and documents to clients via e-mails. E-mails have helped us cut costs of courier mail services, international phone calls, etc. This has enabled us as a SME in Singapore to support clients from the US, Europe and around the Asia Pacific region. Sure we still have to travel and make calls, etc, but much is done over the Internet. I now live in the United States, and the Internet has allowed me to keep connected to the office despite the time difference, etc. The Internet is what has made us grown, and we are now trying to reach out further. We have plans to become a services online company, complemented by our brick and mortar offices, which we hope to open around the region. Also watch out for our e-learning efforts for SMEs in this region over the next year.

All in all, there is room for new economic opportunities for everyone provided you approach this medium wisely. Know your market and be prepared to make a complete internal overhaul of the way you treat IT and the Internet, if you chose to adopt e-commerce and e-business. While it may not be as easy as putting up a web site, it may be doable if you understand why you are doing it and start off on the right foot. I hope I have shared with you some thoughts and ideas that you can use as you decide whether to embark on this new frontier of business.