5 E-BUSINESS SYSTEMS

Chapter Summary

Organizations use IS/IT to execute commercial transactions with customers, suppliers and administrative authorities. The technologies that are used are referred to as e-Commerce and the use of e-Commerce in the organization as e-Business.

The use of e-Commerce can speed up business processes, save cost and develop new markets. There are three distinct e-Commerce technologies that can be deployed:

- Electronic data interchange (EDI): Used for automated, high volume business-to-business (b2b) transactions. Extensively used by multiple retailers (e.g. Tesco) and component assembly manufactures (e.g. Ford)
- Internet e-Commerce (e-Shop): Used for business-to-consumer (b2c) (retail) sales and for b2b procurement of secondary supplies (e.g. for office supplies). The e-Shop allows the consumer to home shop 24/7 but there is generally a waiting time for goods to be delivered. The e-Shop can also be accessed on the move using a mobile device (m-Commerce).
- Electronic market (e-Market): An intermediary service where suppliers post their offering and buyers can easily select the product that best suits their needs. The best-known example of e-Markets are the airline booking systems.

Trade transactions are executed as a number of stages: order, delivery, invoice and payment are the essential steps – known as the trade cycle. Using e-Commerce for transactions changes the dynamics of each of these stages – sometimes speeding things up and making cost savings and sometimes having an opposite effect. The trade cycle is an essential tool for the analysis of e-Commerce and its effect within the wider concept of e-Business.