

Principles and Practice of Electronic Commerce III

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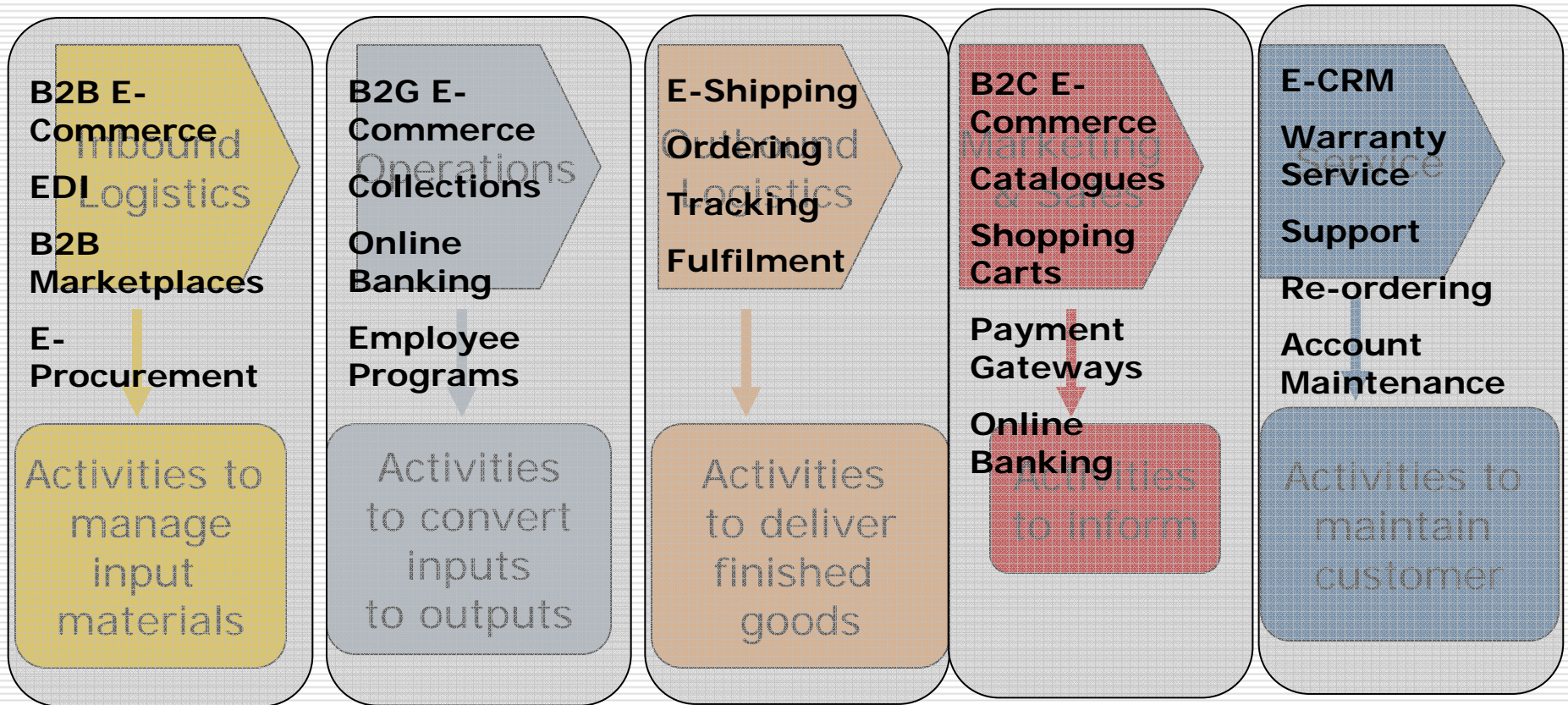
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Objectives

- ❑ Planning and ROI for e-commerce
- ❑ International, legal, cultural and Ethical issues
- ❑ Wrapping up
 - ❑ Q&A
 - ❑ How are you going to get there

Porter's Value Chain



Planning the E-Commerce Project

- A successful business plan for an electronic commerce initiative should include activities that will:
 - Identify the initiative's specific objectives
 - Link those objectives to business strategies
 - Manage the implementation of those business strategies
 - Oversee the continuing operations of the initiative after it is launched

Identifying Objectives

Common objectives include:

- Increasing sales in existing markets
 - Opening new markets
 - Serving existing customers better
 - Identifying new vendors
 - Coordinating more efficiently with existing vendors
 - Recruiting employees more effectively
- Resource decisions should consider the expected benefits and costs of meeting the objectives.

Linking to Strategies

- ❑ Businesses can use downstream strategies, which are tactics that improve the value that the business provides to its customers.
- ❑ Businesses can pursue upstream strategies that focus on reducing costs or generating value by working with suppliers or inbound logistics.

Measuring Benefits

Electronic commerce initiatives	Common measurements of benefits provided
Build brands	Surveys or opinion polls that measure brand awareness
Enhance existing marketing programs	Change in per-unit sales volume
Improve customer service	Customer satisfaction surveys, the number of customer complaints
Reduce cost of after-sale support	Quantity and type (telephone, fax, e-mail) of support activities
Improve supply chain operation	Cost, quality, and on-time delivery of materials or services purchased
Hold auctions	Quantity of auctions, bidders, sellers, items sold, registered participants; dollar volume of items sold
Provide portals and virtual communities	Number of visitors, number of return visits per visitor, and duration of average visit

Figure 13-1 *Measuring the benefits of electronic commerce initiatives*

Measuring Costs

- **Capturing All Costs**
 - Capital Costs (Depreciate)
 - Operating Costs
 - Fixed Costs (Cost of Goods)
 - Variable Costs
 - Intangible Costs

Compare Benefits to Costs

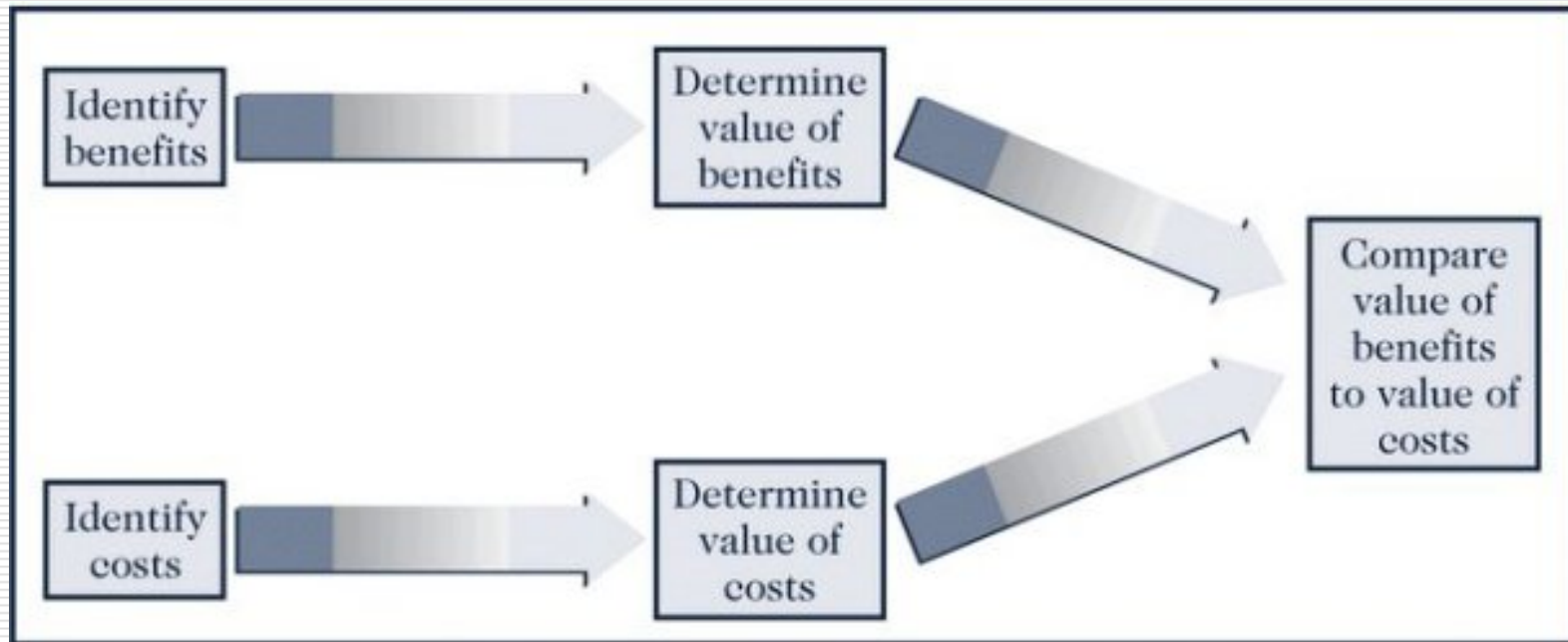


Figure 13-5 *Cost/benefit evaluation of electronic commerce strategy elements*

ROI Mathematics

There are three ways to calculate ROI:

- As a percentage

- $ROI = [(Payback - Investment) / Investment] * 100$

- As a ratio

- Return/investment

- As a time to break-even

Project Management

- ❑ Project management is a collection of formal techniques for planning and controlling the activities undertaken to achieve a specific goal.
- ❑ The project plan includes criteria for cost, schedule, and performance.
- ❑ It helps project managers make intelligent trade-off decisions regarding these three criteria.

How Do I Build a Plan?

Where is the Opportunity?

- Customer analysis
- Market analysis
- Competitive evaluation
- Company assessment

How Should it be Launched?

- Communication
- Deployment
- Training
- Measuring results

How Should it be Built?

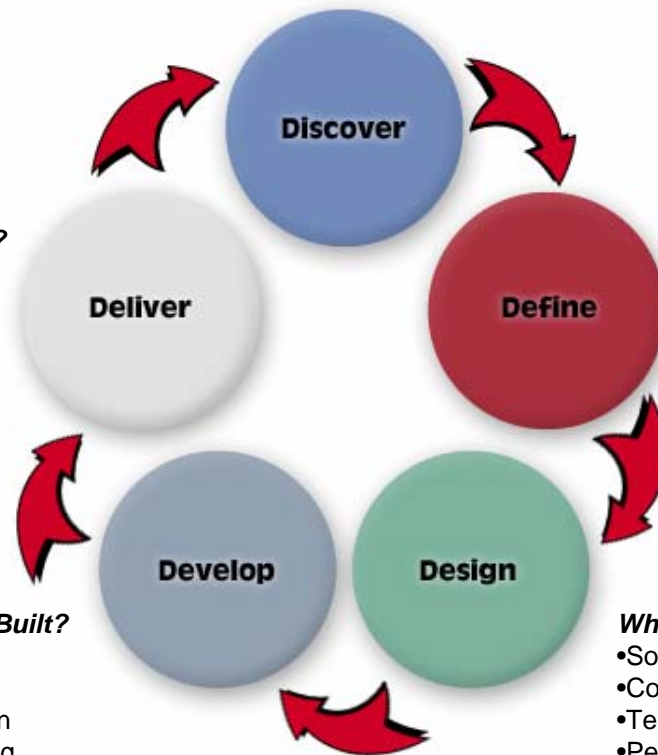
- Content gathering
- Site development
- Systems integration
- Installation & testing

What Option Should I Select?

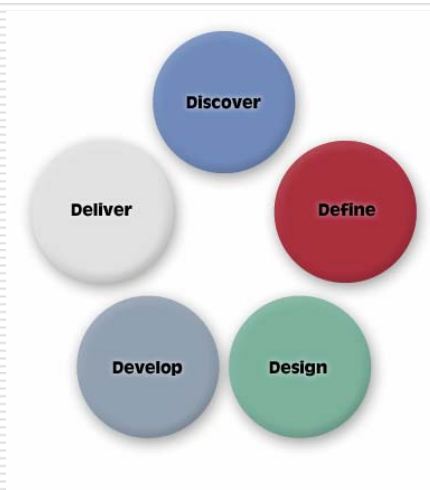
- Value proposition/business model
- Cost/benefit analysis
- Solution selection
- Objective setting

What Will the Solution Look Like?

- Solution definition
- Content requirements
- Technical architecture
- People, process & technology

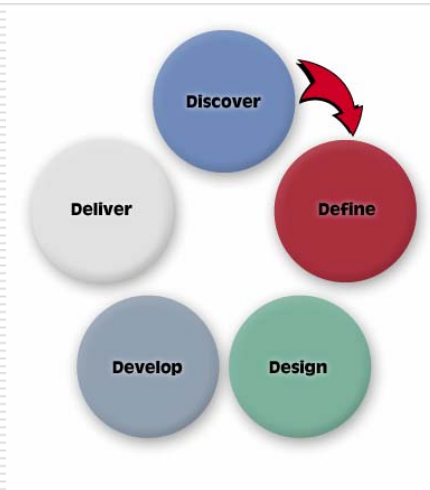


Discovery



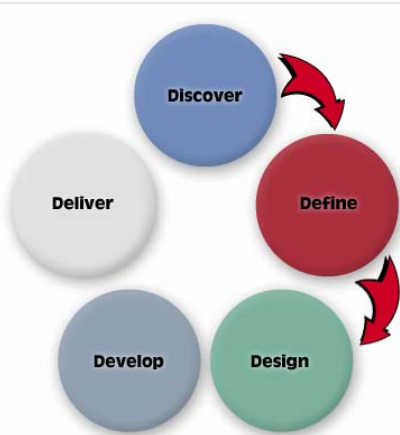
- What business am I in?
- What are the dynamics of this market?
- Who and where are my customers?
- What do these customers want, and how?
- Who are my key competitors?
- Where are they weak/strong?
- What threats and opportunities does this represent?
- What are my company's strengths and weaknesses?
- What are my company's goals?

Definition



- In what ways can I bring superior value to customers, partners and suppliers for my product or service?
- How will these options help me increase revenue, retain customers or reduce costs?
- By how much?
- What costs are involved?
- Which of these option(s) shall I pursue?
- What are my objectives for the solution?

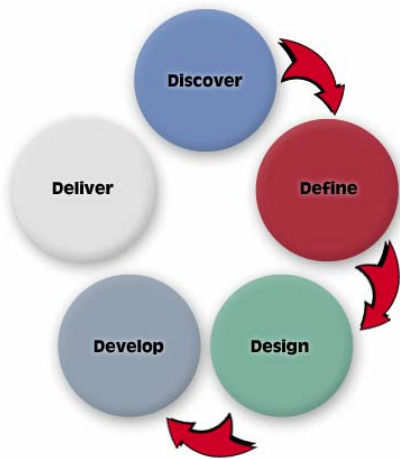
Design



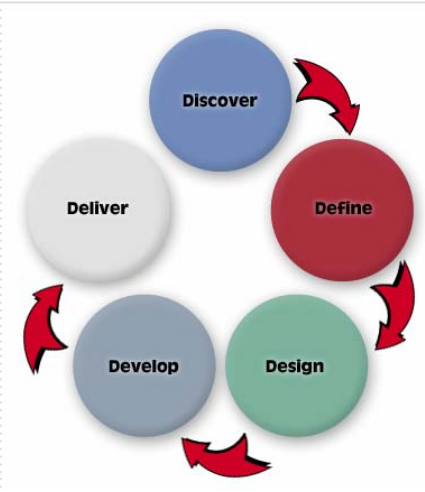
- What functions should the solution perform?
- How will users interact with the solution?
- What content is required?
- Who will perform what roles in the solution?
- What new skills do I need?
- What processes need to be established or changed?
- What technology do I need to put in place?

Development

- Who will develop and/or install the solution?
- What will the interface look like?
- What content is required?
- What other applications does this solution link to?
- Where will the solution be hosted?



Delivery



- How will I communicate the solution to my customers, partners and staff?
- Have we adequately tested the solution?
- Who needs to be trained, and how?
- Are all of our processes understood?
- How will I measure the results against my objectives?
- What will I do with the feedback?

International, Legal, Ethical, Cultural Issues

□ International

- Any business that engages in electronic commerce instantly becomes an international business.
- When companies use the Web to create a corporate image, or build a community, they are automatically operating in a global environment.

Language

- About 75% of the content available on the Internet today is in English.
- More than 46% of current Internet users do not read English.
- The most-used non-English languages for U.S. companies are Spanish, German, Japanese, French, and Chinese.
- Global Reach offers Web site globalization service, and maintains current information about languages on the Web.

Culture

- ❑ The combination of language and customs is often called culture.
- ❑ Some errors stemming from subtle language and cultural standards are culture issues.
- ❑ On the Web, designers must be very careful when choosing icons that represent common actions.
- ❑ Even colors or Web page design elements can be troublesome.

Legal Issues

- ❑ Businesses that operate on the Web must comply with the same laws and regulations that govern the operations of all businesses.
- ❑ The Web extends a company's reach beyond traditional boundaries, thus it faces many more laws than before.
- ❑ The Web increases the speed and efficiency of business communications.
- ❑ Web businesses that violate laws can face rapid and intense reactions from many customers.

Jurisdiction on the Net

- ❑ The exercise of jurisdiction across international borders is governed by treaties between the countries engaged in the dispute.
- ❑ Jurisdictional issues are complex and change rapidly.
- ❑ The John Marshall Law School's Center for Information Technology and Privacy Law Web site is a good source of cyberspace law.

Cyberspace Law Subject Index

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CENTER FOR INFORMATION TECHNOLOGY & PRIVACY LAW

Cyberspace Law

- Advertising
- Anonymity
- Antitrust and unfair competition
- Child pornography
- Constitutional law
- Consumer protection
- Contracts
- Copyright
- Crime
- Diversity, discrimination, and harassment
- Domain name disputes
- Domain name system
- Education
- Electronic commerce
- Employment
- Encryption
- Filtering and rating systems
- Free speech
- Freeware and shareware
- Gambling
- Governance
- Hacking/cracking, viruses, and security
- Health care
- Information access and control
- Internet background
- Jurisdiction
- Keyword registration systems
- Linking and framing
- Lobbying and net activism
- Mergers and acquisitions
- Meta-tagging and "spamdexing"
- Microsoft Corporation
- Privacy
- Professional regulation
- Protection of children
- Taxation
- Telecom regulation
- Tort liability
- Trademarks
- Universal service
- Unsolicited e-mail

Figure 7-7

John Marshall Law School Cyberspace Law site

nsc
eBusiness education that works for you

Privacy

- ❑ The issue of online privacy is continuing to evolve.
- ❑ The Electronic Communications Privacy Act of 1986 and the PIPEDA legislation are the main laws governing privacy on the Internet today.
- ❑ Children's Online Privacy Protection Act of 1998.
- ❑ Ethics issues are significant in the area of online privacy because laws have not kept pace with the growth of the Internet and the Web.

PIPEDA

- ❑ What information do you collect?
- ❑ What do you use it for?
- ❑ Who has access to it?
- ❑ How long do you keep it?
- ❑ What do you do with it when you are finished?
- ❑ How can a consumer change or delete?

Strategies for E-Commerce

- E-Commerce Website
- EDI and Web Services
- Online Banking and Payment
- E-POS
- E-Commerce Service/Portal
- Other Technologies
 - Wireless, Affiliation, Advertising Revenue

Virtual Communities & Portals

- ❑ A virtual community is a gathering place for people and businesses that do not have a physical existence.
- ❑ Virtual communities exist on the Internet in various forms, including Usenet newsgroups, chat rooms, and Web sites.
- ❑ Virtual communities help companies, customers, and suppliers to plan, collaborate, transact business, and interact in ways that benefit all of them.



Showcase to the World

Nova Scotia

New Brunswick

Prince Edward Island

Newfoundland & Labrador

Internet sales for small business, until now, have been restricted by both technical and financial challenges. These limitations are changing with the initiative of locally owned and operated -- Made in Atlantic Canada Inc. -- an exclusive marketing outlet that will provide your small business a "showcase to the world" and the online tools to maximize your customer communications. In the global marketplace, large companies are spending tens of thousands of dollars developing similar individualized solutions that will soon be available at www.madeinatlanticcanada.com. If you are a regional producer, ask about the introductory promotion.

Complete eCommerce Solution For Small Business* **HOW?*

"This customer relationship management application has had a very positive impact on the way that we operate our business." **Rob Levings, President, TransActive Ecommerce Solutions** ([More](#))

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Questions

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□ Thank You