

Electronic Commerce

Small Business Development Corporation

Greater global interaction and competition, more efficient supply capabilities and ever-increasing customer expectations are some of the challenges facing small business. To remain competitive, many businesses are redesigning their business processes to become more flexible and responsive to their customers needs, and to achieve efficiencies within their business and in their dealings with customers and suppliers. Electronic commerce (e-commerce) is a means of meeting these challenges on both a local and global scale.

What is electronic commerce?

In simple terms, electronic commerce or e-commerce is the practice of conducting business electronically.

If you have used an automatic teller machine (ATM), a credit card or fax, then you have completed an e-commerce transaction. In recent years, with the increased use of the internet by business, many new e-commerce opportunities and options for small business have emerged.

Types of e-commerce

The fundamental types of e-commerce are:

- **Business to business (B2B)**
For example a company that uses the internet for ordering from its suppliers, receiving invoices and making payments (the paperwork side of things is often referred to as Electronic Data Interchange or EDI).
- **Business to consumer (B2C)**
Electronic retailing (or E-tailing) has expanded rapidly and is now used by business around the world to sell all sorts of products and services to consumers.
- **Business to government (B2G)**
Any electronic exchange between government and business. For example, the Government Electronic Marketplace (GEM) is a system which has been set up to enable business to sell to government electronically. Here, suppliers of goods and services can register online to have access to an enormous market of government buyers. Registered suppliers can also access tender information and lodge tenders online. Visit the website www.gem.wa.gov.au for more information.
- **Consumer to government (C2G)**
For example, submission of electronic tax returns or on-line payment of parking fines by credit card.

- **Business to employee (B2E)**

A business which communicates with staff by email, or through staff intranet or uses electronic payroll is using B2E e-commerce.

- **Creator to consumer (C2C)**

The C2C system creates an online environment in which publishers work with authors to create digitally printed books (d-books) and internet accessible electronic books (e-books).

Why embrace electronic commerce?

E-commerce can offer many benefits for your business. It can enable transactions to occur more efficiently and effectively, lead to general business improvement, increase responsiveness to clients and suppliers, reduced paperwork, and save you money.

How can I use e-commerce?

The range of e-commerce activities adopted by an organisation can vary and can cover the full spectrum from simple emails to production planning, purchasing, manufacturing, inventory managing, invoicing, delivering, collecting, supporting and servicing, marketing and selling, promoting and informing.

Specifically, e-commerce allows you to undertake the following:

- **Email**
An electronic transmission of messages and data via a computer.
- **Fax**
An electronic transmission of messages via telephone lines.
- **EFTPOS**
An acronym for Electronic Funds Transfer at the Point of Sale and used to describe the electronic movement of funds from the buyer's to the seller's bank account, a cashless transaction.

- **Online banking**
Pay bills, check balances, transfer money between accounts, even pay third parties online.
- **Electronic marketing**
Use email or a webpage to market your products and services globally.
- **Accessing information**
All kinds of information is available on the world wide web.
- **Online trading**
Use email and/or websites to buy from suppliers and sell to consumers.
- **Intranet/extranet**
A type of closed circuit Internet where interactivity can only occur between predetermined individuals and departments within a particular organisation.
- **Video conferencing**
The use of ISDN telephone lines and satellites to facilitate live forums that provide both video and audio links for all participants.
- **Wireless Application Protocol (WAP)**
WAP is a new advanced intelligent service which allows users to access information instantly via handheld wireless devices such as mobile phones, pagers, two-way radios, smartphones and communicators. It allows you to see Internet content in special text format on special WAP-enabled GSM mobile phones. WAP is supported by all operating systems.

What are the benefits of electronic commerce and what opportunities does it offer?

E-commerce is a means of enabling and supporting changes to business processes on a global scale. It enables businesses to be more efficient and flexible in their internal operations, to work more closely with their suppliers and to be more responsive to the needs and expectations of their customers.

Supplier Opportunity	Customer Benefit
<ul style="list-style-type: none"> • Global presence • Improved competitiveness • Mass customisation and customerisation • Shorten or eradicate supply chains • Substantial cost savings • Novel business opportunities 	<ul style="list-style-type: none"> • Global choice • Quality of service • Personalised products and services • Rapid response to needs • Substantial price reductions • New products and services

These opportunities and benefits are to some extent inter-related. For example, improvements in competitiveness and quality of service may be in part derived from mass customisation, while shortening of supply chains may contribute to cost savings and price reductions.

What are the steps to achieving electronic commerce success?

You don't have to be a large business to take advantage of the benefits of e-c. You do need to realise that e-commerce is a business issue first and a technical issues second. At the outset, it is vital to understand where you are in your e-commerce adoption and where you would like to be. You can then map your way to achieve your e-commerce goals.

To help you do this, the Small Business Development Corporation (SBDC) has developed the online interactive learning resource e-Start. Available at www.e-start.sbdc.com.au e-Start will guide you step-by-step to help you incorporate

e-commerce into your business. You can also go to the SBDC's e-Com Entry Point at www.e-com.sbdc.com.au or in person at 553 Hay Street Perth for a large range of information on key e-commerce topics such as online banking and money transactions and online marketing.

Final word

The impact of electronic commerce continues to grow. Whilst the more advanced areas of e-commerce present substantial challenges, the more basic areas are well established and supported by off-the-shelf solutions. The best way of gaining the mastery of e-commerce that will be vital in tomorrow's markets is to start today!

Publications

Publications available from the SBDC bookshop at 553 Hay Street Perth, or online at www.sbdc.com.au, include the following titles:

E-business start-up: the complete guide to launching your internet and digital enterprises
 PLU 226\$34.95
E-commerce handbook: a practical guide to developing a successful e-business strategy
 PLU 227\$27.45
Fast times ahead: the new economy, the internet revolution and you
 PLU 223\$24.95
Making the internet work for your business
 PLU 37\$27.45

For further e-commerce information and guidance contact the e-Com Entry Point:

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Or for all your other small business enquiries, please see the SBDC website at www.sbdc.com.au

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