Chapter 10

E-Business and E-Commerce

INTRODUCTION

E-business and e-commerce are applications around which the digital economy revolves. The concept ‘e-business’ was originated by IBM in 1997 to refer to the sum total of buying and selling goods and services, servicing customers, and collaboration amongst business partners online. E-business consists of electronic applications that offer production planning, scheduling, outsourcing, and other business-related operation processes. E-commerce is still evolving; as of yet, a widely accepted definition has not been agreed on (Coppel, 2000). Loosely defined, e-commerce refers to doing business over the Internet; in other words the buying and selling of goods and services that can be delivered offline as well as the creation of products that can be digitised and delivered online (e.g. computer software). Activities in e-commerce may include order registration, electronic advertising, electronic billing, electronic marketing, online delivery and tracking, and customer services support.

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The concept of e-commerce appears to be more widely used than e-business, perhaps because more companies tend to transact electronically without indulging in customer support. Customer support may be contracted to a third party.

A practical example of the development of e-commerce can be illustrated in the form of a global engineering company that operates with a lean manufacturing process and has considerably reduced the travelling of its engineers to businesses/clients/suppliers to gather orders because this type of trip is now often completed through the Web. When an order is received, the tooling planner decides what tools are needed to process the order based on electronically transferred drawings. However, these drawings require the use of appropriate software so that the specifications of the drawings can be determined (Ehrlich, 2005). Before the web-based processing of orders was adopted, the fax machine was introduced and increased the span of communication, decreasing the time necessary for data transmission. However, it did not cater for prints; therefore the manual transfer of prints was still necessary. What followed was the development of Electronic Data Interchange (EDI). The introduction of EDI required the purchase of special technology in order to read the EDI files and interpret the data. EDI was an interface specially developed to electronically exchange data. Of course, this process has now been upgraded and replaced with web-based order processing. The engineering company, in this instance, can now utilize a web interface for each customer and retrieve their orders.

In its rudimentary form, e-commerce was initiated in the 1970s in the private sector before PCs were ushered into the public domain. The evolution of the Internet and the late 90s hype about e-government, coupled with pressure from businesses in anticipation of reaping great benefits, gave impetus to the growth of e-commerce, both in the private sector and in government. However, contrary to popular belief, governments (or rather e-governments), are not the chief architects of e-commerce. Governments, motivated by the increased automation of their business transactions, are simply reengineering e-commerce business processes and adding them to their emerging e-applications, such as e-health, e-voting, online communities, e-procurement, e-taxation, e-judiciaries, etc. Both e-governments and e-commerce are public sector reforms that aim to enhance service delivery and good governance.

LeClaire (2005) divides the development of e-commerce into three stages. The 90s, at the height of the Internet revolution, is dubbed phase I. The period from 1996–2000 is known as the hype era or phase II, followed by the post-hype era or phase III between 2001 and 2004. Phase I was largely characterised by the growth of the Internet. At the time, much of the connectivity was in the form of slow dial-ups and online billboards. The most important development in Phase II was the emergence of the Netscape web browser in 1994, which opened the door for online retailers such as eBay and Amazon.com. Amazon was the first firm to...
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