Chapter 14
E-Business: Definition and Characteristics

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ABSTRACT

The goal of this chapter is to describe and characterise the domain that is the main focus of this book, or the e-business mode of doing business. In order to be able to discuss e-business and its impact on the modern business and social environments, a working definition of e-business is needed. The definition of the term used here is based on a review of a number of basic concepts essential to an understanding of the business environment in general, and in particular, the changes it has gone through in recent years.

E-business is different from the traditional way of doing business. Practitioners (i.e. executives, developers, and users) need the knowledge on the new way in order to make rational decisions to address the new business environment challenges for the benefit of their firms. Academics need this knowledge in order to progress with new models and approaches on how the new business challenges can be addressed best.

There are a number of different aspects of an e-business, namely: business, operational, and technological. Recent changes in the business world have arisen from the rapid development of Information Technology and changes in the way that information technology is used. These are widely discussed in this chapter, and relevant key terms are given in “Key terms” section following the bibliography list.

Also, the impact of Information Technology (IT) on business needs to be addressed. It is argued here that Information Technology is a significant (if not major) force in developments in the business world, and it is of critical importance for doing business today. The integration of Information Systems (IS)
into the business environment is then discussed. A variety of e-business models are next presented its characteristics are discussed. The chapter concludes in summary and future research considerations.

The chapter aims at providing the audience of this book with a clear understanding of the term “e-business,” and its definition and features, which are based mainly on the fact that e-business is made possible by IT only. As argued above, this understanding is essential in order to discuss various aspects related to this new mode of doing business.

INTRODUCTION

Today, Information Technology (IT) is of fundamental importance to almost all organisations. With the arrival of e-commerce and e-business in the late 1990s, and their growth in the 21st century, the issue of IT security has become acute, as these new modes of doing business necessitate the use of IT and give very large numbers of people access to an organisation’s network. According to the European Commission’s i2010 report published in 2008, more than half of all Europeans are now regular Internet users, and 60% of public services in the EU are fully available online. The report also reveals that 57% of doctors now send or receive patients’ data electronically (as compared to 17% in 2002) and 46% of them receive results from laboratories electronically (11% in 2002), 77% of EU businesses had a broadband connection in 2007 (62% in 2005) and 77% of them use the Internet for dealing with banks (70% in 2005). The next i2010 report published in 2009, introduces the term “digital natives” referring to the population aged between 16 and 34 as “the most regular, intensive users ... [which] are veritable users of an interactive borderless space in which content and services are made available for active users to download, exchange, create and recreate, distribute, share and re-use” (p.5). The “e-Business Watch” report in 2006 reveals that 57% of UK firms place orders for supplies online; 16% use Internet communication systems for e-sourcing and procurement; 35% accept orders from customers online; about 70% of firms say that e-business plays a role in their day-to-day operations, and 23% say it has a significant impact. In the US, e-commerce spending increased by 20.1% from $67.2 billion in January-June 2005 to $80 billion during the same period in 2006, and B2B sales reached about $1.8 trillion in 2004, representing about 20% of the total of all B2B sales of $9.1 trillion (Kauffman & Wood, 2007).

Based on the market change and progress figures, and business and technological trends, the necessity to explain and describe the new phenomenon called e-business is quite obvious. Indeed, the goal of this chapter is to provide a definition of the new mode of doing business and to characterise its operational features.

1. E-BUSINESS ORGANISATIONS

In modern business environment, which is both complicated and dynamic, organizations are looking for new ways to compete effectively in their markets (Phillips & Wright, 2009) and satisfy the ever increasing customer demands. Indeed, the ways in which business is conducted are going through very significant changes.

Some companies are already organized in new ways, whereas others are still thinking about it; however, there is a growing general awareness of a new and different way of running a business, namely the e-business approach. Becoming an e-business typically involves adopting new technologies, redesigning processes and coping with various organizational issues (e.g., employees
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