Chapter XVIII

An E-Commerce Longitudinal Case Study from Ukraine

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Abstract

The need to develop a strategy for e-business applications is an important facet of doing business, especially where organizations can provide value-added services to the customer base. In this chapter, we identify key value-added e-business applications and focus on success factors that clearly support small enterprise goals. Performance factors are presented that show the impact of e-business applications on the organization’s bottom line. The case study in this chapter uses a methodology of direct observation, unstructured interviews and document review to gather data for identifying issues in starting a small business using the Internet. The case organization provides services around office and business support, energy consulting, and Web development. The formation of International Business Solutions has been difficult due to the banking system, work culture, and infrastructure of Ukraine. IT issues investigated include telecommunications, energy, hardware, software, and the availability of technical skill sets. E-business issues that were found to be important in this study include: (1) difficulty of the user interface, (2) a lack of a planning process for e-business applications, (3) development and testing concerns, (4) finding the Web site and a lack of branding, and (5) the lack of evidence to support a formal budgeting process.
Introduction

Information and Communication Technology (ICT) can provide a small enterprise an opportunity to conduct business anywhere. Use of the Internet allows small businesses to project virtual storefronts to the world. Heeks and Duncombe (2001) discuss how IT can be used in developing countries to build businesses. This chapter discusses the case of a small startup company in Kyiv, Ukraine, and its use of ICT to help it succeed. The subject company was founded in early 2000 with the initial goal of providing business service support to companies wanting to do business in Ukraine. ICT was seen as a method of marketing and contacting clients and potential clients. Offering ICT services was also seen as a potential service for clients. To date the company has succeeded in surviving and growing, however, it has not been as successful as initially expected. This chapter looks at where ICT has been successful and where ICT limitations raised issues.

The chapter first presents an overview of how ICT can be expected to support companies in developing or emerging economies. This is followed by a description of the subject company and an analysis of how ICT has supported the company’s goals. The chapter ends with conclusions on the impact of this case on perspective uses of ICT in emerging economies. Discussions on methodology and limitations are provided to aid readers in assessing the validity of the chapter.

Background

E-Business for Small Companies

Developing strategies to adopt and market e-business technologies and services requires an organization to make significant investments. Deciding to make the initial and ongoing investment is contingent on the organization’s perception that the future benefits will outweigh the costs involved. Mitra and Chaya (1996) propose that there is a need to quantify the benefits from the investments in e-business systems and that building quality e-business systems will require solid evidence of added value to customers. The added value for customers will result in additional profit for the organization, as they are able to maintain current customer relationships and develop new ones based on the attractive offerings a new e-business presence affords. Later in this chapter, we discuss the results of the case study with our impressions of the Web site for the case study.

Developing an e-business niche will allow an organization to provide the best possible deliverable to the customer, even if this means passing part of the deal to a competitor who specializes in another aspect of the e-business system. Bakos (1991, 1997) found that ultimately all e-business systems reduce buyers’ search costs and increase the efficiency of e-commerce transactions, and therefore create numerous possibilities for the strategic uses of these systems. Operating within an e-business framework offers a more cost-effective model, with feasible elimination of several steps of the traditional sales process.