



Benefits of e-business

E-business (electronic business) is the process of conducting all forms of business electronically.

It has changed the way we conduct business, communicate and access, choose, pay for and receive goods, services and information. This includes activities such as communicating with clients and suppliers via email, electronic payroll, using the internet for online banking or selling products through a website.

If you are considering setting up e-business systems, it's important to have an e-business strategy that is linked to your business plan, corporate strategy, business drivers, success factors and corporate values. By doing so you can successfully link your e-business system seamlessly throughout all business processes.

How can e-business help me?

Businesses that adopt e-business can reap the benefits that come from replacing manual processes with automated digital systems. These benefits include improvements to client service, cost savings, improved marketing, faster delivery of products and services to the marketplace, the creation of new markets and improved supply chain management.

Let's look at these benefits in more detail.

Improvements to client service

E-business tools can empower the client to find many of their own answers, make transactions, monitor order status and check account details. For example:

- Thanks to e-business, the global market is evolving from a supply driven to a demand-driven system. Even now, it is possible for clients to specify their requirements for a product precisely and directly to the manufacturer over the internet. This potential is fast spreading to a wide range of everyday products including computers, toys, investment portfolios, sports equipment.
- By allowing clients to track delivery of parcels in real time, the Australia Post website keeps clients in touch with the location of their goods and their estimated time of arrival. Provision of this sort of information creates greater client satisfaction and sense of control.
- Automatic teller machines (ATMs) are now used by most bank clients. Although some still express feelings about the lack of personal interaction with bank staff, most would generally not want to return to the old system of standing in a queue for personal service. They feel more in control of the transaction process and can access their information any time.

- Publishing frequently asked questions (FAQs) on a website saves clients and businesses time and money waiting on the phone for a response. They also allow the business to concentrate on generating more business rather than dealing with often simple issues.
- Automatic email responses provide clients with instant information about their enquiries, answering general queries more quickly and comprehensively.
- Web sites with interactive features—e.g. chat line, bulletin board, email, e-forms and useful information about products, services and prices—help keep the client in touch with the business.
- With interactive databases and electronic loyalty programs, personalised and targeted direct mailing can strengthen client relationships and increase sales.
- Shopping cart software for clients on websites is also proving popular, particularly with retailers. It allows clients to have the control to add and remove products from a shopping cart list and make payment to complete the transaction when they're satisfied with their selection.

Cost savings

Labour costs

E-business can result in reduced wage costs by automating business processes which require less human intervention.

Materials costs

The internet has opened vast opportunities for businesses to source materials, services, supplies, resources, labour and information from around the world.

For example, a business can locate many suppliers in many different regions of the world. Tenders can then be sent and responses received quickly and cheaply using email. Manufacturers, retailers and wholesalers alike can greatly improve their competitiveness by accessing this global wealth of supplier information.

Overheads and other costs

- Outsourcing labour via the internet and automating business processes help reduce space and equipment requirements.
- Using email for communication and information dissemination saves phone, fax and courier costs.

- Online meetings, video and teleconferencing and other communication tools save costs in travel, airfares and accommodation.
- Voice recognition software helps minimise the need for secretarial support.
- Automated administrative systems result in lower costs.

Cash flow improvements

Online payment systems are now well known features of electronic transactions between businesses, and between businesses and consumers. The reduction of costs in a business transaction is substantial with e-business.

E-business can result in reduced interest charges, bank fees and collection fees by using electronic funds transfer (EFT) to reduce the cost of money transfers, point of sale (POS) and electronic banking facilities. BPAY, e-BILL and other such internet-based bill payment facilities reduce the cost of paying bills, while electronic data interchange (EDI) systems save time, postage and printing costs.

Improved marketing

With a well designed and effective website, e-business provides another avenue for your business to market and promote itself.

A website provides:

- information about your business, products and services
- 24 hours a day, seven days a week access to your business for your clients and suppliers
- visibility to potential clients wherever they are in the world.

A website can also capture client details. This can help a business anticipate client needs, tailor products and services, set pricing strategies, ensure product availability and provide superior delivery, support and feedback systems—all of which can help to build client trust in the business, confidence in the website system and repeat sales.

Faster delivery of products and services to the marketplace

Integrating an effective website with business processes cuts the time it takes for a product to reach a client. Clients can place orders via a website; the order is sent electronically through other business processes, e.g. accounting, production, warehousing and distribution; and the client is provided with a product to their specification in a timely manner.

New markets

E-business has brought the world to your doorstep. One of the great benefits of having a website and email as part of your e-business is that it can help break down geographical constraints that previously existed. By using these tools, you can now broaden your client base and access new markets all over the world—at relatively little cost. It is no longer necessary to conduct business face to face.

Supply chain management

Through e-business, wholesalers, retailers and businesses can compete with manufacturers in the supply chain by creating interactive, online systems which provide clients with purchasing and delivery options. As mentioned earlier, this puts greater choice and control in the hands of the client.

Businesses have had to adapt to this new business model. For example, the location and buying behaviour of clients can affect the type, size, location and resourcing of warehouse space. Indeed, with the introduction of e-business, some businesses have been able to relinquish any need for warehousing facilities, and through careful planning and close relationships with their suppliers, have streamlined delivery systems, improving the process in terms of both costs and time delays.

In addition, as the number of people regularly using the internet for purchasing grows, so too will the need for fast, cheap delivery systems. Already we see a significant increase in the number of logistics (courier and transport) companies focusing more of their operations on deliveries of internet ordered products and services than previously.

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