

Mechanism of E-business model: An Overview

*Mr. Sarwade chetan w.

Introduction

Information technology has revolutionized the way business is conducted. IT plays a major role in the effective running of business. E-business is derived from "e-mail" and "e-commerce," and is the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners. It was firstly used by IBM, in October, 1997, and also launched a thematic campaign built around the term. Companies are using the Web to buy parts and supplies from other companies, to find new avenues for their growth. Exploiting the convenience, availability, and world-wide reach of the Internet, companies, are trying to discover how to use the Internet successfully. e-business is what happens when you connect your critical business systems directly to customers, employees, vendors and suppliers - via intranets, extranets and over the Web. Combining the resources of traditional information systems with the vast reach of the Web.

E-business constitutes the ability of a firm to electronically connect, in multiple ways, many organizations, both internal and external, for many different purposes. It allows an organization to execute electronic transactions with any individual entity along the value chain—suppliers, logistics providers, wholesalers, distributors, service providers, and end customers. Today's browsers and with digital certificates now available for individuals and companies from Verisign, a certificate issuer, much of the early concern about the security of business transaction on the Web has abated and e-business is accelerating. Thousands of businesses are using e-business by establishing a Web site and publishing information electronically which is simple and relatively cheap however the impact on the business is limited. There are "self service" Web sites - where customers can check their account status or trace a package. This is hard to implement, but the return is great. Also e-business is moving to transactions - not just buying and selling, but all processes that require a dynamic and interactive flow of information.

Distinctiveness of E-Business

- 1) Consumers can now buy books, food, clothing, and a lot of other goods over the Internet in ways that allow distinct forms of customization.
- 2) Fourth, e-business requires firms to refocus and reconfigure almost every type of tangible and intangible *asset*.
- 3) Fifth, e-business is dramatically reshaping every traditional *business process*: from developing new products and managing customer relationships to acquiring human resources and procuring raw materials and components.
- 4) e-business offers the platform for new forms of marketplace strategy models—a significant element of any firm's business model—that will change the competitive rules of the game.

Mechanism of E-business model:

- 1) Value proposition: It defines how a company's product or service fulfills the need of customers. Example. Kozmo.com provides these facilities.
- 2) Revenue model: It describes how the firm will earn revenue, produce profits and produce a superior return on invested capital.
- 3) Advertising revenue model: In which a web site offers its users content, services and products also provides a forum for advertisements and receives fees advertisers.
- 4) Subscription revenue model: In which company offers its users content or services and charges a subscription fee for access to some or all of its offerings.
- 5) Transaction fee revenue model: In which a company receives a fee for enabling or executing a transaction. For example E-Trade.com is an online stockbroker receives transaction fees to execute a stock transaction on behalf of a customer.
- 6) Sales revenue model: In which a company derives revenue by selling goods information or services. Example-Doubleclick.net gathers information about online users and then sells it to other company.
- 7) Affiliate revenue model: In which company steers business to an affiliate and receives a referral fee or percentage of the revenue from any resulting sales.

Application Software for E-Business

There are various software being used for E-business. One of the common software used is. NET

* NET: - MachroTech's approach to business integration with Microsoft. NET is introduced as a solution for developing the enterprise and its existing information systems in order to develop new technologies like the Web.

* NET is software that connects information, people, systems, and devices through the use of XML Web services. And is also an Internet centric architecture and technology offering that defines how different applications, sources of data, or devices can integrate with and share information with each other.. NET is not a new type of user interface or piece of business application that a user needs to learn or worry about. Even though there are some user interface components to. NET for the most part,. NET is a technology layer that sits "under the hood" of the application and enables it to exchange information with other XML Web Services ready applications over a Web-based communications layer. In this Web services environment — which the technologists would define as a rich, loosely coupled model of distributed computing and Web services information can be made available to any application or device type. These types of application-to-application transactions are called "Web services," meaning that they are conducted over a Web- or Internet-based communication link either within the business or outside of the business..NET can improve business by increasing operating profits; decrease costs, and connect with customers, partners and employees.

According to a McKinsey-Nasscom report, the e-commerce transactions in India are expected to reach \$100 billion by the 2008. Although, as compared to the western countries, India is still in its initial stage of development. E-Marketer forecasts that online sales will more than double by reaching \$168.7 billion in 2011. Market share is moving toward Australia, India and especially China. China's share of regional B2C e-commerce will grow more than threefold from 4.1% in 2006 to 14.3% by 2011. At the low end, South Korea's B2C e-commerce sales will grow by 13.3% over the same period. Between 2006 and 2011, the aggregate CAGR for the five countries will be 23.3%.Sales of selected countries in Asia Pacific Online travel is the largest e-commerce sales category in most major countries. For the same group of five countries, plus New Zealand, online leisure and unmanaged business travel sales totaled about \$17.7 billion in 2007 and are forecast to rise to \$41.7 billion by 2011. E-Marketer forecasts that from 2006 to 2011 online travel sales will grow at a 24.8% annual rate, higher than the 23.3% rate for B2C e-commerce. This indicates that travel is one of the key drivers of e-commerce sales in the APAC region. In China and India, online-travel spending drives B2C e-commerce sales, and it accounts for a majority of total sales.

Consumers are less wary of buying services like train or airline tickets online, and sellers can avoid the logistics and delivery problems associated with physical goods. Jeffrey Grau, senior analyst at e-Marketer, said that such preferences underscore how e-commerce in the region has a vast amount of growth ahead. E-commerce in these markets will have come of age when consumers start buying more expensive, high-touch categories such as apparel, home furnishings and jewellery.

Table No: - 1.1

Growth of e-commerce in India

Year	Total E-Commerce Transactions (in Million \$)
1998-99	3138
1999-00	103.84
2007-08	1750.00
2008-09	3015.00
2009-10	4230.00
2010-11	6790.00
2011-12	10000.00

Source: - A report of Internet and Mobile Association of India (2012)

A description by the Internet and Mobile Association of India has exposed that India's e-commerce market is mounting at an average rate of 70 percent annually and has grown over 500 percent since 2007. The current estimate of US\$ 6.79 billion for year 2010 is way ahead of the market size in the year 2007 at

\$1.75 billion. Apparently, more online users in India are willing to make purchases through the Internet. Overall e-commerce industry is poised to experience a high growth in the next couple of years. The 70 percent year on year growth is expected to continue and India's e-commerce market has reach a whopping \$US 10 billion in the year 2011-12.

Table No: - 1.2

Market Share of Ecommerce in India, 2012

E-commerce sectors	Market share (%)
On line travel	80 %
E-Tailing	6.48 %
Financial Services	6.31 %
Other on line services	5.09 %
Digital download	2.12 %

Source: A report of Internet and Mobile Association of India. (2012)

E-Tailing and digital downloads are expected to grow at a faster rate, while online travel will continue to rule the major proportion of market share. Due to increased e-commerce initiatives and awareness by brands, e-Tailing has experienced decent growth. Home Internet usage in India grew 19% from April 2006 to April 2007. In April 2007 it became 30.32 million and the e-Marketer accepts that there will be 71 million total Internet users in India by 2011. India is showing tremendous growth in the e-commerce. Rival tradeindia.com has 700,000 registered buyers and it has the growth rate of 35% every year which is doubled in the year 2008. *Indiamart.com* claims revenues of Rs. 38 crores and has a growing rate of 50 every year. It receives around 500,000 enquiries per month.

Undoubtedly, with the middle class of 288 million people, online shopping shows unlimited potential in India. The real estate costs are touching the sky. The travel portals' share in the online business contributed to 50% of Rs 4800 crore online market in 2007-08. The travel portal *MakeMyTrip.com* has attained Rs 1000 crores of turn-over which is around 20% of total e-commerce market in India. Further an annual growth of 65% has been anticipated annually in the travel portals alone.

Table No:-1.3

Top 10 E-commerce Companies in India

S.No	Site Name
1.	Flipkart.com
2.	Snapdeal.com
3.	Fashionandyou.com
4.	Myntra.com
5.	Inkfruit.com
6.	Dealsandyou.com
7.	eBay
8.	Homeshop18.com
9.	Infibeam.com
10.	99labels.com
As on 02/07/2012	

Source:-www.bestindiansites.com

Flipkart.com:

Started in the year 2007, Flipkart is one of the leading online shopping sites in India. One can buy products of various categories such as music, games, cameras, computers, healthcare and personal

products through this site. It has over 3 million registered users and sell more than 30,000 products in a day to its customers. The various add-on services offered by the site such as free shipping, cash-on-delivery, EMI and 30 day replacement policy make it a favorite shopping destination among people.

Snapdeal.com:

Get discounted deals on almost every product on this India's fastest growing e-commerce website. By February 2012 snap deal had more than 15,000,000 registered users and more than 50,000 featured merchants.

Fashionandyou.com:

It is an invitation only online website that showcases best Indian and International designer brands for men, women, children and your home. They start a sale at 10 AM each day that lasts for 3 days on an average. You have to become their member to get alerts for the sale.

Myntra.com:

It is a leading online fashion store in India where you can find fashionable and trendy clothes for men, women and kids. You can buy apparels of different brands and avail discounts on their offers.

Inkfruit.com:

Buy apparels for guys and girls, accessories and footwear on this e-commerce website on this Asia's largest e-commerce website. They have the selective designs and give their customers the best things.

Dealsandyou.com:

This site offers various kinds of deals be it holidays, shirts etc. Also this site gives heavy discounts on regular basis that can be profitable for the shoppers. Browse this site for more.

eBay:

eBay India is one of the largest online marketing site that offers diverse products. In most of electronic products EMI for 3 or 6 months is available with HDFC. They offer deals of the week with good discounts.

Homeshop18:

Homeshop18 is one of the largest electronic retailing companies of India which sells its products through Internet, TV and mobile. It offers a diverse range of products including apparels, jewelry, books, home appliances, toys and electronic items. It has a customer base of over 5 million and delivers products to more than 50 cities in India. With its highly user-friendly website, it provides a completely hassle free shopping experience.

Infibeam.com:

Infibeam is an e-commerce website that sells almost everything online. You can search for books, mobiles, gifts, computers, games, watches, movies, electronics, home and lifestyle and much more. Also Infibeam offers hot deals on many products, so you can save a lot by ordering it through this site. You can also shop on EMI. Check out their magic box to know the deal of the day.

99labels.com:

This site offers many fashion and luxury brands at good prices. Check this site for more brands.

Conclusion:-

The e-business is to explore the association between the level of e-business planning and business performance. Information technology (IT) has long been used as a change agent leading to greater efficiency and effectiveness. The growth of the Internet and the opportunities this offers for e-business represent the latest phase in the application of IT. e-business initiatives including existing infrastructure and technologies helps to identify new e-business opportunities and create short, medium and long-term action plans to support the strategic vision, improvement to infrastructure and technology, better decision-making power to the managers to support effective business transformation. E-Business transformation has become a critical imperative for most organizations today. However these transformations require specific skills, capital, information, technology, access to markets, and core resources that many traditional firms lack.

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