

# Electronic business

Business



Running Head: Electronic Business Electronic Business [Institute's Electronic Business Electronic business or E-Business as it is widely known is the process of employing information technology to business. Many industries, commercial, government or private are establishing their presence through internet via e-business. The notion of E-Business comprises of a diverse realm of activities ranging from launching a web page to designing an entire supply chain that cater to sourcing, manufacturing, distributing and selling of the product. Risk, like other parts of life is implicitly or explicitly present in E-Business as well. An example of explicit e-business risk would be information security risk of losing important information of a company by destruction or theft. Many companies have safeguards to secure such information.

However, not all risks are this obvious. Some risks are quite unrecognized until a huge damage is done. An example would be e-commerce business risk that entails the threat of adverse effect of e-business strategy on the good will of the company. Amongst these implicit risks to e-business, three most important are 'competitive, transition, and business partner' risks according to Dennis W. Viehland, Institute of Information, and Mathematical Sciences, Massey University, New Zealand' (Kendall, 2002). The first is the competitive risk. Often, strategies used in E-Business turn out to produce detrimental results. Competitive risk, thus, entails the odds of a strategy expected to deliver competitive advantage over rivals produce adverse outcomes. This risk is posed in several ways. One is when competitors tend to not only follow the company as it initiates E-Business but also try to do better at it by employing strategies that are more advanced. For example, when Tower Insurance, a financial service company of New Zealand became the first to introduce a webpage by the name of 'brochureware', its

competitor AMP contested by creating their own website. In specific, the website had more features promoting customer interaction than brochureware and finally won the race by being the only insurance company of the country to have online business whereas Tower Insurance is still lagging behind. The point here is, if a company cannot foresee continuing improvement in their E-Business should better stay away from it. Another way this risk attacks a company is when customer or supplier has enough power to destroy the organization. These days, e-businesses invite active participation of customers and suppliers on board and information is more out in the open rather than enclosed in files and storerooms. Therefore, if a competitor pops up with better incentives, there are high chances of these customers and sponsors shifting to the new company thus affecting the company adversely. One way to reduce this risk is to design strategies in way that customer has to face a lot of hassle when he leaves the company or switching costs is included in the contract forcing them to pay a considerable amount in order to shift. Concisely, cognition of competitive risks is the first step to reduce them. Second is the transition risk. This entails the threat to the reputation of a company due to disturbance caused in its normal functioning as it moves towards the E-Business. A very significant aspect to this risk is channel conflict which basically implies that going online does not really attract new customers but just provides ease to existing ones thus increasing the cost but keeping the earning constant. A way to lessen such risks is to understand change management. Once the company understands the changes, it can design plans to reduce the risks (Khosla, Damiani, & Grosky, 115, 2003). Another very important risk posed is business partner risk. Today, as people are coming together to reduce costs and increase

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efficiency, they are also increasing the interdependence between them.

Many a times, it happens that in order to cut down their own cost or increase the speed, companies dump some tasks on their partners. This makes them more dependent on their partners at the same time shifting the cost onto them increasing the business partner risks. One way to reduce this threat is by employing long-term trading agreements. In personal opinion, E-Business is secure enough for any sort of business as long as the company or individual stay cautious and in loop with new developments in the sector of information technology. Be it food industry or any other industry in the world, security is a prime matter of concern. Even though breach of security is more common now than at any other point in time, with updated safeguards and effective analysis of situations, it could be handled. In this regard, an important factor is that of ethical considerations in E-Marketing. Obviously, E-Marketing is a crucial step in establishing and promoting E-Business and attracting customers but these days it is highly abused to achieve personal motives. Spamming and hacking is commonplace whereas copyrights and privacy policies are rarely acknowledged. It is important that companies today realize that activities that impinge on personal privacy to advertise their product are ruining the company's image in the long run and should refrain from doing so (Jackson, Harris, & Eckersley, ix, 2003).

References Jackson, P. J, Harris, L, & Eckersley, HL. (2003). E- business fundamentals. U. S: Routledge. Kendall, K. E. (2002). Risk e-business: assessing risk in electronic commerce. Rutgers, U. S: DecisionLine. Khosla, R, Damiani, E, & Grosky, W. I. (2003). Human-centered e- business. Springer.