



## E-Business Basics

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## Introduction

Over 18 million Canadians go online each month – that's 56% of the population. As of 2002, it was estimated that there are more than 605 million Internet users worldwide.

The growth in Internet use for business is also significant. In 2002, an estimated 7.5% of private Canadian businesses were selling online, accounting for CAD \$13.3 billion worth of business. And, world-wide revenues from e-commerce transactions are staggering – in 2005, worldwide business-to-consumer (B2C) ecommerce revenues are expected to surpass USD \$133 billion.

It's obvious that the Internet is here to stay. Barriers between online and offline business have begun to disappear and the "pie-in-the-sky" dotcoms of the last millennium have made way for more moderate businesses that simply leverage the Internet to remain competitive and productive. Today, more and more small businesses are recognizing the value of integrating e-business practices into their business activities.

This Info-Guide is designed for beginners. It will help you understand the concept of e-business and how e-business can improve your own business processes. You will be able to test your own e-business readiness and learn where to go for more information on getting started with e-business.

## What is E-Business?

### The Difference between E-Commerce and E-Business

Electronic commerce, B2C, or e-commerce refers to online sales. Electronic business or e-business, on the other hand, refers to more than just selling online.

E-business is about utilizing Internet technologies – such as simple email, online banking solutions, websites, and more sophisticated applications such as web-based customer relationship management solutions – to provide superior customer service, streamline business processes, increase sales and reduce costs.

Therefore, any business owner who uses the Internet to develop or enhance their business is using e-business. This means that you may already be using e-business in your own business.

## Understanding Internet Technology and Its Relation to E-Business

### The Internet and the World Wide Web

The Internet is an electronic communications network that allows computers around the world to “talk” to each other. Any computer that is connected to the Internet can exchange information with other connected computers.

The World Wide Web, or simply the Web, is a subset of the Internet. It functions as the Internet’s navigation system and allows users to view the Internet network through the use of websites.

### How Websites Work

Websites are a collection of web pages, which are electronic pages of information linked together much like a spider’s web. This spider’s web-like navigational system (inherent in both websites and the Web itself) allows users to move around the system in a non-linear fashion. This means that, unlike a book – where information is laid out for the reader chronologically, in a set order – a Web user has the power to access information online however they choose.

Websites are accessed via a web browser such as Internet Explorer or Mozilla. Web browsers are the graphical interface that enables users to view, find and interact with websites.

Websites each have their own unique address, called an IP address, through which users can find them. For example, the Alberta E-Future Centre’s online address is [www.e-future.ca/alberta](http://www.e-future.ca/alberta). By typing this address into the web browser address bar, a user would be connected to our website.

But, since the Web indexes literally billions of websites, another method to facilitate finding relevant websites was necessary. Therefore, search engines that utilize “keyword searching” were created.

It is estimated that 98% of Internet users use search engines to find websites online.

It is estimated that more than 98% of Internet users use search engines to find websites online. A search engine is a website whose primary purpose is to provide a search function for gathering and reporting information available on the Internet.

Search engines allow Internet users to quickly find websites related to a certain topic through the use of “keywords” and “keyword phrases,” that is, words and phrases that describe the topic of interest.

For example, let's say an Internet user in the UK is looking for businesses online that sell hand carved indigenous masks and figurines from Canada. She doesn't know of any specific businesses selling these items, nor does she know any website addresses, so she uses a search engine such as Google or Yahoo to find websites whose content contains relevant keywords.

The Internet can be used by your business to:

- Research and purchase goods and services online
- Collect customer and competitive intelligence
- Increase market awareness of your business
- Provide introductory information and contact coordinates
- Sell online

On the search engine's main page, she types into the search-box: "Canadian Native Art." The search engine returns 3,370 listings containing this keyword phrase, organized by relevancy. The user can then either start browsing the websites listed, or she can narrow the results further by searching within those results for another keyword – like "mask," for example.

Search engines allow Internet users to effectively find relevant websites, making the Web's vast amount of information much easier to navigate.

### **Why the Internet is of Value to Business**

As an instantaneous information and communication medium with global reach, the Internet is a practical and vital business tool. And, your small business can benefit from the equal footing it offers you, regardless of your size or location.

Below, we'll explore some of the efficiencies that can be achieved by small businesses using Internet technologies to further their business goals.

## **The Benefits of E-Business**

The Internet and related technologies can change the way you develop and conduct your business processes, making them more time and cost efficient. They can diversify your marketing channels and, ultimately, help you increase your business revenue.

The Internet levels the playing field for small businesses. That is, it allows small business operators to compete on equal footing with larger businesses in the same industry.

Through the Internet, your small business can distribute information online to a global audience, immediately, with little out of pocket expense. This means you'll reach more clients or customers in a shorter period of time.

It gives you the ability to interact with your clients and customers in new ways, putting power in the hands of the buyer, giving your clients or customers more choice than they've ever had before.

And finally, the Internet gives you, the seller, the ability to readily assess your online business practices and modify them on the fly to ensure they meet the needs of your clients/customers.

In short, you can use the Internet to:

- **Collect vital business information related to your customers and competitors.** The Internet is a valuable research tool and, as a readily accessible information medium, its ability to allow you to remain competitive in your industry should not be underestimated.
- **Increase awareness about your company.** Even if you are not considering selling online, having a website that promotes your business, provides contact information, and outlines your unique value proposition – that is, the unique collection of benefits attributed to your product or service that creates value for your customers or clients – will simply increase your reach and value in the marketplace, and make it easier for your potential clients/customers to find you.
- **Streamline communications and improve customer service.** Email communications, website FAQs and auto-responders are examples of simple and cost effective electronic techniques that can help improve communications between you and your clients/customers.
- **Improve productivity and reduce costs.** Simply by streamlining communications using Internet technologies, you can improve your business productivity. And, out-of-pocket costs can be reduced further by implementing a readily updatable website, instead of printed materials that have a short shelf-life, to relay pertinent information to your customer base.
- **Sell your products online.** For those considering making the leap to ecommerce, selling online can lower your upfront set-up costs and operational costs, increase your reach to a global marketplace, and allow you to be “open” 24 hours per day, 7 days per week. Further, it can allow you to automate your order processing and order tracking capabilities, develop cheaper online catalogues, and update your product lists on the fly.

## Adopting E-Business Strategies

Even if you're not ready to build a website just yet, you should still consider how e-business tools can help you in your business. It's important to note that not all e-strategies work for all businesses. Therefore, the best way to begin is to create a plan that outlines how you will leverage the Internet to meet your specific business needs.

Developing an Internet related business plan, or an "e-business plan," is most effectively and simply achieved when e-business aspects are integrated into your overall business plan. At each stage of your business plan, consider how you can use e-business technologies to reduce costs and improve productivity. Then only implement the strategies that make sense for your particular business.

Here are some ways to get started using e-business:

- **Make your mark on the web.** Build a website. Make sure that your website address is on all your marketing material.
- **Leverage email.** Develop an e-newsletter to communicate with your clients and prospects. Make sure that it provides value to the reader.
- **Embrace e-procurement.** Seek out suppliers that allow you to save time and money by purchasing online.
- **Investigate e-commerce.** Test the online marketplace by selling through low-cost channels such as eBay.

## E-Business Readiness Diagnostic Tool

### Are you ready to adopt e-business?

In Canada's private sector, more than 75% of businesses are estimated to be using the Internet to facilitate some aspect of their business. In fact, more than 62% of businesses in Western Canada operate a website. Are you ready to join the growing number of Canadians who use e-business to build and operate their businesses?

Industry Canada has created an online e-business readiness diagnostic tool ([http://strategis.ic.gc.ca/cgi-bin/sc\\_indps/ebiz/diagnostic/ebiz2.pl](http://strategis.ic.gc.ca/cgi-bin/sc_indps/ebiz/diagnostic/ebiz2.pl)) that can help you learn more about e-business as it relates to your specific needs.

Answering the questions in this diagnostic will give you an opportunity to test your e-business readiness and to identify action priorities. It has been designed to help you

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learn about what is possible for your business and to assess your own e-business potential.

## More Resources

Now that you've learned what e-business is and how it can be used as a cost-effective and time saving tool for your business, you'll want more resources to help you get started. Here are some links to resources online which can help you learn more.

- Ebiz.enable  
<http://strategis.ic.gc.ca/epic/internet/inee-ef.nsf/en/Home>
- ebizblog  
[www.ebizblog.ca](http://www.ebizblog.ca)
- Small Business Computing  
[www.smallbusinesscomputing.com](http://www.smallbusinesscomputing.com)
- Canadian e-Business Initiative  
[www.cebi.ca](http://www.cebi.ca)

## E-Business Terms Explained

Below you'll find a short list of the most common Internet and e-business terms. If you're looking for an acronym or term that's not on this list, check out [www.whatis.com](http://www.whatis.com) or [www.webopedia.com](http://www.webopedia.com), two online dictionaries for Internet technology users.

**B2C** (Business to Consumer) The exchange of goods and services between businesses and consumers. In Internet terms, B2C is also known as "e-tailing" which is short for electronic retailing and refers to the selling of retail goods on the Internet.

**Bandwidth** Literally, the width of a band of electromagnetic frequencies. This is the data that flows along a given transmission path. Both digital and analog signals have a bandwidth. Bandwidth usage on the Internet increases with the amount of data transmitted or received. In terms of e-commerce application, when choosing a web hosting service a user must consider how their website will function, how much bandwidth they require, and how their web hosting provider can service their bandwidth needs.

**Browser** A software application used to search information posted on the World Wide Web. The two most common applications are Netscape and Internet Explorer.

**Content Management System** An administrative software system that enables a user to add or change content on a website.

**DSL**(Digital Subscriber Line) A technology designed to bring high-bandwidth information to homes and small businesses over ordinary copper telephone lines. Telus high-speed Internet service is an example of DSL.

**E-Business** The use of Internet technologies to conduct or facilitate business.

**E-Commerce** The trading of goods and services over the Internet.

**Extranet** An intranet that is partially accessible to outsiders. As a business tool, it can allow secure access to customers, suppliers and other key business partners through the use of a username and password.

**Firewall** A system designed to prevent unauthorized access to or from a private network. Firewalls are frequently used to prevent unauthorized Internet users from accessing private networks connected to the Internet, especially intranets.

**Home Page** The main page of a website that users first see when they connect to a website.

**HTML** (Hypertext Markup Language) A “code” used to build web pages. A common language used to share data over the web.

**Hyperlinks** Embedded “connections” in web pages that allow users to “jump” from page to page anywhere on the Internet.

**Internet** The decentralized global network of computers, routers and cable connections that enable millions of the world’s computers to “talk” to each other as long as they are both connected to the Internet.

**Intranet** A private internal network that uses Internet technology to connect users. It provides a secure connection protected by a firewall, and allows access only to those of the same company or organization.

**ISP** (Internet Service Provider) Also called Internet Access Provider. An organization that provides access to the Internet either digitally or via analog for a monthly fee.

**P2P** (Peer to Peer) A form of file sharing communications in which each participant has the same capabilities and either party can initiate a communication session. PayPal is an example of a P2P payment system.

**Client/Server** A form of file sharing communications in which one program, the client, makes a service request from another program, the server, which fulfills the request. Most often used in a network of computers, as the client/server model provides a convenient way to interconnect programs that are distributed efficiently across different locations. Online banking services are an example of client/server communication.

**Server** A network device that provides services to client PCs, for example file access, print spooling or remote execution.

**Splash Page** An introductory page before a home page that acts as a curtain to a website. Usually holds little information and is mainly used for graphic illustration.

**URL** (Uniform Resource Locator) The alpha-numeric address used to locate a website.

**VoIP** (Voice over IP: voice delivered using the Internet Protocol) A set of hardware and software that allows users to use the Internet as a transmission device for ordinary telephone calls. A major advantage of VoIP and Internet telephony is that it avoids the tolls charged by ordinary telephone service. A major disadvantage is that currently it does not offer the same level of quality as direct telephone service connections.

**Web Host** An organization that provides users who do not have their own web servers with server space to “park” their website and allow others to view it over the Internet. ISPs also host websites and those such as AOL, will allow subscribers a small amount of server space to host

## Contact Us

Represented in the four Canada Business Service Centres (CBSCs) in BC, Alberta, Saskatchewan, and Manitoba, the Pan-Western E-Business Team members offer free, impartial, and easy-to-understand e-business advice and information for small and medium-sized businesses. Our goal is to help entrepreneurs make more informed decisions as they adapt to technological change. If you have any questions, we are only a visit, click or a call away!

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