Advantages and disadvantages of e-business.

The main models of e-business focused on a business partner (B2B)

2-3 lectures

Advantages

- Offers global access to global markets

- Allows to improve business contacts

- Availability of information about goods and services in online stores in real time

- Allows to reduce costs

- Allows to receive high-quality services

- Reduces the time for the product to enter the market and the process of adapting the company to market changes

- No customs taxes

- The emergence of new business models

- Increases the level of consumer favor for the brand

Supplier Opportunities	Consumer opportunities
Global presence	Global Choice
Improving competitiveness	Getting high-quality services
Better awareness of the needs of consumers	Personalization of goods and services
Reducing the path of goods to the consumer	Fast response to demand
Cost reduction	Price reduction
New business models	New products and services

Disadvantages of e-business

- ■ Disadvantages of e-business development:
  - Internet can destroy the institution of trade intermediaries;
  - competition moves from the local level to the global one;
  - problems of copyright protection;
  - legal uncertainty.

Disadvantages of e-business

■   No legal framework has been developed for the Internet :

■   Reducing the favor of consumers

■   Pricing problems

■   The issue of information security

■   The issue of transparency

■   Viability

The main models of e-business focused on a business partner (B2B)

- electronic procurement management (The technology of trading by catalogs or data aggregators);

- electronic auctions (Auction technology);

- electronic exchanges (Exchange technology);

- portals.

ELECTRONIC PROCUREMENT MANAGEMENT

■ **Problem:** One of the most effective ways to reduce internal costs is to improve the procurement system by using the capabilities of cyberspace

■ **Before**:

■ Electronic Document Interchange (EDI) technologies :

– *Pluses: flexible and secure solutions*

– *Minuses: too complex and expensive*

■ **Now**:

■ **E-procurement**

Example of companies that uses e-procurement

- Ford Motor and Ericsson

- PricewaterhouseCoopers

The effectiveness and classes of e-procurement

- ■ Three main classes ·
- ■ electronic catalog systems and data aggregators;
  - – *large selection of suppliers of goods and services +++*
  - – <u>*The goal of companies*</u> *that create and launch information servers — aggregators of data into commercial circulation <u>is to build department stores</u> that contain catalogs of many suppliers offered to target groups of customers*
- ■ search systems for counter requests;
  - – *receiving a fee from sellers for each buyer found*
- ■ electronic tender management systems
  - – *allows for a higher degree of objectivity in the selection of the winner*
  - – *provides better control and management of tender procedures*