

# **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

<b>Supplier Opportunities</b>	<b>Consumer opportunities</b>
<b>Global presence</b>	Global Choice
<b>Improving competitiveness</b>	Getting high-quality services
<b>Better awareness of the needs of consumers</b>	Personalization of goods and services
<b>Reducing the path of goods to the consumer</b>	Fast response to demand
<b>Cost reduction</b>	Price reduction
<b>New business models</b>	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 +++*
  - *The goal of companies that create and launch information servers — aggregators of data into commercial circulation is to build department stores 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*