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Basic concepts of e-business.

1 lecture

BASIC CONCEPTS OF E-BUSINESS

- **Business** is an activity for the production and sale of goods and services, which is carried out in a competitive market and the purpose of which is to make a profit.
- **Entrepreneurship** is the process of creating something new that has value

■ Characteristics of the information society

- priority of information resources in comparison with other resources;
- automated generation, preservation, processing, and use of knowledge and information, based on information and communication technology and e-business;
- the global nature of the application of network technology;
- free access of everyone to information resources

- *E-business* is a type of economic activity of companies through computer networks, in particular, the Internet, in order to make a profit.
- *Electronic commerce (e-commerce)* is a type of electronic commercial activity using information and communication technologies.
- *Internet commerce* is an electronic commerce limited to using only the Internet computer network.

- E-business is more than a simple electronic purchase or sale of goods, it needs to use network communication technologies to carry out actions in order to generate profits inside and outside the enterprise.
- E-business consists of four stages:
 - *marketing,*
 - *production,*
 - *sales and*
 - *payments*

- E-business technologies are one of the important tools of modern competition

- In general, electronic business management covers three components:
 - electronic document management;
 - electronic payment system;
 - electronic commerce

- E-business is based on such important technologies:
 - network technologies;
 - corporate;
 - Internet technologies
 - production IT;
 - decision support system
 - artificial intelligence technologies

- The process of creating an electronic business can be represented through the following components:
 - forecasting;
 - synthesis of technological components;
 - synthesis of commercial components;
 - principles and technologies of implementation –
 - clearly defined strategies.

- *The reasons why companies are moving to the electronic space:*
 - the development of new market segments;
 - increasing the level of response;
 - the provision of new services;
 - cost reduction;
 - support of business processes in on-line mode;
 - close partnership;
 - round-the-clock access.

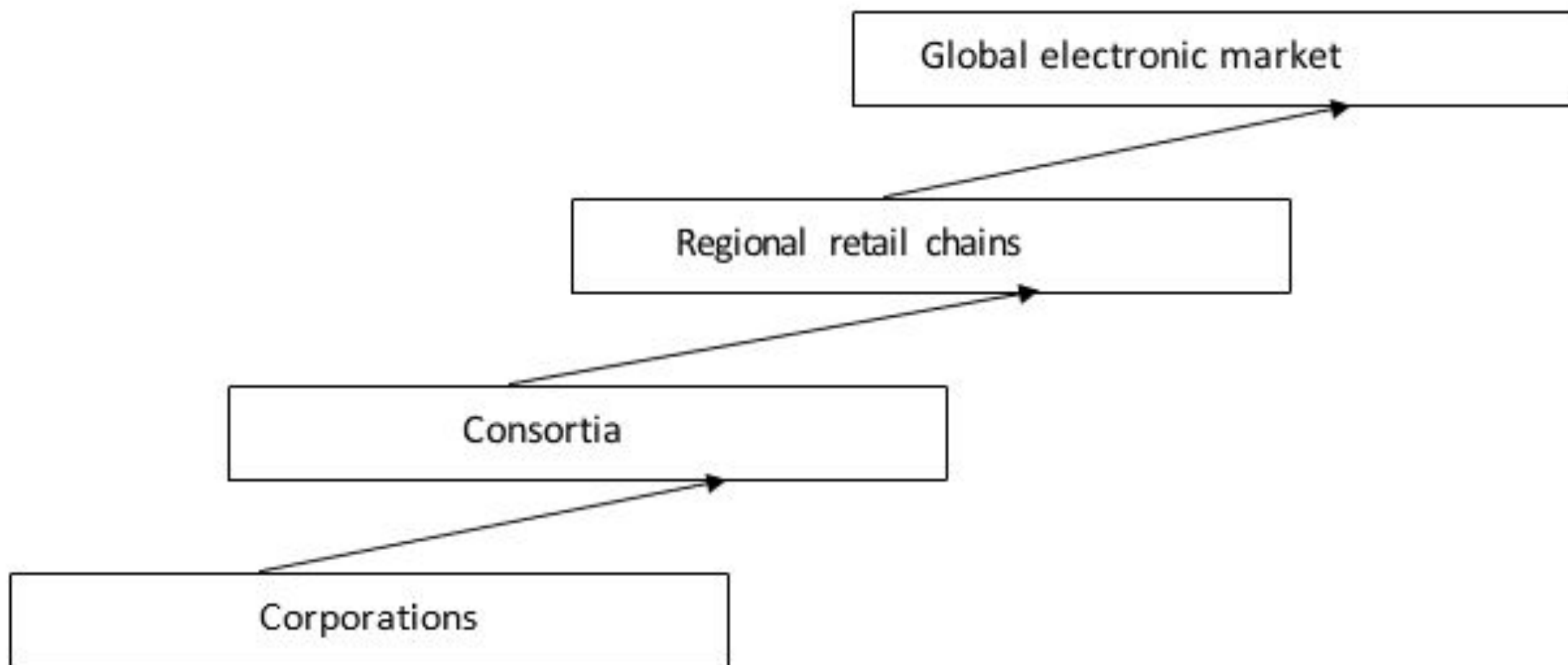


Figure 2.1. Cascade model of e-business development

Principles (Laws) of e-business functioning

- E-trading - part of any business.
- Electronic (virtual economy) is called such an environment, especially the economic space in which e-commerce and e-business is carried out; it is an economy that is based on the use of interactive opportunities.

E-commerce

- E-commerce is a component of e-business, this is one of the ways to implement it
- Sometimes this economy is called a network economy or digital economy
- M. Castels identifies five principles of the digital economy:
 - *performance mainly depends on the use of science and technology and the quality of the information and management;*
 - *in the advanced capitalist countries the attention of producers and consumers are migrating from the material production to information activities;*
 - *deep transformation of the production process;*
 - *the global nature of the economy, in which capital, production, management, markets, labor, information and technologies are organized regardless of national borders;*
 - *the revolutionary nature of technological changes, which are based on IT, which transform the material basis of the modern world.*

- There are three components of the electronic economy:
 - e-commerce;
 - IT infrastructure;
 - the infrastructure of the electronic business

Basic principles of electronic economy

■ K. Kelly formulated the basic principles:

- *The principle of connection*
- *The principle of plentitude*
- *The principle of exponential value*
- *The principle of generosity*
- *The principle of loyalty*
- *The principle of inverse pricing*
- *The principle of the Allegiance*
- *The principle of Churn*
- *The principle of Devolution*
- *The principle of cloning*