

E-Commerce SME

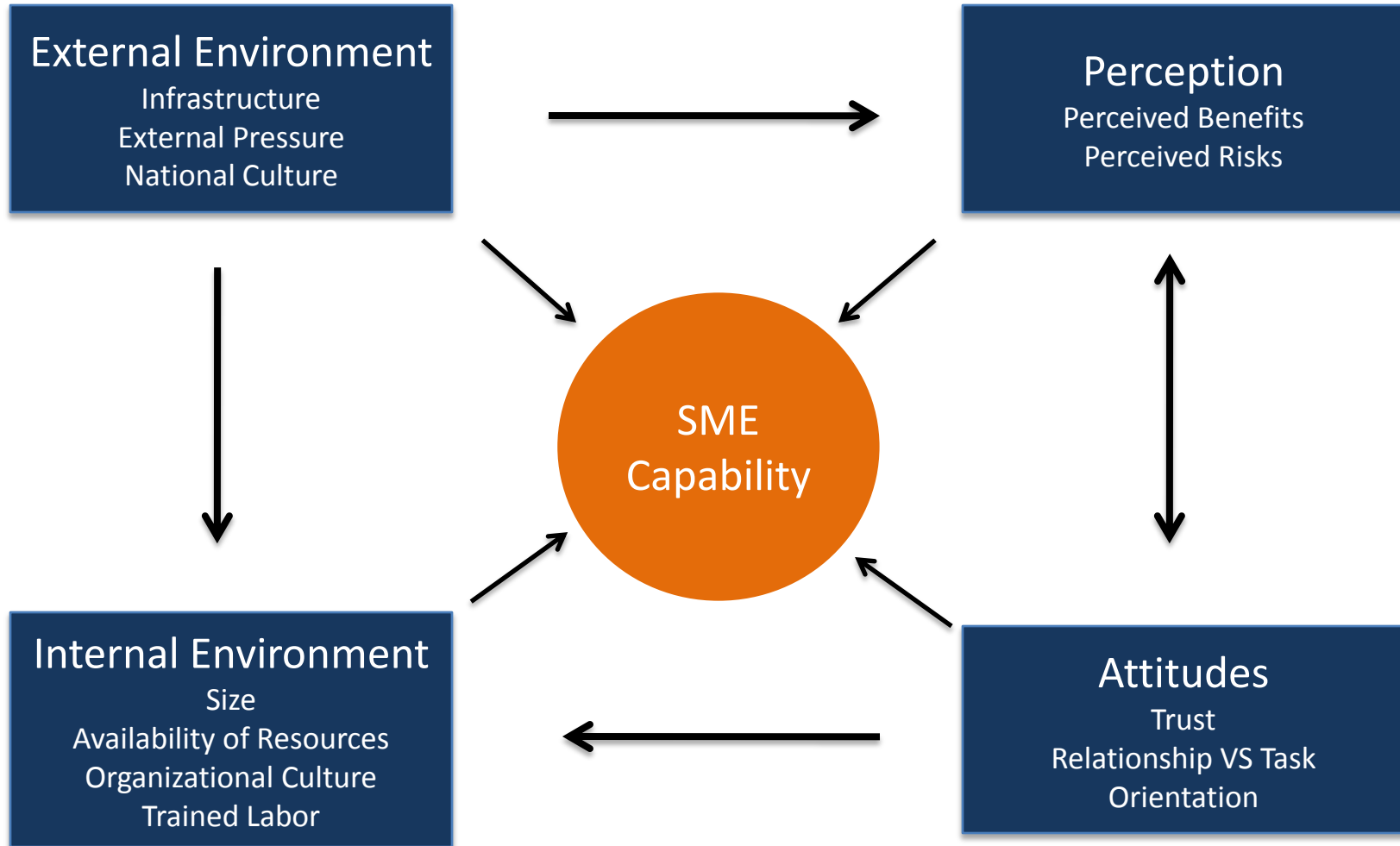




- Firms in growth phase want to expand customer base, enter new product markets & rationalize business
- SME's have embraced ICT and Ecommerce but the adoption rate is slow
- Other reasons: Lack of capital & skill personnel, Cost of Ecommerce solutions & Core structure of SME's



Personnel Department



E-Commerce Different Aspects



- Operational Aspect
- Technological Dimension
- Legal Aspect



Impact On Various Distribution Costs



	Airline Ticket	Banking	Bill Payment	Insurance Policy	Software Distribution
Traditional Systems*	8.0	1.08	2.22-3.32	400-700	15.00
Telephone-Based*		0.54			
Internet-Based*	1.0	0.13	0.65-1.10	200-350	0.20-0.50
Savings (%)	87	89	67-71	50	97-99
* US\$ per transaction					



E-Commerce Impact



- Internet based systems have resulted in heavy reduction of costs compared to Traditional systems
- Continued exponential growth of Internet coupled with growing ubiquity
- IP based application options have been able to achieve gross savings of between 5 % - 40%
- Adoption has been slow and results are unclear



Adoption Of E-Commerce

Factors

Communicational

Communication channel
Communication Amount

Environmental

Competition amongst suppliers/buyers.
Govt. pressure
Consumer readiness

Individual

CEO's innovativeness
CEO's involvement in staff skills

Organizational

Organization size
Age of firm
Top management support
Organizational readiness

Technological

Relative advantage
Cost & complexity
Security & privacy
Innovation



Emails

External Internal



Internet
Extranet/VPN

EDI

Web sites

EFT

Usenet

advantages/Challenges

Advantages

1) Market Dev.

- * Creating new business opportunities.
- * Means of providing better service.

2) Efficiency of sales & promotion

- * Online Sales operations
- * Cost reduction in advt. exp.

3) Ease of Accessibility

- * Low cost communication
- * 24 H accessibility
- * Easy access to potential customers

4) Cost reduction

- * Decrease in sales staff
- * Savings in telephone bills

Challenges

Cost Challenge:

High Installation Cost
No reduction on operating costs

Limitation in usage:

Suppliers or customers may be offline so integration issues.
Lack of legal regulations

Security concerns:

Risk of dissipation of company IP.





- E-commerce readiness
 - Number and percentage share of economic units
 - with Internet access, Web sites
 - Perceived benefits of and barriers to e-commerce
 - ICT skills
- E-commerce Intensity
 - Internet transactions: type of transaction
 - Use of Web sites
 - Proportion of firms providing electronic information services
 - Proportion of firms providing electronic marketing or advertising services
 - Percentage share of electronic transactions over all transactions





- Adoption of ICT is just a part of the story – Great importance the use of them
- On average most SME's have limited access of full range of benefits of electronic commerce
- Internet based Ecommerce offers considerable opportunities to expand, enter new product range and rationalize the businesses
- Although definition & measurement of Ecommerce is difficult, the SME's have shown impressive growth in rate of adoption



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