Launching a Successful Online Business and EC Projects

Chapter 7
Learning Objectives

1. Understand the fundamental requirements for initiating an online business.

2. Describe the process of initiating and funding a startup e-business or large e-project.

3. Understand the process of adding EC initiatives to an existing business.

4. Describe the issues and methods of transforming an organization into an e-business.

5. Describe the process of acquiring websites and evaluate building versus hosting options.
Learning Objectives

6. Understand the importance of providing and managing content and describe how to accomplish this.
7. Evaluate websites on design criteria, such as appearance, navigation, consistency, and performance.
8. Understand how search engine optimization may help a website obtain high placement in search engines.
9. Understand how to provide some support e-services.
10. Understand the process of building a webstore.
11. Know how to build a webstore with templates.
Getting into E-Commerce and Starting a New Online Business

• GETTING INTO E-COMMERCE
• STARTING A NEW ONLINE BUSINESS
• AN E-STARTUP IS A STARTUP
• CREATING A NEW COMPANY OR ADDING AN ONLINE PROJECT

1. Identify a consumer or business need in the marketplace.
2. Investigate the opportunity.
3. Determine the business owner’s ability to meet the need.
Getting into E-Commerce and Starting a New Online Business

• Some Tips for Success
  1. Do your homework.
  2. Aim for excitement.
  3. Whittle, shape, iterate, repeat.
  4. Get real.
  5. Avoid creating a gizmo.

• Cloning
Getting into E-Commerce and Starting a New Online Business

• PLANNING ONLINE BUSINESSES
  • business plan
    A written document that identifies a company’s goals and outlines how the company intends to achieve the goals and at what cost
  • business case
    A document that justifies the investment of internal, organizational resources in a specific application or project
EXHIBIT 15.1 The Cost-Benefit Elements of a Business Case

Business Case

Benefits
- Revenue Enhancement Benefit
- Cost Reduction Benefit
- Customer Satisfaction
- Improved Time-to-Market

Costs
- Recurring Expenses
  - Higher Salaries
  - Maintenance, etc.
- One-Time Investment
  - Equipment, Training, etc.

Risks
- Organizational Acceptance
- Technical Feasibility
- Customer Acceptance

One-Time Cost Reduction
- Headcount Benefit
- Recurring Cost Reduction

Political
- Employees' Resistance
Getting into E-Commerce and Starting a New Online Business

• FUNDING A NEW ONLINE BUSINESS
  • First Round of Initial Funding
    • angel investor
      A wealthy individual who contributes personal funds and possibly expertise at the earliest stage of business development
    • incubator
      A company, university, or nonprofit organization that supports businesses in their initial stages of development
Getting into E-Commerce and Starting a New Online Business

- **Second Round Fina**
  - venture capital (VC)
    Money invested in a business by an individual, a group of individuals (venture capitalists), or a funding company in exchange for equity in the business

- **Additional Funding: A Large Partner**

- **The Initial Public Offer (IPO)**
Adding E-Commerce Initiatives or Transforming to an E-Business

- ADDING EC INITIATIVES TO AN EXISTING BUSINESS
  - A webstore
  - A portal
  - E-procurement
  - Auctions and reverse auctions
  - M-commerce
  - Social commerce
Adding E-Commerce Initiatives or Transforming to an E-Business

- TRANSFORMATION TO AN E-BUSINESS
  - What Is Organizational Transformation?
  - How an Organization Can Be Transformed into an E-Business
  - Business Process Reengineering (BPR)
Adding E-Commerce Initiatives or Transforming to an E-Business

• **business process management (BPM)**
  Method for business restructuring that combines workflow systems and redesign methods; covers three process categories—people-to-people, systems-to-systems, and systems-to-people interactions

• **Software Tools for Facilitating the Transformation to E-Business**

• **Change Management**
Building or Acquiring a Website

• CLASSIFICATION OF WEBSITES

  • informational website
    A website that does little more than provide information about the business and its products and services

  • interactive website
    A website that provides opportunities for the customers and the business to communicate and share information

  • attractors
    Website features that attract and interact with visitors in the target stakeholder group
Building or Acquiring a Website

- **transactional website**
  A website that sells products and services

- **collaborative website**
  A site that allows business partners to collaborate

- **social-oriented website**
  A site that provides users online tools for communication and sharing information on common interests
Building or Acquiring a Website

• BUILDING A WEBSITE

• Steps in Building a Website
  1. Select a Web host.
  2. Register a domain name.
  3. Create and manage content.
  4. Design the website.
  5. Construct and test the website.
  6. Market and promote the website.
EXHIBIT 15.4  The Process of Building a Website

1 Select Web Host
   Select host or a vendor
   (Section 15.4)

2 Domain Name
   Get yourself or host will provide
   (Section 15.4)

3 Create Content
   What will be on the site?
   Who contributes?
   Catalog?
   (Section 15.5)

4 Website Design
   Look, colors, typography
   (Section 15.6 and Appendix A)

5 Construct Site
   Program and test the site, integration
   (Section 15.7)

6 Advertise
   Promote your site, attract visitors
   (Section 15.7)
Website Hosting and Obtaining a Domain Name

- **WEB HOSTING OPTIONS**
  - **storebuilder service**
    A hosting service that provides disk space and services to help small and microbusinesses build a website quickly and cheaply
  - **A Dedicated Hosting Service**
    - **Web hosting service**
      A dedicated website hosting company that offers a wide range of hosting services and functionality to businesses of all sizes
    - **mirror site**
      An exact duplicate of an original website that is physically located on a Web server on another continent or in another country
Website Hosting and Obtaining a Domain Name

• ISP Hosting Combined with Web Designer
  • ISP hosting service
    A hosting service that provides an independent, stand-alone website for small and medium-sized businesses

• self-hosting
  When a business acquires the hardware, software, staff, and dedicated telecommunications services necessary to set up and manage its own website
Website Hosting and Obtaining a Domain Name

- REGISTERING A DOMAIN NAME
  - domain name
    A name-based address that identifies an Internet-connected server; usually it refers to the portion of the address to the left of .com and .org, etc.
  - Domain Name System (DNS)
    A hierarchical naming system for computers, services, or any resource participating in the Internet; it is like a directory
Content Creation, Delivery, and Management

• content
  The text, images, sound, and video that make up a Web page

• CATEGORIES AND TYPES OF CONTENT
  • dynamic Web content
    Content that must be kept up-to-date
EXHIBIT 15.5  Digital Content Delivery Life Cycle

Original Sources of Digital Content
- Text, video, music
- News, scores, data
- Stock quotes, etc.

Content Syndicator
(Intermediary, content broker)

EC Portal or News Site
- General portals
- Niche sites (financial, sports)

Broadband or Dial-up ISP
Connection to Virtual Visitor, personalized content

Digital Content Delivery Optimizer
(Cache, streaming)

Website Hosting Service
(Server mgmt.)
Content Creation, Delivery, and Management

• Primary and Secondary Content
  • cross-selling
    Offering similar or complementary products and services to increase sales
  • up-selling
    Offering an upgraded version of the product in order to boost sales and profit
• Promotion
• Comment
Content Creation, Delivery, and Management

• CREATION OR ACQUISITION OF CONTENT
  • Buying Content
    • syndication
      The sale of the same good (e.g., digital content) to many customers, who then integrate it with other offerings and resell it or give it away free
  • Web syndication
    A form of syndication in which a section of a website is available for other sites to use
Content Creation, Delivery, and Management

- Really Simple Syndication (RSS)

A family of Web-feed formats used to publish frequently updated digital content
Content Creation, Delivery, and Management

• podcast
  A media file that is distributed over the Internet using syndication feeds for playback on mobile devices and personal computers; as with the term *radio*, it can mean both the content and the method of syndication
  A collection of audio files in MP3 format

• Representative Content-Related Vendors

• Content Delivery Networks
Content Creation, Delivery, and Management

- **personalized content**
  Web content that matches the needs and expectations of the individual visitor

- **e-newsletter**
  A collection of short, informative articles sent at regular intervals by e-mail to individuals who have an interest in the newsletter’s topic
Content Creation, Delivery, and Management

- content management
  The process of adding, revising, and removing content from a website to keep content fresh, accurate, compelling, and credible
  - Content Testing and Updating
  - Measuring Content Quality
  - Pitfalls of Content Management
  - Content Removal
  - Content Management Software
Content Creation, Delivery, and Management

- CATALOG CONTENT AND ITS MANAGEMENT
- CONTENT MAXIMIZATION AND STREAMING SERVICES
  - Content for Large EC Sites
EXHIBIT 15.8 Oracle Content Management

Enterprise Applications
Business processes that need unstructured content can leverage the document management capabilities of the Oracle content management solution to securely store, manage, and share electronic and paper documents.

Enterprise Search
Oracle Secure Enterprise Search uses an intuitive user interface to provide secure access to a wide range of enterprise data sources such as websites, file servers, content management systems, and enterprise applications.

Records and Retention Management
Oracle Universal Records Management enables users to apply retention policies and practices on content in local and remote repositories, including file systems, content management systems, e-mail archives, and paper-based systems.

Document Management
The document management capability of Oracle Universal Content Management allows organizations to share and distribute digital and paper documents more quickly, securely, and cost-effectively.

Information Rights Management
Oracle Information Rights Management secures, manages, and tracks sensitive digital information everywhere it is stored, inside and outside the firewall, from desktop PCs to laptops and mobile wireless devices.

Imaging
Oracle Imaging and Process Management and Oracle Document Capture enable image capture, annotation and markup, automated routing and approvals, and high-volume processing of electronic documents by enterprise applications.

Digital Asset Management
The digital asset management features of Oracle Universal Content Management allow users to store, find, and access multimedia assets and automate the creation of print-quality, Web-friendly, and thumbnail renditions.

Archive
Oracle Universal Online Archive is a scalable, manageable, and hot-pluggable onsite archiving solution that leverages the performance and security of Oracle Database to provide a reliable repository for all types of digital content.

Web Content Management
The Web content management capability of Oracle Universal Content Management accelerates the publishing of accurate, timely, and relevant Web content across multiple sites and automates the syndication of content across sites with distinct brands and languages.

Content Creation and Approval
Using Oracle Universal Content Management, Website managers can distribute the ability to author content to subject matter experts and implement streamlined content approval workflows.
Website Design

• Guidelines for a successful Website:

1. Build it for users (useful for the user, not necessarily the company).
2. Make it useful (e.g., usability test).
3. Make information easy to find.
4. Accommodate all users, including those with disabilities.
5. Build a comprehensive, responsive, and effective site.
Website Design

6. Measure the site against the best of its peer group.
7. Build trust; be up front about security, privacy, and marketing policies.
8. Assign ownership to users, but work as a team with the technical people.
9. Set priorities; do the most beneficial stuff first.
10. Watch for new developments and encourage innovation.
Website Design

- information architecture

How the site and its Web pages are organized, labeled, and navigated to support browsing and searching throughout the website
EXHIBIT 15.10 A Simple Hierarchical Website Structure

Level I
- Members Only
- Customer Support
- Investor Relations
- Product Catalog
- About Us

Level II
- My Account
- Discussion Forum
- FAQ
- Online Manuals
- Product #1
- Product #2
- Product #3
- Product #4
- Mission and Contact Info

Level III
- Shipping and Handling
- Payment
EXHIBIT 15.11 A Simple Linear Website Structure

Tutorial Introduction → Executive Summary → Business Description → Market Analysis → Competitor Analysis → Operations

- Mission Statement
- Business Goals
- Project Objectives
- Competitor Analysis Grid

Operations
Website Design

- SITE NAVIGATION
  - site navigation
    Aids that help visitors find the information they need quickly and easily
  - Site Map and Navigation
Website Design

• PERFORMANCE (SPEED)
• COLORS AND GRAPHICS
• usability (of website)

The quality and usefulness of the user’s experience when interacting with the website

• What Annoys EC Customers?
Providing E-Commerce Support Services

• WHO BUILDS THE WEBSITE?

• PAYMENTS: ACCEPTING CREDIT CARDS
  • card-not-present (CNP) transaction
    A credit card transaction in which the merchant does not verify the customer’s signature
Providing E-Commerce Support Services

- WEBSITE PROMOTION
  - Internal Website Promotion
    - signature file
      A simple text message an e-mail program automatically adds to outgoing messages
  - Web analytics
    The measurement, collection, analysis, and reporting of Internet data for the purposes of understanding and optimizing Web usage
Providing E-Commerce Support Services

• search engine optimization (SEO)
  The application of strategies intended to position a website at the top of Web search engines

• CUSTOMER RELATIONSHIP MANAGEMENT
  • Using Content to Build Customer Relationships
Opening a Webstore

- OPTIONS FOR ACQUIRING WEBSTORES
  - Build them from scratch
  - Build them from components
  - Build with templates (storebuilders)
Opening a Webstore

• **Selecting a Development Option.** Consider:
  • Customers
  • Merchandising
  • Sales service
  • Promotion
  • Transaction processing
  • Marketing data and analysis
  • Branding
Opening a Webstore

- YAHOO! SMALL BUSINESS
  - Getting Started
  - Take a Tour and See the Videos
  - Using the Templates
Managerial Issues

1. What does it take to create a successful online business?
2. Is creating a website a technical task or a management task?
3. How do we attract visitors to the website?
4. How do we turn visitors into buyers?
5. Are best practices useful?
6. What should my new business give to funders?
7. What are important factors for successful Web management?
Summary

1. Fundamental requirements for initiating an online business
2. Funding options for a startup online business
3. Adding e-initiatives
4. Transformation to e-business
5. Website hosting options for an online business
Summary

6. Provide content that attracts and keeps website visitors.
7. Design a visitor-friendly site.
8. High placement in search engines is key.
9. Provision of support services.
10. The process of building a webstore.
11. Using templates to build a webstore.