



## TenStep Supplemental Paper

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### E-commerce Strategy

SMEs and entrepreneurial ventures have to take a focused and realistic approach when designing a strategy for the Internet. Business on the Internet is not just about technology alone; it has to do more with technologically enabling business objectives. Most companies making their first attempt at e-business make the mistake of rushing in. Companies have to realize that not every e-business application and component is suitable / relevant to their context.

Companies need to first develop the functionality and efficiency necessary to support an e-initiative rather than automating the entire business at once. The following decisions are instrumental to the success of the initiative:

- **In-house or outsource dilemma**

The costs associated with setting up of the infrastructure necessary to support an e-venture can be phenomenal. Faced with the situation, most companies have two options - either develop it in-house or outsource it.

Developing it **in-house** will mean that companies will have to look at existing manpower competency and, if necessary, attract necessary talent. Retaining such employees, however, is very important and can prove expensive.

**Outsourcing** can be a sound option for companies that do not possess the required resources and competencies. This allows companies to stick to their core competency and find a partner who has core competency in the area they require.

- **Non-critical functions first**

Once the decision to outsource is made, companies have to identify the processes that will be automated. The normal reaction is to automate critical functions first and extend it to others subsequently. However, it may be better for companies to automate their non-critical functions first. This will not only help in evaluating the initiative, but also in allowing the employees to get used to the e-application. The extension of the initiative into more critical functions then becomes relatively easier.

- **Supply chain to end-consumer**

Once the internal processes are e-enabled, the companies need to integrate the backend and the front office operations. This means that the supply chain partners and consumers have to be included in the web activities. The infrastructure application, therefore, has to be extended backwards to raw materials and to the finished goods and services. It allows communicating directly with the consumers and enables building strong relationships with them.

The above stages will form the basic guidelines for any SME that is planning migration on to the net.