Chapter 2.14
Using E- and M-Business Components in Business:
Approaches, Cases, and Rules of Thumb

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ABSTRACT

This chapter discusses using e- and m-business components in supporting and enhancing existing businesses and in creating new business innovations. A framework illustrating two different approaches companies have to adoption of e- and m-business components is proposed. Three cases of how Finnish companies have, in an innovative way, used e- and m-business components to support, enhance, and launch businesses are presented. Based on the illustrative framework and the cases, some rules of thumb for using e- and m-business components in business are proposed. The aim of this chapter is to offer managers helpful insights for planning e- and m-business component investments.

INTRODUCTION

It is quite clear that electronic (e) and **mobile (m) commerce** are here to stay and that they give established companies a set of new alternatives

to conduct their businesses and opportunities for starting new companies. In general, we can characterise e- and m-commerce as the different ways of supporting and conducting business over the Internet (e) and/or with mobile devices (m). Examples of **e-commerce** can be a store operating exclusively on the World Wide Web (e.g., Amazon.com) or a company offering only very limited services through the Internet (e.g., e-mail-based reservations). m-commerce can be understood in equally diverse ways, indeed there may be a number of different definitions for e- and m-commerce which are all correct. Due to the possibility of very diverse views in understanding what e-commerce and m-commerce are, in this chapter, we refer to the application of e- and m-commerce techniques to business as using e- and m-business components.

There are, and have been, many misperceptions as to what e- and m-commerce are, about what they are not, and especially about how and how much they generate value. These misperceptions have led to a number of spectacular failures, such as those of the online grocer Webvan and the Internet clothing retailer Boo.com, which for their part have made many managers feel suspicion toward applying e- and m-business components in their companies.

The aim of this chapter is to support managers in understanding what kind of e- and m-business components would possibly suit their companies. A key issue in assessing the suitability of e- and m-business components for a company is understanding the orientation that the company has in its approach to e- and m-business components (i.e., is the company a technology- or a business-orientated e- and m-business component adopter?). Observing the different orientations of approaches of different companies to adopting e- and m-business components helps managers to better understand the orientation of their own company and may significantly reduce the risk of misinterpreting the e- and m-business component investment needs of the organisation.

It cannot be argued that e- or m-commerce would be almighty forces that guarantee success. Indeed, if such statements are made, they are undoubtedly wrong. However, there are a number of positive experiences from successfully using e- and m-business components to enhance and to revitalise existing businesses, such as the British grocer Tesco, whose online endeavour Tesco.com is profitable. Another example is the e-commerce early adopter Lands' End. There also have also been successful starts of new businesses, such as that of the profitable online community Classmates.com.

The successful applications of e- and **m-business** components are often the result of insightful innovations, more specifically, insightful innovations within the core business (idea) of the company. A business innovation can be to replace an old way of doing business with a new way, or by introducing a business idea that has never been tested before. In many successful e- and m-commerce cases, the success has often come from the insightful application of existing technology that a company has used to support, enhance, or extend its core business (Coltman, Devinney, Latukefu, & Midgley, 2001).

There is a wide amount of literature about how companies should use their competencies to gain competitive advantages and how they should go about updating their operations and ways of doing business in the changing world. Core competence thinking, usually attributed to Prahalad and Hamel (1990) is one way of characterising how companies can build competive advantage through consolidating skills and technologies within companies to core competence areas. Such consolidation is reached through enhanced communication and constructive managerial involvement in the areas, which have been identified as the strengths of the company. The basis of the competitive advantage of a company, according to the core competence thinking, can be the systematic application of the things the company does best in everything the company does.

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