

E- Commerce: Meet the Challenge or Become a Casualty

Business is conducted through communication, and communication is fueled by technology. Communication technology is rapidly evolving from the “Phone and Fax” era to the “Digital Exchange” era. The electronic conduct of business has been dubbed “E-Commerce,” which is defined as conducting business communications and transactions using computers over networks or the Internet.

Exponential Growth

With the current downturn in the technology sector and the failure of many “Dot Com's,” it may seem as if the emphasis on the importance of e-commerce may have been exaggerated, but the facts belie this view.

Recent surveys have found that:

- As many as 140 million Americans (about 50% of the nation’s population) now use the Internet regularly
- More than 17% of Americans shopped on the Web during the holiday season, up from 7% the year before.
- Estimated total online retail commerce had reached a quarterly high of \$5.518 billion, which accounted for 68% of total sales.
- The United States is expected to be the global e-commerce leader with online sales expected to reach \$3.2 trillion in 2004.

While much of the expansion of e-commerce will be business to consumer, a significant component of this growth will be generated by “B2B” or business-to-business transactions between businesses and their suppliers. Electronic Data Interchange (EDI) is required by many companies to develop EDI capabilities for online orders, shipments and inventories.

Also contributing to the growth of e-commerce is “B2C” type, business to customer. This type of exchange is certainly not limited to consumer products. Businesses are requesting quotes and placing orders electronically in dramatically increasing numbers.

The Energy Behind the Growth of e-commerce.

The underlying basis for the growth of e-commerce is its efficiency. It promotes direct transactions between buyer and seller, without the need for middlemen. It executes orders, invoicing, acknowledgements and payments instantly.

Small companies can compete more successfully with larger companies over greater distances, and can even reach out to the global economy. The advantages of expanded market access apply equally to larger companies.

E-commerce creates efficiencies that result in significant cost savings and enhanced profitability through improved supply chain management. These digital business transactions also have the potential for generating databases updated in real time that can provide accurate market trend analysis.

For virtually every small entrepreneurial business the issue is not *whether* to implement e-commerce; the issue is *how* to implement it successfully.

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