

SHWETA VERMA

Shweta Verma has over twelve years of experience in Journalism and different forms of business writing and communication. She started her mainstream journalistic career with CNBC TV18 and has, subsequently, worked with various publications such as The Asian Age, Dataquest and Businessworld. From Journalism, Shweta moved into content management and consulting roles at Infosys Technologies for the company's marketing communication initiatives. Shweta currently freelances and provides content development and business writing services for corporate websites and portals. She is an alumna of the Indian Institute of Mass Communication, New Delhi.

Shweta won The PoleStar Award titled, 'IT for Competitive Advantage', in 2001 for her article, 'e-Enablement: the enterprise gets e-ready', that appeared in Dataquest.

E-ENABLEMENT THE ENTERPRISE GETS E-READY

E-enablement has today become critical for the survival of any business. But enterprises need to strategize carefully and beware of the risks involved before they jump on to the web bandwagon.

Here's a questionnaire for your enterprise:

- Does it take so long to upgrade your systems that by the time it is done, you need to start working on the next upgrade?
- Is information difficult to find, access and manage? Are security problems getting worse instead of better?
- Are maintenance and ownership costs getting out of hand?
- Is the need to streamline internal processes becoming increasingly urgent?
- Are you unable to manage your network remotely?
- Are your system administrators spending most of their time fixing things that don't work, instead of adding new functionality?

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Towards a complete e-enterprise

The process of e-enablement of any enterprise is not merely about having a Web presence. It has evolved over the years to include many more features that would transform the entire business. A complete e-enterprise has to be ready for Supply Chain Management (SCM), Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) and many knowledge management and infrastructure management disciplines. A global survey conducted by IDC indicates that while 65% of corporates have created Web sites, only 30% of those sites are e-com enabled.

However, if your organisation is among the large IT-savvy enterprises, you would have already automated your internal business processes through ERP software such as SAP, Ban or ESS. Vijay Sethi, GM, Business Solutions, IT, Ranbaxy, explains that since Ranbaxy had already invested in SAP, it had to spend only about Rs.25 lakh on extending its functionality for the Web. Most ERP vendors today offer supply chain functionality in addition to transactional functionality. According to a NASSCOM study in India, the most commonly found business practice is to establish extranets or EDI infrastructure for an initial or learning period. This is subsequently upgraded to Internet based access mechanisms for the supply chain. A global study conducted by Gartner Group says that by 2004, 90% of enterprises that fail to apply SCM technology and processes will lose preferred supplier status and thus profitability.

Aligning business with IT

Before an enterprise implements any e-enabling technology, it is very important to work out a detailed strategy for aligning the company's business processes with its Web plans.

One needs to define the points of interaction with customers, do a cost-benefit analysis and decide what you can achieve from e-enablement. "Any enterprise trying to migrate to e-business has to first decide why it wants to go for it. It is very important to have a clear understanding of how it will implement and how it will integrate and augment its offline business," says Jain.

Till recently, the primary concern of any enterprise going for e-enablement was to get there before its competitor could. The mistake that most early entrants made was that they hurriedly went for implementation, whether or not the technology was relevant for their businesses. "Nine months back everyone wanted to move to e-business. When suddenly the market fell, most of them realized the need to align IT activities with their business," says Jain. In a rush to be there, companies had implemented half-baked plans, without the support of back-end processes.

Enterprises are gradually realizing the need to have a sustainable business model. According to Sethi of Ranbaxy, the Web approach of enterprises had become more serious over the last six months. "In fact, we started our Web initiative only three months back because we wanted to be very clear on what we wanted to achieve from it. We did not want to join the me-too bandwagon," he says.

The E-strategy

A complete e-business strategy should include

Vision	How and to what extent you want to transform your business through e-enablement
Leader	The business leader or group of leaders who will be responsible for implementing the plans
Plan	An plan or architecture that incorporates information. Processes, infrastructure, partners and people
Implementation	A realistic step-by-step strategy to implement the plan
Sourcing Strategy	From where to source the requisite skill set, people and infrastructure to fulfil the plan
Risk Management	Learn from your experience. Identify the risks and work out how you will manage them
Business Model	Identify the sources of revenue and cost structure to support your plan

Doing away with legacies

While the Internet has created opportunities for new businesses to emerge, it has compelled the traditional companies to change the way they do business. Old ways of invoice processing are being replaced by a new, more diverse order that changes the approach to trading partner relationships.

New business models have given way to electronic marketplaces, electronic catalogues and electronic bidding systems, which are creating an open-sourcing environment.

Traditional enterprises worked on a more conservative approach based on a command-and-control philosophy and limited flow of information to the outside world. E-enablement, on the other hand, demands a free flow of information and hence a need to do away with these barriers.

Studies indicate that the Internet fever has already caught on with Indian enterprises. Compelled by competition, they are all moving towards new emerging business norms. A NASSCOM projection shows that e-commerce transactions in India are expected to reach Rs 1,200 crore this year. More than 55% of corporate respondents say e-commerce transactions are now an integral part of their corporate plans.

Of these, nearly 85% are industries that did not have direct or frequent contact with end consumption. About 23% of the top 500 companies in India already have some form of e-commerce system in place. These have been facilitated either through the upgradation of existing IT systems or fresh installations configured for e-commerce transactions.

The traditional brick-and-mortar businesses no longer want to be restricted to their old fashioned ways of doing business. It's time to get rid of old legacy systems and become Net-savvy. "The new emerging technologies bring with them the best international business practices. Our company has been quite open to them," says Sethi.

B2B or B2C?

A well-planned e-model can work wonders for any business, whether it is B2C or B2B. Many of the routine business activities can be automated, which minimizes physical interaction and saves cost. In the NASSCOM survey, more than 90% of the respondents cited perceived efficiency in supply chain management as a motive for B2B e-commerce and enhanced customer service [read CRM] for B2C transactions. The other cited benefits included moving towards just-in-time management.

Samsung's IT/telecom arm, for instance, today manages a 5,000 dealer network with a staff of only 15 people. "Without such a network, it wouldn't have been possible for us to manage with such a thin staff. It's not just convenient, but also keeps our manpower cost low," says MS Bhalla, Business Manager, Samsung Electronics India Information and Telecommunications. Fortunately for Samsung, all its distributors were IT-savvy, but even in cases where all the dealers are not online, automation of even a fraction of transactions can be useful. "I can't afford to wait till all my business contacts get e-enabled. Even if 10% of them are online, I feel it is worth the effort," says Sethi of Ranbaxy. Also if you expect revenues right away, it's probably the wrong model. "We can't expect revenues to come immediately, but we can certainly be prepared for the future," agrees Rajesh Uppal, IT head, Maruti.

Not without risks

Even though projections appear optimistic, enterprises need to be more realistic in their approach. E-business is not risk-free. One cannot expect dramatic results at least for some time. It may not be difficult for a large enterprise to invest a few lakh rupees without expecting immediate gains, but for the smaller enterprise it won't be that easy. The Nasscom study has found that for the SME sector, some of the concerns with e-commerce revolve around fear of eroding their existing customer base and technical issues arising out of lack of computer expertise and the cost of necessary hardware and software.

Security is another major concern with all enterprises, whether large or small. "e-Enablement has certainly made companies more vulnerable to risk. They have started investing heavily in new technology, without having their security measures in place. You can't afford to wait till the damage is done," warns Neel Ratan, Head, Operations and Risk Management, PWC.

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- Vijay Sethi
General Manager,
Business Solutions IT, Ranbaxy

Moreover, the opportunities unleashed by the Internet cannot be fully exploited in the absence of an adequate physical infrastructure and bandwidth. The online activities will remain restricted to exchange of information and will not translate into actual business transactions till the

payment issues are addressed. Although the IT ministry has been working on cyber laws, a number of regulatory norms are yet to be tackled. Even after the mechanisms are in place, businesses will take time to get rid of their legacy systems and adapt to the new economy environment. There is no doubt that the e-enterprise has arrived and is here to stay, but it will take time before e-business can really take off in a big way.

Samsung - Business: IT / telecom products

The challenge

When Samsung decided to set up a separate company for its IT/telecom products last year, it had the problem of managing a huge business with a handful of people. Thousands of dealers located all over the country had to be monitored by a 15-member team. Besides keeping track of its sales and Business transactions, the company wanted to create a user-friendly image for its end consumers as well.

e-Solution

Being a technology company Samsung was in a better position to set up an online business for itself. Fortunately, its six main distributors were all large IT companies such as Ingram Micro, Redington and Tech Pacific, which were already Web-enabled. These distributors, which are in turn linked to several dealers, were also responsible for providing dealer info and regularly updating the database.

This e-enabled environment has helped Samsung set up a completely online B2B model. The internal SAP ERP has been extended to the supply

chain and all transactions including payments and orders are made online. Additionally, the company has also created sites to provide useful information and services to its end consumers. While buildurpc.com provides info that one needs before buying a PC, an HDD service on samsungindia.com allows consumers to avail warranty services for Samsung's hard disks.

Benefits

Without an online operation, it would have been impossible for 15 people to manage transactions with such a huge dealer network. Moreover, the company estimates a turnover of Rs.600 crore this year, an incredible Rs.53 crore per person! A number of routine inquiries and transactions, which do not need management decisions, can be tackled without any physical interaction.

This not only allows efficient resource allocation with low manpower, but also cuts Samsung can now manage its HDD business with just three days of stock. An additional value added services for consumers certainly help build the brand equity.

Ranbaxy - Business: Pharmaceuticals

The challenge

This \$465-million company, with its operations spread across 22 countries, could not afford to lag behind in connectivity in this Internet era. Although Ranbaxy had the manpower to physically handle its business transactions, it wanted to leverage the Net to further enhance its operations, improve efficiency and increase customer response.

e-Solution

Ranbaxy had already implemented its SAP ERP in August 1998 with the idea of improving business processes within the organization. It also had some kind of a Web presence. About six months back, the company decided to extend that to its business activities as well. It set up myranbaxy.com and ranbaxypartners.com for the purpose.

Although the overseas customers have already started transactions through the Web sites, in India it's still at the trial stage. Customers and vendors can see their order status, accounts and do online tracking of cargo. Orders placed online are transmitted through EDI and automatically updated in Ranbaxy's SAP network. Although a payment gateway is yet to be established, a lot of information exchange has already started happening through the Web. An interactive site called ranbaxyfordoctors.com serves as a useful resource platform where doctors can share and enhance their knowledge.

Benefits

The company estimates that at the end of its e-activity about 2,500 of its partners can be connected within India, apart from a similar number in other countries. The Web sites are already serving as powerful marketing tools and knowledge resource for customers.

Benefits like inventory reduction and cost advantages will happen gradually as it rolls out across 8 locations over the next six months. The number of stockists and dealers is so large that even if 10% of them start online transactions, the company will save a lot of costs in terms of physical man-hours.

MakeMyTrip.com - Business: Travel Services

The challenge

The company wanted to create a one-stop travel shop that would provide all travel related bookings and confirmations online. The idea was to attract foreign tourists and at the same time cater to Indian customers through a strong offline presence backed by a simple online booking system.

e-Solution

The project, which was developed in consultation with NetAcross in April 2000, involved the creation of a database with detailed information on various destinations. The online flight bookings have been enabled through the Computerized Reservation System (CRS) from Amadeus. The portal has been designed to provide all travel-related information including visa, passport and foreign exchange and services such as hotels, cars and package bookings to fulfil the needs of the travelers. There is a huge archive of photographs, videos, and maps to attract tourists.

Benefits

On the one hand, the online service makes the life of travelers easier by providing them all the required information in one place. On the other, it cuts down the amount of manual labor that would have been required to physically attend to such inquiries. The centralized database of airlines and hotels not only allows online bookings, but also enables tourists to plan their trips better. Discounts or cost benefits availed in the process can be passed on to the tourist. The traveler not only has more to choose from, but also gets other value-added services. ■■■■