PRACTICAL ASPECTS IN DOING INTERNATIONAL BUSINESS

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Chapter 7

Electronic business

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7.1. The substance of the "new" economy

E-business has become a day-to-day reality of the modern economy. Although the first virtual enterprises emerged as late as the mid-1990s, nowadays, many of them are amongst the world's largest companies. They owe this rapid growth to technological progress (especially in the field of IT and telecommunications), which paved the way for online sales to millions of firms. The Internet revolution also contributed to the emergence of the so called "new" economy, in which knowledge plays the key role.

To start with, the term "new" economy was first used to describe the economy of the United States in the second half of the 1990s, and referred to the economic prosperity experienced at that time (high GDP growth rate, increasing productivity, low inflation, low unemployment rate). Being perceived as a leader of change, the United States was quickly joined by highly developed countries of Western Europe (the United Kingdom, Scandinavian countries, Germany) and highly industrialised Asian economies (Japan, Hong Kong, South Korea). The term "new" economy was also used to distinguish between the markets from the times before and after the digital revolution.

Apparently, "knowledge-based economy", a notion defined in various ways in the literature, is a more precise equivalent of "new" economy. The OECD (1996, p. 7) defines it in very general terms as an economy "directly based on the production, distribution and use of knowledge and information". Powell and Snellman (2004, p. 199), in turn, describe it as production and services based on knowledge-intensive activities that "contribute to an accelerated pace of technological and scientific

advance as well as equally rapid obscolescence". It is worth stressing that all authors consider knowledge to be a product and a stimulant of economic growth.

The "new" economy is also referred to as a new paradigm, e-economy, cyber economy, Web economy or a digital economy. The literature in this area uses these terms synonymously. Such notions highlight a vital aspect of the "new" economy, i.e., the fact that it is a product of the digital revolution, which has also transformed society from a post-industrial one into an IT one. This context has put communication in the spotlight. Communication lays the foundations of social order and, thanks to "technologization", it was capable of introducing changes into other areas, such as business, finance, medicine, etc. (Kelly 2001, Quah 2003, Engelbrecht 2003).

Some pertinent features distinguish the new economic order from the one we had previously:

1. It is based on knowledge generated by skilled labour and educated technicians as well as conscious consumers. Knowledge, however, quickly becomes obsolete due to the pace of changes in the economy. That forces out the need to learn continuously and favours generating skills and information as well as their practical application;

2. The virtual economy is a key component of this order. Technological progress enables real, physical objects to be changed into virtual ones (virtual enterprises, offices or universities), which fundamentally changes the relationships among partners and the rules of doing business;

3. The new order is global. Trade in goods, services, flows of capital and technology have all been globalised. The Internet and other modern technologies know no borders;

4. Innovation plays a critical role and it is influenced by all spheres of social and economic life;

5. Electronic technologies and techniques designed to generate, receive, store and use information with a view to acquiring and maintaining a competitive advantage in the market are applied at a dynamically growing scale;

6. Information is continuously analysed and transmitted to any location at decreasing cost. It improves efficiency in all areas of the economy, from design, production and trade to marketing activities;

7. Enterprises are increasingly more willing to engage in business networks. Such relationships are based on cooperation, mutual trust and partners' belief that only by acting together can they be successful in the market. Thus, competition is transferred to the level of networks;

8. Value chains of individual enterprises have become disintegrated (outsourcing). That opens up collaboration opportunities to geographically distant entities, independent in terms of their ownership;

9. The consumer has become a producer. Extremely far-reaching product personalization results in a situation where the customer develops a product, selects its parameters, aesthetics, etc.

Using short terms and expressions, Peters (2005) demonstrates in a simple way how the economy has changed. To him, the transformations that have taken place totally contradict the previous order. The columns in the table below contain exact opposites: centralization – decentralization, defence – offence. Peters shows that from an organised, slow, and monotonous economy dominated with centralization, nepotism or conservatism the world is shifting towards openness, creativity, focus on knowledge and achieving goals. All these changes take place dynamically and there are no limits to them.

Table 7.1. Peters' comparison of the "old" and "new" economies

"Old" economy Socialists	**"New" economy Free Market Democrats**
1	2
Conserve	Destroy
Nepotistic hiring	Creative recruitment
Political correctness prevails	Dissent flourishes
Tortoises	Hares
Seniority	Meritocracy

Table 7.2. (cont.)

1	2
Centralize	Decentralize
Respect the administrators	Honour the entrepreneurs
Defence	Offence
"Bigger is better"	"Better is better"
Avoid defeat	Obsess about victory
Strive for uniformity	Strive for excellence
Servants of stability triumph	Masters of instability rule
Best practices	New practices
Ready. Aim. Fire.	Ready. Fire! Aim.
Order and obedience	Disorder and disobedience
Closed tomb	Fling open the windows to the "Gales of Creative Destruction"

Source: Peters (2005, p. 43).

When comparing the old, i.e., the traditional economy, with the new one we note that the latter is much riskier and unstable. Its future shape is hard to predict as it is exposed to dynamic changes from the outside. That implies a significant risk, which must be taken if an enterprise wishes to generate satisfactory profits and successfully operate in the market.

Table 7.2. Success factors in the "old" and "new" economies

"Old" economy	**"New" economy**
Foreseeable operating mode	Available to all
Balanced, based on geographical factors and capital	Changes and dynamics
Positioning	Value migration
Long-term planning	Real time action
Protection of products, markets and distribution channels	Cannibalization of products, markets and distribution channels

"Old" economy	"New" economy
Anticipating the future	Shaping the future or adapting to it
Encourages repeatability	Encourages experiments
Detailed action plans	Managing options
Structural, formal alliances	Networks of informal links
Failure aversion	Failure is expected
Effects and benefits loosely connected	Direct connection between risk and benefits

Source: Based on Bryl (2013, p. 36).

By identifying the "new" economy with information and telecommunication technologies (ICT) we divide the economy into sectors closely connected with ICT and traditional ones, although the gap in technological potential between the two is closing as a result of integration and diffusion. According to Marcinkowski (2010, p. 26), the coexistence of the traditional and "new" economy leads to innovation also in low-technology sectors, which, by definition, are not linked with the "new" economy. The ability of enterprises to transform and configure knowledge, technology and semi-products generated outside of their industry is decisive in this case. The success of high-tech enterprises involves collaboration with firms from the traditional economy. The coexistence of industries which use ICT technologies side by side with those who do not use them is becoming increasingly clear.

7.2. Definition of e-business and related terms

E-business, otherwise referred to as online business, is commonly defined as a business model based on broadly understood information and communication solutions, in particular on Internet applications. The literature devoted to this subject defines the phenomenon more precisely. For example, IBM, who was the first to define e-business, calls it a secure, flexible and integrated approach to delivering differentiated business value by combining the systems and processes that run core business operations with the simplicity and reach made possible by Internet technology (Chmielarz 2007, p. 15). In this approach, e-business becomes supplementary to traditional business operations.

On the other hand, Castells (2003, p. 90) and Kotler (2003, p. 40) stress its network aspect and claim that at the heart of e-business there is an interactive connection between producers, consumers and service providers based on the Internet and digital technologies. Thus, we can say that electronic business covers trade, marketing, logistics, production, services and financial operations, i.e., the entirety of electronic commercial transactions as well as all internal mechanisms of business organisation, which enable business to be done electronically. Moreover, it includes internal and external communication, external processes, and individual services offered to customers and partners (Kański 2005, p. 31).

Enterprises engaged in online business improve their productivity as they apply technology at all stages of cooperation along the value chain. Their higher productivity and efficiency are effects of improved business processes, better customer service and cost reduction.

We can identify four stages of online business development in an enterprise (Nowakowski 2006, pp. 35–36):

1. Presence in the network – a firm which has so far operated traditionally makes an attempt to do business over the Internet. It creates its own website to publish marketing and advertising materials. It also starts using an electronic mail system in contacts with customers and other businesses;

2. Business on-line – a firm starts using the network to interactively contact the environment, not just customers and business partners, but also to manage its employees;

3. Integrated business on-line – IT systems become integrated within the management function, there is an electronic system of receiving orders and executing commercial transactions and various systems that support ICT (network) systems such as CRM[1] (*Customer Relationship Management*) to manage relationships with customers;

4. Fully fledged e-business – the internal IT system is adapted to work on-line, all business operations are transferred to the Internet.

[1] CRM is a modern solution or a management model designed to best meet customer needs. The solution is based on building internal and external customer relations that will increase an enterprise's profit and productivity.

Electronic business is connected with more general matters such as the online economy (e-economy), IT society (e-society), online administration (e-government), online commerce (e-trade/e-commerce) as well as with some narrow areas, i.e., online banking (e-banking), Internet marketing (e-marketing) or distance learning (e-learning). Apparently, although online commerce is defined in various ways, it is the closest to the idea of online business. For example, the UN interprets it as a phenomenon covering a wide range of issues in international trade. Regulations on e-commerce cover all information in the form of electronic data used in the context of trade.

The OECD defines electronic commerce as "business conducted over computer networks, such as the Internet, with related infrastructure." Such an approach limits e-commerce only to online transactions. However, the best known definition is the one proposed by the WTO, according to which electronic commerce is about production, advertising, sale or distribution of products by electronic means. In order to classify a particular business as e-commerce it must use electronic media in contacts with its market environment (customers, suppliers, existing or potential competitors, public administration, trade unions, political parties, NGOs, the media, lobbying groups).

Electronic commerce is not only about concluding transactions over the Internet, it involves an entire spectrum of trade-related activities, such as customer service, payments and distribution. In other words, new technologies change not only the technical aspect of trade but also the relationships between the seller and the customer. Key differences between traditional and online trade are presented in Table 7.3.

Table 7.3. Differences between traditional and online trade

Criterion	Traditional trade	Online trade
1	2	3
Media	direct, face to face communication using intermediaries or documents sent by mail, through messengers, phone, fax	Internet communication dominates: electronic mail, Internet browsers, website content + links, portals and other communication tools, potentially temporarily supported by traditional media

Table 7.3. (cont.)

1	2	3
Flexibility	low flexibility, problem in shifting from one activity to another, with the change of assortment or its expansion exacerbated by numerous administrative restrictions	high flexibility resulting from the role of a market intermediary; unfortunately connected with the need to make some technical moves in the market (advertising the change, linking up to other websites, developing own website, etc.)
Business logistics	goods manufactured or stored locally, limited scope of business or the need to run many locations where goods are manufactured and distributed	business is not linked with manufacturing, goods are sent directly to the client from its own or external wholesale establishments
Sales logistics	vertical structure, a chain of intermediaries, client needs to reach an outlet which is open at specific hours	flat structures, client equipped with adequate hardware may enter into a transaction from home 24 hrs a day
Forms of payment	traditional: cash, credit card, cheque; anonymity of purchase and sales, universal use of various forms of sales, problems with the exchange of some currencies used in certain territories, generally approved level of security	other than traditional: cash on delivery, wire transfer, credit card, smart card, micropayments, electronic money; questioned universality as it requires appropriate infrastructure, security level considered lower than traditional (but continuously improved)
Sales parameters	dependence between the location of an outlet and the density of sales network and the purchase price, which is due to limited availability of goods and services. Regional differences connected with geographical location	as a result of globalisation, price competition forces out little differences in price. Price differences may be mitigated by difficult supply conditions (distance). The lowest prices are achieved in trading in intellectual assets (no custom duties, cost of transport, etc.)

Source: Chełstowski, Szewczyk (2012, p. 24).

As we have already mentioned, the term e-business is linked to the following notions:

- e-society – a society in which each citizen has access to ICT technologies (computers, Internet and other networks, phones, smartphones, tablets, servers, terminals, smart TVs), is able to use ICT to smoothly acquire credible information to best meet her/his goals, and is aware of such a possibility (Żelazny 2013, p. 9),
- e-government – using ICT in public administration is closely linked with organisational changes and the acquisition of new skills to improve the quality of offered public services, enhance citizens' involvement in democratic processes and support State policy (European Commission 2015),
- e-banking – services that enable authorised access to a bank account using electronic devices: computer, ATM, phone, terminal and telecommunication lines (Polish Financial Supervision Authority 2010, p. 5),
- e-marketing – managing and delivering marketing activities using electronic media, such as websites, e-mail, interactive TV, IPTV (*Internet Protocol Television*), and wireless media in combination with data on customers' profiles and behaviours (Chaffey et.al. 2010, p. 10),
- e-learning – a teaching method that exploits the possibilities offered by modern ICT technologies (Stecyk 2007).

In other words, e-business also encompasses the substrategies for e-commerce, e-procurement and e-organization.

7.3. The Internet as an e-business environment

The internet is a unique medium of communication and human activity, different from traditional channels of social communication. Fundamental features that distinguish it from other communication media are (Szulc, Kobylański 2014, p. 25; Korzeniowski 2012; Chełstowski, Szewczyk 2012):

- two-way impact (a user may be a sender and a recipient at the same time),

- individual message (the content changes depending on the client's needs and interests),
- dispersed topology (lack of a clear centre),
- multimedia and interactive approach (ability to convey messages in different formats, from text through speech and vision to audio-visual messages; direct supply of a bigger number of incentives stimulates memorising a product, recognising it, and it better associates a product with a particular enterprise),
- flexible times (communication is available 24/7),
- continuous improvement of offered services (detailed product description, the use of electronic payment, shortening the lead time),
- very wide scope of influence (due mainly to being a part of various media platforms: telecommunication, TV, etc.),
- selectivity (special ability to address the right message to people representing desired features).

The above mentioned advantages of the Internet are primarily relevant to small and medium-sized enterprises, which should seek development opportunities in digital business. The Internet may help them to partly level the playing field in competition with large companies. On top of that, being present in the network facilitates easier adjustment of their business offer and sharing information relevant to customers. A website enables goods to be purchased, bookings to be made, a contentious issue to be explained or appointments with a representative of a firm to be made. Internet technologies have opened access to cost-effective tools that support business activities and processes. It is possible for firms to not only reduce their operating costs but they are also able to operate at an unprecedented scale and often expand internationally.

Internet technologies facilitate business-to-business (B2B) collaboration and significantly improve business communication. Electronic B2B platforms help large enterprises buy from various, smaller suppliers instead of from some large ones. The Internet reduces the cost of communication, increases convenience and shortens response time, which is particularly important in transactions with geographically dispersed customers.

The Internet also allows companies to identify a new competitive advantage and impacts their development and business dynamics. It changes the patterns of rivalry between competitors. The problem is explained in detail in Figure 7.1, which presents components of Internet position and competitive power.

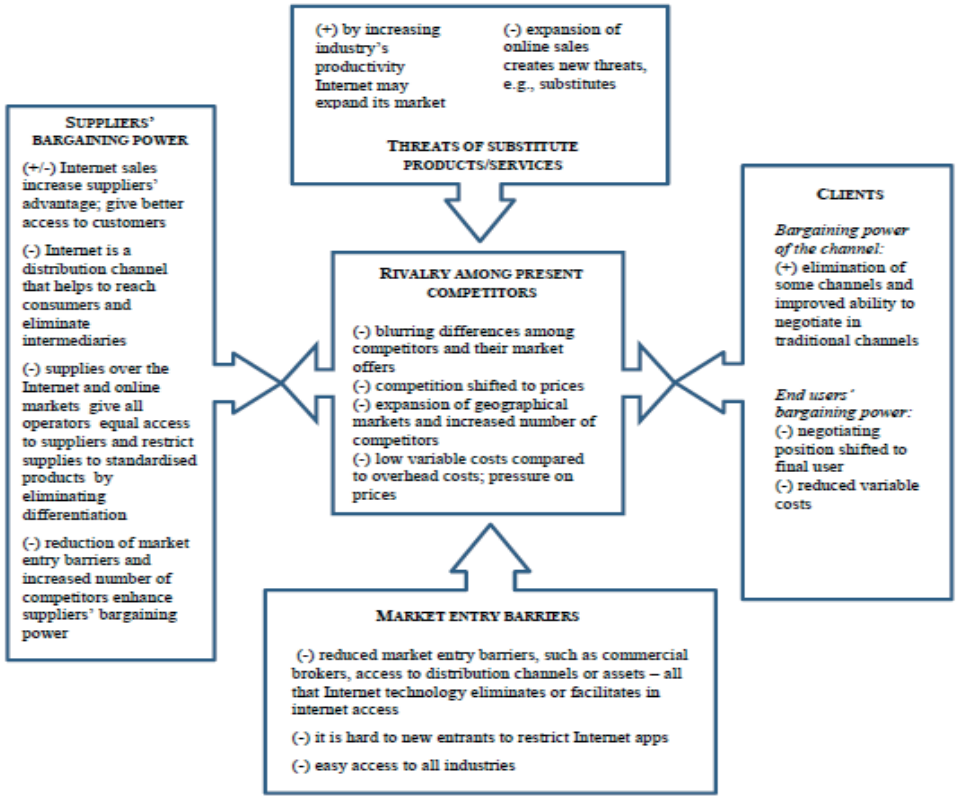

Figure. 7.1. Components of Internet position and competitive power

Source: Szulc, Kobylański (2014, p. 28)

Both in Europe and globally, the Internet is considered not only an important element of improving innovation but also one of the key determinants of powerful and stable economic growth in the times of the global economic crisis. Reports of the European Court of Auditors or the European Commission stress that the implementation of ICT technologies in business and trade is of paramount importance for the improvement of

growth perspectives and the competitiveness of economic operators in Europe. It also generates new jobs (European Court of Auditors 2014, p. 14; European Commission 2013, p. 5).

7.4. E-business models

Increasingly more firms are taking advantage of business opportunities opened up by the Internet. However, the degree to which they do so usually depends on the enterprise's profile, e.g., IT service providers are almost automatically involved. To many firms, the network is a communication tool to reach external partners, an advertising platform or an additional outlet for their goods. By implementing an Intranet, many enterprises have improved their internal communication.

The Internet and its use have substantially changed existing business models. First and foremost, they have been transferred to a virtual level; some of them disappeared, others merge and intertwine producing new forms of business operations in cyber space. The e-business model identifies ways in which any firm that uses the Internet wishes to secure profits from its operations in the network. At the same time, it specifies the mechanism in which customer value is generated and delivered within a given type of business. The model is composed of activities directly related to the network and going beyond it.

As we have already mentioned, the rapid development of e-business, mainly e-commerce, and the popularity of online purchases (see the box) have increased the number and diversity of virtual business models. Firms are looking for new solutions, actively following changes in the business environment. Nowadays, "ordinary" e-stores, which merely mirror a traditional business, stand little chance of success unless the owner undertakes risk and implements a non-standard solution or innovation. Obviously, in e-business such a move will quickly find followers, however, economic rent of a pioneer in the market may facilitate maintaining competitive advantage.

Poles' purchases online – who buys online, how often and what?
Data from the Central Statistical Office of Poland (GUS) demonstrate that in 2014, 74.8% of households were connected to the Internet and 34.2% people aged 16–74 purchased online. The most often purchased goods were sportswear and sports equipment (20.7% of the surveyed population) and products classified as other equipment (furniture, vehicles, household equipment,

garden and hobby items, tools, toys, jewellery, artworks and knick knacks – 14.2%). The smallest group of Internet users ordered films and music. Studies also show that enterprises themselves more and more often use the Internet for commerce, with almost 23.6% of surveyed firms placing orders for goods and services over the Internet while ca. 11.7% receive orders online. A study conducted by Newsweek magazine shows that young people (age group 25–34) buy online the most often. Almost 78% of them buy over the Internet at least once a quarter. In the age group 35–49 purchases online are made by ca. 76.7%, and in the age group 50+ by ca. 63.8%. Although Poles have increasingly more trust in e-commerce, they do not spend much online. As many as 78.3% spend no more than PLN 250 per month. The trend is clear irrespective of sex, age or residence. Poles shop online for two main reasons: to save both time and money. According to the respondents, the convenience of receiving goods at home and the vast selection of goods are also relevant. The opinion polls of CBOS (the Public Opinion Research Centre) show that between 2008 and 2014, online purchases grew in popularity. In 2008 those who stated they had made even a single purchase online represented one fourth of the population while nowadays almost every second Pole buys online (47%). Almost one third of Internet users have experienced selling online at least once. Young age and higher education are factors contributing to buying online. However, access to paid content continues to remain relatively unpopular. Not even one in ten Internet users decides to acquire it.

Source: *Społeczeństwo informacyjne w Polsce w 2014 r.* (2014); Rogosz (2015); CBOS (2014).

It is worth stressing that e-business models increasingly link various groups of sellers and clients even more closely[2], enabling cost reduction and mastering information flow among involved parties. In other words, these models evolve and move toward networks of linkages, in which producers, suppliers or business partners and consumers seek one another and merge dynamically, often only for the time needed to execute a business transaction or to attain other intended business goals (Nojszewski 2007). Examples of such solutions include virtual exchanges, electronic markets or value chain integrators.

[2] For example, an IT specialist who holds the ownership rights to software (application) places it free of charge on an Internet platform. His remuneration comes directly from the platform operator who charges end-users depending on the intensity with which they use particular functions of the app (standard and non-standard). At the same time, the same IT specialist receives income from the operator of advertising platform. The remuneration depends, inter alia, on the number of users who have filled out a contact questionnaire or on the demand of advertisers for a particular target group, which includes consumers using this app (see, e.g., Ministry of Administration and Digitization 2012, p. 23).

In the literature devoted to this area, we can come across many classifications of e-business models but none of them is exhaustive. The reason is that the Internet and the IT sector as such develop very dynamically constantly generating new changes, which leads to difficulties in systemising the existing e-business models. How the Internet is used in business may be one of the classification criteria, based on which we can distinguish (Szpringer 2012):

- transferred models – business models transferred from the real economy to facilitate and improve business processes, e.g., Internet shops open 24/7, which often offer a wider assortment of goods;
- innovation models – business models which could not operate outside of the Internet, e.g., browsers or other formats which use technological progress to meet clients' needs and gain a competitive advantage.

The classification of Internet business models is also based on the division into four components (Szpringer 2012 after: Wirtz 2011, p. 681 and the following; Bächle, Lehmann 2010, p. 12 and the following):

- content,
- commerce,
- context,
- connection.

Content refers to digital content, e.g., news on-line, downloading music or movies. We can find here traditional publishers and media as well as many new firms, such as Host-Service-Providers (YouTube) or Peer-to-Peer[3] services (Napster, Freenet). This segment of e-business models is an extensive one and it can be found in many sectors of the economy (e-information, e-entertainment, e-infotainment, e-education, etc.).

The second component – commerce – covers online sales and all related activities. It includes establishing business contacts and assistance in negotiating and concluding contracts (e-bargaining, e-transaction, e-retailing, e-payment, e-delivery). It brings together trade portals

[3] Model of computer network communication that grants the same authorisation to all hosts.

(esources, Covinsit), e-stores and e-malls[4] (eCrater, Amazon), as well as online auctions (e-Bay, allegro), and producers of goods and services.

The context component is about classifying and systemising information (coming from various sources), personalised from the point of view of the needs of a single customer, depending on the location or source (e.g., Google Finance, Yahoo! Finance). The most important in this component are browsers and catalogue operators (Google, Yahoo!, MSN), who enable simple and advanced searches and the indexing of Internet resources in accordance with users' expectations (e-bookmarking).

The connection component includes primarily social networks (Facebook, Twitter) and related services, e.g., the exchange of opinions about products and services, or hobby forums.

As we have already mentioned, there are many e-business models. The formats most often defined in the literature include:

- **e-shop** (online store) – one of the most basic and popular models used to sell products or services via the Internet. Its benefits include reduced operating costs, lower prices, more clients and additional outlets for goods and services;

- **e-auction** (online auction) – with the bidding mechanism as its main function. It enables a big number of bidders who do not have to be physically present in one place to be brought together. Besides traditional auctions, there are many varieties, e.g., a reverse or bidding auction;

- **e-mall** (online shopping centre) – a variety of a horizontal online shop. It brings together many online shops (independent) connected a with uniform method of payment or supply of goods;

- **e-business storefront** (online trade portal) – offers a full range of services indispensable to conduct online commercial transactions, starting with negotiating up to the final delivery. Such services facilitate business transactions to the sellers. They are either independent business establishments or are developed as a form of collaboration of firms from a particular industry;

[4] Online shopping centres. A selection of e-shops usually operating under the same logo and offering services to well-known clients. E-malls offer added value, consisting in payment methods guaranteed and universally approved by clients, which increase customer trust to online purchases. On top of that, they open up the possibility to be a part of a virtual community and presenting opinions on user discussion forums.

- **e-business enabler** (support to e-business undertakings) – a format where firms deliver their tools or competence to enable other online entities to execute business processes;
- **buyer aggregator model** – connects many independent buyers with a view to saving money. Usually the option is available only to wholesalers, who buy products and services in large quantities, however, due to the purchasing power resulting from the scale of transactions, even small clients may negotiate higher discounts;
- **e-procurement** (online purchases) – online purchases of goods and services by businesses. It is a uniform IT system that functionally covers the entire process of purchasing: from requisition, through offer inquiry, authorisation, order, delivery, up to inspection upon delivery and payment to the supplier. Offers are submitted online. Such a solution offers an opportunity to find new suppliers and additional supply channels;
- **value-chain service provider** – where a firm offers special services from the value chain, such as: R&D works, logistics, post-warranty services or online payments. The goal is to create value for the buyer, which will exceed the costs incurred;
- **collaboration platform** – cooperation among firms which supply IT tools and environment to one another. In most cases it is managed by an independent entity and rented to other businesses. Such a platform enables relatively easy entry onto the e-business market without a company needing to build its own IT solutions;
- **information brokerage** – a firm offers services in collecting and delivering information (data). The broker acts as an intermediary between information resources and the people and organisations who need the information;
- **application service provider** (making apps available over the Internet) – a firm offers software available on the Internet and collects fees for its use;
- **virtual community** – created by groups of entities focused on a particular subject or market sector. By adding and exchanging information among group members they create added value, which may

be used in Public Relations activities. A virtual community enables interactions among Internet users, who may publish or comment on the content, thus blurring the border between originators and recipients of messages;

- **advertising model** – consists in making advertising content available to attract new clients. Charges are collected from entities interested in publishing their ads on the portal. Attracting and maintaining loyal readers of such a service, who, by browsing the websites, make ads appear on the screen, and the regular delivery of information that attracts users are big challenges to owners of such a business. This e-business model is the best for portals with large numbers of visitors or a narrow specialisation;

- **affiliate model** – consists in publishing links (ads) to related websites of different e-commerce firms. Charges for such banner ads are collected when a client clicks through the ad from an affiliate and makes a purchase with a particular firm to whom the link belongs. This format includes, e.g., shopping passages with well-developed loyalty schemes;

- **general portal** – an information service expanded with various online functionalities available from one website. Usually a portal contains information interesting to a wide audience (e.g., news) and mechanisms of browsing for information in its own or external online resources. In most cases it offers additional online functions (e.g., free electronic mail);

- **vortal** – an online service that delivers information in one particular field. It may focus on economy, finance, culture, films, etc.;

- **personalised portal** – an online service that requires prior registration. By analysing a user's behaviour and habits, the software underpinning the website personalises the content addressed to this person.

These examples of e-business models are not an exhaustive presentation of all possible forms of activity available to enterprises on the Web. Many of them evolve and new ones appear due to changes in technology. Many firms operate as two-side platforms and create a common meeting place where different groups of clients get in touch and interact. Others

increasingly often apply the *cloud computing*[5] model, which has changed organisational philosophy and its physical borders or use social networks and the idea of the so called e-society to achieve their objectives. Due to their complexity, contemporary e-business models necessitate ICT technologies that support them, i.e., CRM, tools to make business processes automatic or technologies that can secure Internet transactions. However, in the age of globalisation and continuous changes in the market, fundamental features remain unchanged: innovation, flexibility, openness and generating stakeholder value.

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Under the conditions of the modern economy, increasingly more firms treat ICTs, and the Internet in particular, as a working environment. This is especially true of online businesses, which apply ICTs in all relevant business areas, e.g.: finance, commerce, organisation, logistics, marketing, and advertising. The possibilities offered by e-business are powerful tools in the hands of contemporary entrepreneurs. A good idea may become the source of spectacular success as proven by the cases of, e.g., Amazon, Google, Facebook, YouTube or Allegro. Enterprises that want to be recognised must be present on the Internet, in particular when, to many customers, firms absent from the Web do not exist at all.

The network-based economy has also changed market relationships, which can be observed in the shifting of the "centre of gravity of power" from sellers towards buyers (Sagan 2013). That is due to rapid communication and easier access to information, as asymmetry in this respect has been significantly reduced. The Web-based economy developed new business models characterised with: 1). high flexibility accompanied by continuous improvement of operations using digital technologies, and 2). dynamism, meaning the risk of emergence of new participants and competitors in the market. Thus, the competitiveness of an enterprise in the modern world depends not only on physical resources but,

[5] NIST (*National Institute of Standards and Technology*) defines *cloud computing* model as a "model for enabling network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services) that can be rapidly provisioned and released with minimal management of implementing teams in organisations, including service providers" (NIST 2015). In other words, it enables the use of IT resources available outside of the physical location, hence we may call it a new form of IT outsourcing in an organisation. It covers mainly dynamic access to hardware infrastructure, platforms and software via the Internet as well as infrastructure management by service providers in the "cloud".

primarily, on knowledge, innovation, human resources or flexible organisational structures.

Online trade in goods and services is one of the most popular e-business models. For more than a decade we have been observing the dynamic development of e-commerce across the globe and in particular in Poland and in the European Union Member States. It demonstrates the huge potential of this area of the economy and its increasing relevance. To many large companies, getting involved in e-commerce is a must if they wish to maintain their market position, while to small ones it may become an opportunity to grow. According to eMarketer, an increase in the global B2C (business-to-consumer) e-commerce market is expected to reach 17.4% annually over the period 2014–2017 (www.emarketer.com, 2015). We may thus suppose that to be successful a business must go online. Opportunities offered by ICTs are great and they should be exploited much more intensely.

Questions and assignments

1. Identify the major features of the "new" economy".
2. Explain the importance of information and communication technologies to e-business.
3. Identify the differences between traditional and online trade.
4. Describe the selected e-business models.
5. Name the companies successful in e-business. Explain the success factors of a selected enterprise.

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Running a business on an international scale requires not only a substantial body of knowledge but also the ability to apply it in practice. That is why our textbook, with a vast collection of practical examples, discusses a wide variety of pertinent issues connected with business operations in international markets, from international market analysis, drafting business plans, concluding business transactions and the insurance of goods through to customs clearance procedures and professional etiquette. We also explain the specificity of doing business online.

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