Chapter XVI

Linking E-Commerce Strategies with Organizational and IS/IT Strategies

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ABSTRACT

E-commerce strategies are not easy to create or deploy. The environmental uncertainties and the dynamics associated with the strategic context make it all the more important for organizations to carve out a clear e-commerce strategy. Such clarity is desirable to ensure that organizations not only not lose out on new opportunities, but also that they take the requisite steps that are necessary to remain viable players in their existing value chains—that are slowly morphing into value webs or constellations. There are multiple typologies of e-commerce strategies. In the e-commerce context, strategies are closely related to the notion of "business models" (to the extent that they are used interchangeably also). In this chapter, we will seek to understand the essence of e-commerce in a strategic context. We will also develop a framework to understand e-commerce and relate that to theories and case studies. We discuss the state of knowledge in e-commerce strategies and understand how developing and deploying an e-commerce strategy is like chasing a moving and changing target.

INTRODUCTION

The subject of e-commerce strategy is complex and is slowly evolving. I define an e-commerce strategy as an action plan (often long-term) directed at leveraging Internet-based economic opportunities to achieve a set of existing organizational goals or goals that are created as a result of internet-based opportunities. Hence, developing e-commerce systems has not yet acquired the status of being a well-planned activity in most organizations. With the growth, and subsequent demise, of "dot-coms," most brick and mortar organizations were, in more ways than one, *forced* into responding with their own dot-coms. In spite of the demise of many "pure" dot-coms, traditional organizations have realized that the Internet has altered the business environment permanently. As a result, the ability to conduct business transactions on the Internet (e-commerce) has assumed significant implications for almost any business.

In spite of this realization many organizations still lack a clear e-commerce strategy. This is because of the emergent nature of e-commerce itself. However, the sooner an organization is able to delineate an e-commerce strategy, the better it will be able to respond to the ever increasing variety of options that the potential of e-commerce throws up on a continuous basis. Most first-movers in the e-commerce arena have continued to reap the benefits of taking the risks associated with Internet-enabled business models. Yet, some could not escape corporate mortality. For this chapter, we have decided to concentrate on organizations that chose to not be the first movers and adopted a wait and watch approach. This may prove to be a less effective strategy, given that the barriers to exit and entry as attributed to Internet *technologies* have proved to be nearly non-existent—and that developing inimitable value propositions assumes technology to be necessary but not sufficient. Being a first mover may have helped in the past. However, it seems that successful e-commerce companies follow the same model as traditional companies: they offer a better product or service or a better price or more convenience, they offer something unique that cannot be found "off" the web, or they have developed some transactions that make them more efficient in their operations or for their customers. Our focus, therefore, will be on traditional organizations that use the Internet to complement their existing business as also to seek new opportunities.

Many organizations have not yet reached the stage of realizing profits from e-commerce because they are feeling their way through the initial stages of e-commerce policy. Such a lack of integrated strategy inhibits many organizations from realizing the full potential of e-commerce. How such a strategy that is developed relates to both operational and financial issues (Venkatraman, 2000) and will, to a degree, determine the combination and emphasis of different e-commerce initiatives.

This chapter is organized as follows. The chapter provides a conceptual foundation of e-commerce from an information systems standpoint. In doing so we clearly outline the need to keep in mind the multi-dimensional perspective that e-commerce lends itself to. Next, we argue that viewing e-commerce systems from as IS standpoint allows us to gain insights from past research in IS/IT strategies. Once we have shown how we can employ hindsight to meaningfully move ahead and we outline generic IS/IT strategies that can be used to start thinking about e-commerce strategies. The following section introduces three issues that can help us understand how organizations differentiate their generic e-commerce strategies. This section uses case studies to highlight each of the three issues of time compression, externalities and the presence of multiple players. The

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