

### CASE PROBLEM-1

Q.1. Home Foods Pvt. Ltd. deals in grocery items of daily domestic usage. Its business is spread throughout Delhi. The company's 20 stores are providing their services to the residents of Delhi. All the business activities of this company are done through internet. Its main activities are obtaining information about goods, receiving orders of goods, making payments, receiving payments, inventory management, product development, etc. The use of internet in the business activities has resulted into reduced costs of business transactions. The customer also can shop sitting at home or office. They can access the internet to buy goods and services. The use of internet has considerably reduced dependence on paper work for the company.

- (a) Which system of business is being followed by Home Foods Pvt. Ltd.?  
(b) State any three benefits of the system of business identified in (a) by quoting the lines from the above para. 4 marks

Ans. (a) The company is following e-Business since it conducts all business activities using the computer networks, i.e., through internet.

(b) Benefits of e-Business:

(i) Reduced costs

*"The use of internet in the business activities has resulted into reduced costs of business transactions."*  
e-Business can help reduce advertising cost, exchange of information cost, delivery cost, etc.

(ii) Customer convenience and satisfaction

*"The customer also can shop sitting at home or office. They can access the internet to buy goods and services."*  
Customers need not stand in a queue to talk to salesman or to read catalogue and price-lists. They can access the internet to buy goods and services. Payments can also be made online. e-Business allows quick response and redressal to customer complaints. This helps to increase customer satisfaction.

(iii) Movement towards a paperless society

*"The use of internet has considerably reduced dependence on paper work for the company."*

Even the government departments and taxation authorities are increasingly following electronic filing of returns and reports.

### CASE PROBLEM-2

Q.2. Unique enterprise is dealing in auto spare parts. With the expansion in business the enterprise found that the decisions are delayed and level of coordination is coming down. The CEO of the company called for a meeting of all the managers. Ayush, a newly appointed manager suggested that company should have its own internet so that all the employees can interact and pass important information to each other through internet. Even short meeting of different departments can be conducted through Video conferencing to take fast action. The CEO liked the idea and installed an internet connection for connecting all the employees on line.

Which type of e-commerce is suggested by Mr Ayush? Explain.

3 marks

Ans. Intra-B Commerce

Here, parties involved in the electronic transactions are from within a given business firm; hence, the name intra-B commerce.

Intra-B commerce makes it possible for the marketing department to interact constantly with the production department to get information about customer requirements.

Intra-B commerce makes it possible for the firm to reap advantages of efficient inventory and cash management, greater utilisation of plant and machinery, effective handling of customers' orders and effective human resource management.

### CASE PROBLEM-3

Q.3. Mr. Mohan wants to buy a new sofa set for his house, but he did not have enough space to keep it. He planned to sell the old sofa through OLX, so that he could get some surplus money and space for new sofa set. He got a very good response and out of many buyers, he chose the buyer who gave him the best price.

Identify and explain the type of e-commerce referred to in the above case.

Ans. C2C Commerce

3 marks

Here, the business originates from the consumer and the ultimate destination is also consumer.

This type of commerce is best suited for dealing in goods for which there is no established market, e.g., selling used books over the internet.

Another important C2C area of application is the formation of consumers' forum and pressure groups (e.g., Yahoo groups). An aggrieved customer can share his experience with a product/service/vendor and warn others by just writing a message.

### CASE PROBLEM-1

Q.1. Geeta Publishing Pvt. Ltd., publishing books, is a very old company. All its business activities are conducted in a traditional manner. Recently, Mr. Sudheer Gupta was appointed as the Chief Executive Officer (CEO) of the company. He watched all the activities of the company from proximity. He noticed that the company was doing several activities which could be got done from outside at a less cost and in a much better way. He held a meeting of all the managers of the company and it was unanimously decided that the company would focus its attention only on the Core Specialisation Areas and for the remaining activities the services of the specialised companies from outside will be hired. This decision was implemented with immediate effect.

(a) Which two concepts did Mr. Sudheer Gupta give effect to?

(b) Give two examples each of the concepts identified in (a).

3 marks

Ans. (a) Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO)

(b) Examples of BPO services:

(i) Financial services, e.g., issue of shares and debentures, raising loan from financial institutions, etc.

(ii) Advertising services, e.g., designing the advertising copy, select the media of advertising and arrange time and space for advertising.

Examples of KPO services:

(i) Investment research services

(ii) Legal process outsourcing

## CASE PROBLEM-2

Q.2. Vishal Khanna Jewellers does retail business of jewellery at a very large scale. The firm has to pay a lot of attention to advertisement. The owners of the firm are aware that if they spend more time on advertisement, some other important activities are left pending. One of the partners of the firm suggested that if the job of advertisement is handed over to some Advertising Company, they might be relieved of that important activity. By doing so, they will get benefit of specialisation and their expenditure on this activity will be less also. The firm implemented this, which gave favourable results.

- (a) Identify the emerging mode of business discussed in the above para.
- (b) Also explain any three other non-core business activities which can be done from outside organisations.

4 marks

Ans. (a) The emerging mode of business is - 'Outsourcing of Services'. In this case the firm is outsourcing the advertising services.

(b) Three other non-core business activities which can be outsourced are:

- (i) Financial services: Business firms outsource their financial activities like issue of shares, issue of debentures, raising loan from financial institutions, investment of funds in securities, etc. These financial activities require specialised knowledge which a business firm may not have.
- (ii) Courier services: Courier services work as private specialist postal service. There are a number of courier services who carry business letters, parcels and goods to various destinations at comparatively cheaper rates with safety.
- (iii) Customer support services: Customer support services are after sales services, *i.e.*, handling diverse complaints from their customers. Now-a-days, various business firms do not maintain their own service departments but they hire the services of some outside agencies who carry out the customer support services.

### CASE PROBLEM-3

Q.3. A Ltd. outsources several services instead of doing them itself. Among these services are included advertising service, courier service, etc. Similarly, B Ltd. is getting some services done by other firms such as research and development, business and technical analysis, etc.  
State, giving reasons, whether the services being outsourced by both these companies are the same. 3 marks

Ans. No, the services being outsourced by A Ltd. and B Ltd. are not the same.

The services being outsourced by A Ltd. are known as Business Process Outsourcing (BPO). It means getting some routine or general services done from outside the business, so that the business may be run successfully at the minimum investment.

The services being outsourced by B Ltd. are known as Knowledge Process Outsourcing (KPO). It means getting the services requiring high-end knowledge done from outside the business.

Q.4. Why are e-business and outsourcing referred to as the emerging modes of business? Discuss the factors responsible for the growing importance of these trends. 6 marks

Ans. **e-Business:** Electronic business (e-business) means conducting industry, trade and business using the computer networks. It offers the convenience of 24 hours a day × 7 days a week × 365 days a year business.

**Outsourcing:** It means contracting out non-core and routine activities (in which a business firm does not have expertise) to outside agencies with a view to benefiting from their experience, expertise and efficiency.

The newer modes of business (*i.e.*, manner of conducting business) – e-Business and BPO are not new business, but simply the new ways of doing business. Interestingly, the two trends of e-business and BPO are continuing to evolve, and that is why these are referred to as the 'Emerging Modes of Business'.

**Factors responsible for the growing importance of e-business and outsourcing:**

- (i) Global competitive pressure
- (ii) Lower prices
- (iii) Speedier deliveries
- (iv) Better customer care
- (v) Emerging technologies
- (vi) Ever-growing demands of consumers for better quality products.