Electronic Commerce for SMEs

Small and Medium Enterprises (SMEs) are widely regarded as the powerhouse of the European economy and making advanced communications services accessible and acceptable to them is seen as crucial to future prosperity. Electronic commerce is potentially the most immediate of these services because it offers SMEs the opportunity to cut the costs of transactions and trade globally rather than locally.

The ACTS (Advanced Communications Technologies and Services) programme is the focus of the European Union’s research into future communications technology. A number of projects within that programme have studied how electronic commerce can be made accessible to SMEs. A guideline produced by these projects ‘Guideline on Electronic Commerce - Access for SMEs’ identifies the barriers to the early adoption of Electronic Commerce by SMEs and suggests ways of overcoming them.

Electronic Commerce and SMEs

The guideline proposes a five stage model for the development of Electronic Commerce for SMEs.

Awareness: The first stage is SME awareness of the existence and potential of electronic commerce. This has probably now been achieved, in that awareness is probably now above the threshold needed to sustain growth.

Access: Once SMEs are aware of E-Commerce they need to have access to it. Key elements of access include:
- Service Provision - moving towards the ideal of Universal Service provision
- Appropriate Tariffs - which may involve cost-sharing networks for e.g. high bandwidth access
- Facilitation - particularly for new (or new-to-SMEs) technologies.
- Commercial agreements - not just with Telcos but with e.g. ISPs and Credit Card/Smart Card companies - this includes issues of interoperability.

Ability: Training is an important issue. It should encourage the definition of attainable objectives and discourage excessive or unreasonable expectations.

Aims: SMEs need to identify clear objectives for E-Commerce, such as:
- A product to sell
- Knowledge to acquire
- Facilitating co-operative work with partners
- Overcoming geographical isolation

It can be argued that the real benefits of E-Commerce will come from activities that are unthinkable in conventional commerce but SMEs are more likely to sign up for incremental improvements to their existing processes.

Achievement: This forces attention on "benefits" rather than on "features" of E-Commerce. It is not enough to think of achievement in terms of profits alone: other benefits include:
- Professional success i.e. quality of work
- Personal success: enhancing the quality of life of staff
- New jobs: stabilised jobs; and/or enhanced jobs
- Strengthening SMEs by creating business networks
**Facilitating E-Commerce Access for SMEs**

The guideline recommends a number of initiatives to players interested in promoting the rapid uptake of electronic commerce by SMEs.

- **Move towards Universal Service Provision** in Public Switched Telephone Networks; in GSM, and in higher bandwidth services such as ISDN, ATM, and cable-to-this-home services. Gaps should be filled with alternatives such as radio local loop.
- **Ensure that SMEs can overcome tariff barriers** to access by, for example, the use of cost-shared access to new technologies.
- **Encourage technical interoperability** based on appropriate de-facto benchmarks for commercial best practice.
- **Encourage commercial interoperability** based on models such as the commercial interoperability models of GSM telephony. Essential building blocks may include smart card standards and electronic purse standards, together with financial clearing systems and transaction settlement operations. Over-reactive regulation or legislation could slow down these activities.

**Developing an SME Intranet**

This will involve addressing issues such as:

- commercial interoperability arrangements in respect of I.P.R.;
- non-disclosure agreements
- firewall standards
- normal inter-company commercial agreements.

As electronic commerce becomes more widely used, the responsibility for payment and financial security is likely to move downstream towards the SME. ISPs and Telcos may need to become more involved in the financial transaction, since they already have a financial relationship with the SME user for clearance and settlement of accounts. This is likely to involve more focus on smart card standards for security (in the financial sense) and payment. The technical standards in use will mirror those of the SME's intranet.

**Conclusions**

The ACTS guideline 'Guideline on Electronic Commerce - Access for SMEs' identifies the barriers to the early adoption of Electronic Commerce by SMEs and suggests ways of overcoming them.

Management summaries of the ACTS guidelines can be found at [http://www.actsline.org](http://www.actsline.org)
Full texts can be downloaded from: [http://www.infowin.org/ACTS/ANALYSYS/CONCERTATION/glindex.htm](http://www.infowin.org/ACTS/ANALYSYS/CONCERTATION/glindex.htm)

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