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Applying Digital Business to Business in Finland

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Thesis abstract

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The study aims to research about applying digital business into a business to business (B2B) firm in Finland. E-commerce has developed in terms of B2B commerce and generates huge revenue for companies. The main objective of the study is to find out whether B2B e-commerce is beneficial for small and medium enterprises (SMEs) in Finland.

The thesis is divided into two parts: the theoretical part will review digital business to business model and the empirical part will propose an implementation plan based on the theories into a Finnish SME firm.

In the theoretical part, the concepts of digital business and electronic commerce is defined. Understand the advantages, disadvantages and classification of both terms gives firms a fundamental knowledge. The theories related to B2B e-commerce types, its characteristics, its benefits and limitations are discussed in the framework.

In Finland, not only the big firms but also small and medium enterprises (SMEs) begin to integrate e-business into their B2B commerce. In the empirical study, an implementation plan is proposed to Asimart AY, a start-up grocery store in Seinäjoki. The empirical part focuses on researching the B2B e-commerce market in Finland, analysing the company's situations to find a B2B e-commerce solution for the company. Recommendations are also given for Asimart AY when executing the plan.

In conclusion, results of the study will be evaluated. The research validity and reliability are also discussed in this part. Lastly, the author will express his reflection when doing the study and also the possibility of future researches.

Keywords: digital business, e-business, e-commerce, business to business, SME, Finland.

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Terms and Abbreviations

B2B	Business to Business
Desktop purchasing	purchasing directly from internal marketplaces without the approval of supervisors and without the intervention of a procurement department
Direct materials	Materials used in the production of a product
eB2B	Electronic Business to Business
E-business	Electronic business
EC	European Commission
E-commerce	Electronic commerce
EDI	Electronic Data Interchange
E-procurement	The electronic acquisition of goods and services for organisations
ERP	Enterprise Resource Planning
EU	European Union
Extranet	A restricted network that allows controlled access to a firm's internal information to authorise the firm's customers, suppliers, partners, etc. by connecting them to the firm's intranet
Horizontal marketplaces	Markets focus on a single service, a material or a product that is used in all types of business
Indirect materials	Materials that support production
Maverick buying	Unplanned purchases of items needed quickly, often at non-prenegotiated higher price

MRO	Maintenance, repair, and operations
Omni-channel	Seamless and effortless, high-quality customer experiences that occur within and between contact channels
Online intermediary	an online merchant stands between buyers and sellers
Procurement management	The planning, organising, and coordinating of all the activities relating to buying goods and services needed to achieve organisation's task
R&D	Research and development
Sell-side e-marketplace	a business sells goods and services to other business customer(s) from e-catalogues or auctions, frequently over an extranet
SME	Small and Medium Enterprise
Spot buying	purchase of the goods and services needed, usually at market prices, which are driven by supply and demand
Strategic sourcing	purchase made that depends on long-term contracts
Vertical marketplaces	markets deal with one single industry or industry segment

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1 INTRODUCTION

The purpose of this study is to research about applying digital business to Business to Business (B2B) model in Finland. The thesis will discuss theoretical background and current situation of digital business market in B2B commerce in Finland. The empirical part of the thesis is going to define firms' situations by analysing their strengths, weaknesses, opportunities, and threats in this field. It will also look for the solutions for Finnish small and medium enterprises (SMEs) in e-commerce and give some recommendations for these firms.

1.1 Research question

The thesis will answer the research question whether it is beneficial to apply digital business in B2B commerce in Finland. It will also give firms solutions for their current business and projects.

Most of the firms in Finland that are working in online B2B are small and medium enterprises. Therefore, the thesis will focus more on these firms. Also there are a lot of potential in applying digital business, especially in B2B. From the research's solutions and recommendations, firms are able to understand the situation better and take advantage of the knowledge in practice.

1.2 Research methods

To find the solution for the research problem, mixed research methods are used. The theoretical framework consists of study materials and online sources. Meanwhile, the empirical part will be built on a case study and the data will be collected by using qualitative methods such as semi-structure interview and documents analysis.

According to Yin (2009, 4), case study is an empirical analysis about a current phenomenon based on its real-life context through evidence – especially when the context and phenomenon are not really visible. Researchers use case study method to

get an in-depth understanding about an existing company or fact. However, since a case study is not generalized, it could not be valid in every situation.

Semi-structure interview is a method which helps researchers gather more specific information through the interviewee. The interviewer could follow up their initial questions to have a better understanding or to get more information. The advantage of this method is to enhance the findings and to gather more detailed information. Also the comparison between interviewees' answers will stand out, enriching the research. Even though, the disadvantages of this method is that sometimes it might bring out more information than needed or get the interviewer lost. The method is also not generalized and could only focus on a specific target group (Hair Jr. 2011, 191).

The author understands about the lack of generalisation of the methods. Despite the fact, focus on studying only a case company will deliver the most practical evidence for the theoretical framework.

2 DIGITAL BUSINESS TO BUSINESS COMMERCE

To understand the concepts behind doing digital business in B2B model, it is necessary to review these related terms: digital business (or electronic business), electronic commerce (e-commerce), and business to business model.

2.1 Digital business

In 2013, after almost 20 years of its establishment and developing, the Internet has over 1 billion users globally. Internet users as people, companies, and governments contribute around \$13.5 trillion to the world's economy (Laudon & Traver 2014, 46). The rapid change of technology and its application in business leads to changes in the concepts. In addition to the term "e-commerce", a new term is used: "e-business" or "digital business" (Chaffey 2004, 5). In this part, the author will define both terms, explain their differences, and analyse the advantages and disadvantages of e-commerce.

2.1.1 Definitions

There are many definitions concerning electronic business. According to Chaffey (2004, 10), electronic business or digital business is all digital information transferred inside and outside of the firm with partners who are related to its range of business. It aims to increase firm's competitiveness by exchanging information and technology throughout the organisation or its partners and customers. Laudon and Traver (2014, 50) argues that electronic business is the process of exchanging information occurred only inside an organisation. E-business does not cover electronic commercial transaction beyond the boundaries of the firm's business. It can be seen that both terms share the common definition of e-business as the digital information exchange that happens in a firm. The difference between them lays in the border of the exchange, whether it takes place only inside or both inside and outside the organisation. Nonetheless, Chaffey's definition covers a broader view of e-business, which helps distinguish e-business and e-commerce.

From the concept of e-business, the understanding of e-commerce is fundamental. Laudon and Traver (2014, 50) explains e-commerce as commercial transaction happens through digital tools between and among organisations and individuals. It adds that these digital tools are the Internet, the Web, and the mobile apps. The authors also mention that commercial transactions involve the exchange of value between the participations. The border of the term e-commerce lays on its characteristic. Chaffey (2004, 7) also agrees with this concept when he describes electronic commerce is the exchange of information between a firm and its suppliers, customers, and partners electronically. Even so, e-commerce is not as simple as many have thought. It is not selling and buying online only, it includes much more than “financial exchanges” between firms and customers. Many researchers refer to e-commerce as including the pre-sale and post-sale activities across the supply chain (Chaffey 2004, 7 according to Zwass, 1998 & the UK Government Cabinet Office, 1999). In general, the boundary of the concept e-commerce is controversial. Chaffey’s view of the definition is broader and more widely accepted.

2.1.2 Differences between e-business and e-commerce

To clarify the two concepts e-business and e-commerce more clearly, it is important to define the differences between them.

Figure 1 (according to Chaffey 2004, 9-10) shows 3 viewpoints of the relationship between electronic business and electronic commerce. Chaffey states that figure 1(c) is the most realistic one since it is relevant to his concepts’ boundaries. He argues that e-commerce can best be assumed as a subset of e-business. The reason is that e-commerce does not cover much of the exchange information inside a business, which is included in e-business boundary. He later adds that figure 1(b) could be practical based on the implementation and purpose in different business.

On the other hand, Laudon and Traver (2014, 50-51) supports the idea of figure 1(a). These authors explain that, e-business indicates the transactions and processes inside a firm, when e-commerce takes the transactions across the boundaries of the firm’s business. However, there is a blur point where e-business and e-commerce join together at the firm boundary. This occurs when the internal business

links up with the suppliers or customers. The transition happens when an exchange of value takes place.

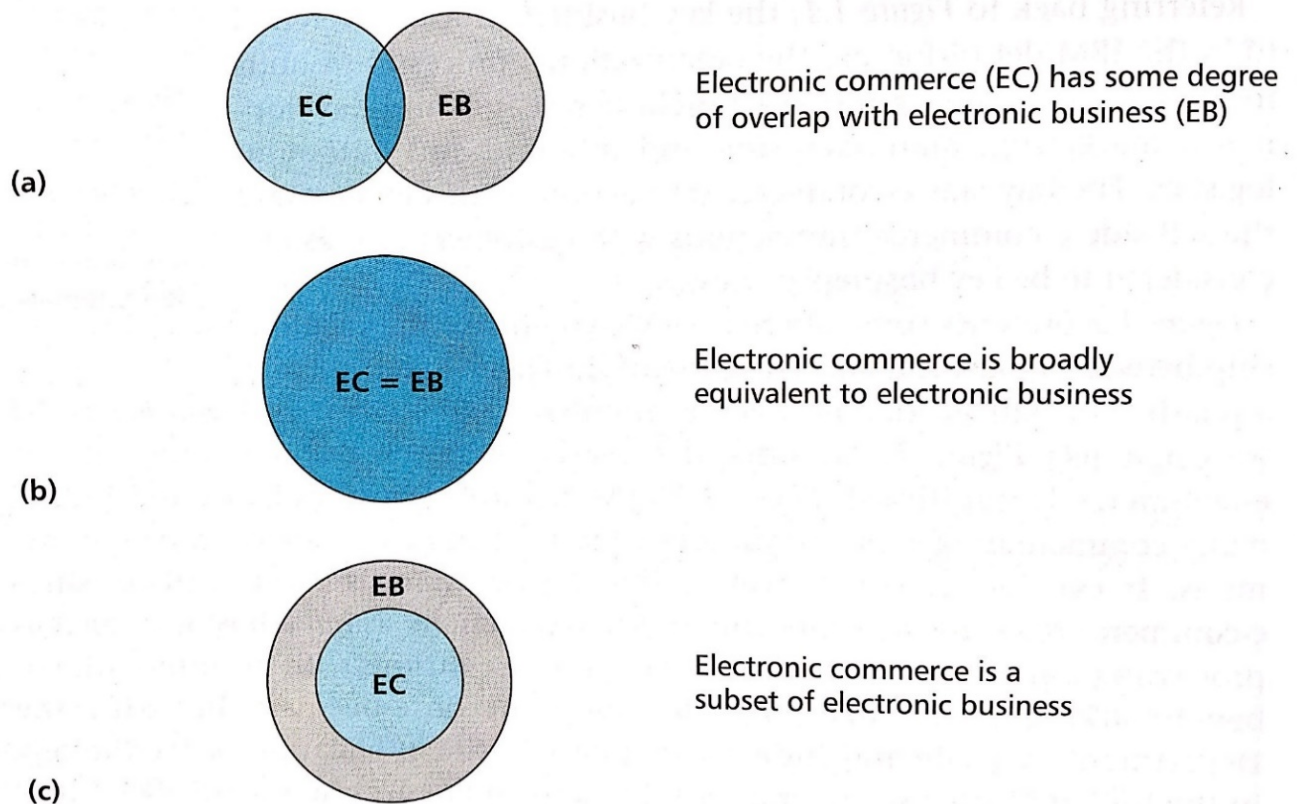


Figure 1. Three definitions of the relationship between e-commerce and e-business (Chaffey 2004, 10).

In this thesis, the definition and distinction of e-business and e-commerce by Chaffey is more acceptable and is applied. The reason is that Chaffey's concept is broader and easier to understand the definition and boundaries of the two terms. In conclusion, e-commerce is a subset of e-business, which include the transactions outside a firm's business boundary. E-business, meanwhile, covers most of the digital related exchange information both inside and outside the firm.

2.1.3 Buy-side and sell-side e-commerce

Buy-side e-commerce refers to transactions taken place between a purchasing firm and its suppliers. For instance, to make the iPhones, Apple has to buy compartments, such as processing chips, from many suppliers. The transactions, under Apple's context, are defined as buy-side e-commerce.

Sell-side e-commerce refers to transactions occurred when a firm sells products or services to its buyers. For example, Apple sells iPhones for their customers. In this case, Apple becomes the seller. Under Apple's perspective, the transactions between the company and the customers are called sell-side e-commerce.

An e-commerce transaction could be considered in two perspectives: buy-side when it is related to the buying firm, and sell-side when it is regarded to the selling firm. Figure 2 illustrates the distinction between buy-side and sell-side e-commerce.

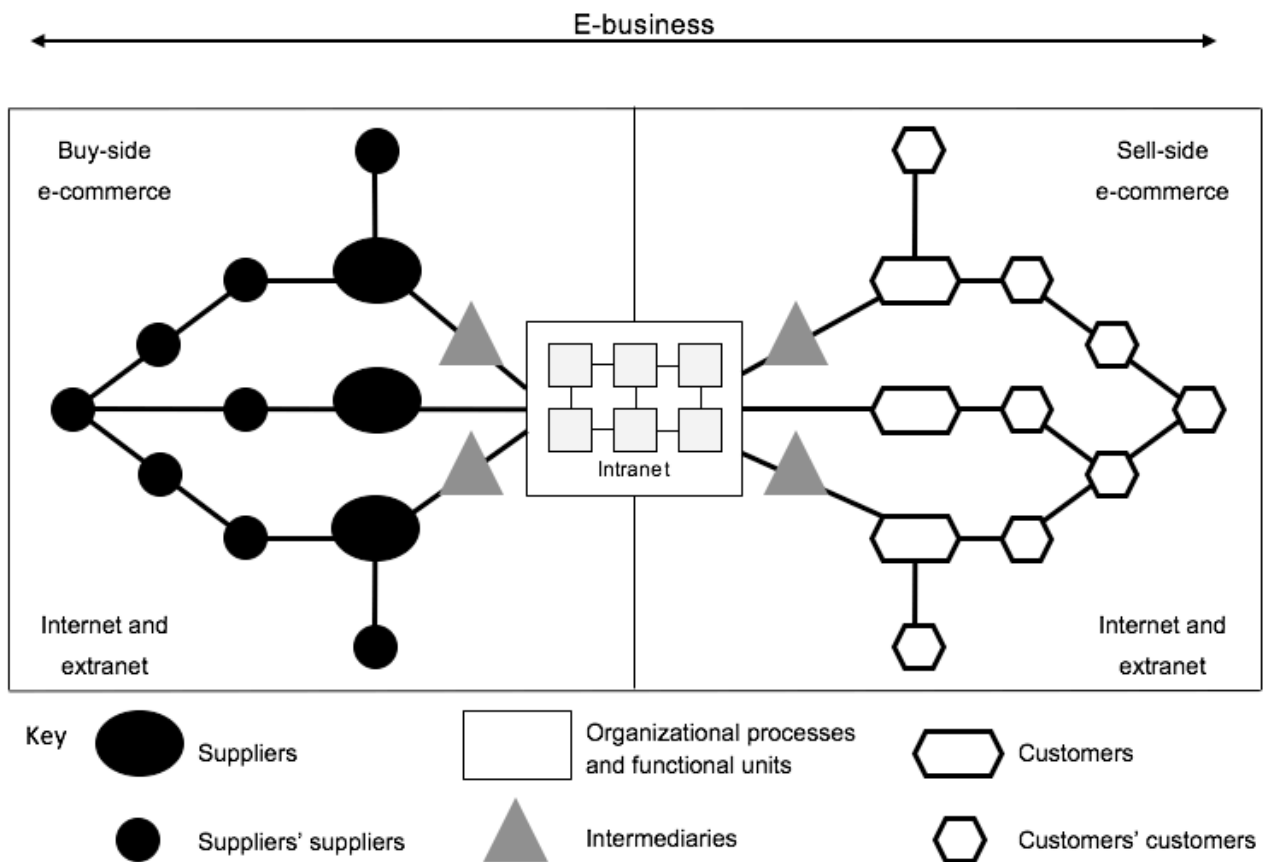


Figure 2. The distinction between buy-side and sell-side e-commerce (Chaffey 2004, 8).

2.1.4 Advantages of e-commerce

According to Turban, King and Lang (2009, 28-29), e-commerce benefits organisations, consumers, and society in many ways.

In terms of organisations, e-commerce provides them with (Turban, King & Lang, 28-29):

- Global reach,
- Cost reduction,
- Supply chain improvements: Delays, inventories, and costs reduction
- 24/7 business operation,
- Sellers specialisation (niche market): The seller can limit the business into specific fields,
- Ability to innovate and use of new business models,
- Rapid expedite processes, increase the speed and productivity,
- Lower communication cost,
- Efficient procurement,
- Improved customer service and relationship,
- Fewer permits and less tax,
- Up-to-date company material,
- Competency,
- Lower delivery costs.

The customers also gain such benefits from the e-commerce as (Turban, King & Lang 2009, 28-29):

- Ubiquity: customers can shop anywhere, at any time,
- Large assortments of products/services,
- Products/services customisation,
- Cheaper products/services,
- Instant delivery (applied for digital products/services),
- Information availability of products/services,
- Convenient auction participation,
- Avoiding taxes,

- Telecommuting enabling,
- Electronic socialisation,
- Unique products/services.

The advantages of e-commerce also expand to the society as (Turban, King & Lang 2009, 28-29):

- Telecommunicating enabling,
- Environment friendly,
- More public services to any region, any people,
- Improved security,
- Increased standard of living,
- Eliminate the geographical divide: bring better access, equality to developing countries and rural areas.

In general, the advantages that e-commerce provides make it become more and more potential for every firms. Any firm that applies good e-commerce strategy and development plan will possess the market advantage in their fields. However, some benefits might be inappropriate regarding to different business realms, implementations and strategies.

2.1.5 Disadvantages of e-commerce

Turban, King and Lang (2009, 29-30) divides the limitations of electronic commerce into technological and non-technological aspects.

There are a number of difficulties related to technology, such as (Turban, King and Lang 2009, 29-30):

- The quality, security, and reliability of the products/services have no common standards,
- The current software is not the best sufficient one for the business,
- Difficulties in integrating Internet and new software to the old databases and applications,
- High costs in using web servers and domains,

- Internet (in some regions) is still expensive and inconvenient,
- Problems regarding large-scale business, such as warehouses, inventories, delivery,
- Limitations of data transferred through Internet.

Non-technological issues also get the concerns of many managers. It relates to some aspects beyond organisations border, which is uncontrollable for managers. Therefore, understanding and evaluating the difficulties is necessary for firms. Some of the limitations in non-technological aspects are listed as following (Turban, King and Lang 2009, 29-30):

- Security and privacy concerns of partners (businesses and customers),
- Trust issue in e-commerce is also a very critical matter: Most customers find it is difficult to trust anyone they have not seen or met yet,
- Paperless, faceless transactions bring uncertainty and documents management problems,
- Legal and policy problems such as taxation,
- Difference in national and international regulations,
- Difficulty in calculating the efficiency of the business while a standard measurement is currently unavailable,
- Difficulty in handling new business behaviours and ethics,
- Lack of suppliers/customers,
- Online fraud is increasing,
- High risk.

Among these, some standing out difficulties are: resistance to new technology, hard to apply, security concerns, lack of technology skills, lack of potential customers and cost (Turban, King & Lang 2009, 30 according to Harmonyhollow.net, 2006).

Despite the above barriers, e-commerce is still a rocketing business. By defining both technological and non-technological limitations, firms will have a better preparation for applying e-commerce into their business.

2.2 B2B electronic commerce

Business to business e-commerce is not easy to recognise as business to consumer model. No matter what, it is considered as major transactions which dominate over the internet, in terms of value traded (Chaffey 2004, 34). For instance, in the U.S., B2B e-commerce is predicted to increase from 40% to 42% or \$4,1 trillion to \$6,6 trillion from 2012 to 2017 (Laudon & Traver 2014, 793). The rise of business to business e-commerce creates benefits as well as challenges for firms. So far, business to business is an important aspect of e-commerce.

In this part, we will discuss about the definitions of business to business electronic commerce, its classification, and characteristics.

2.2.1 Definitions

Business to business implies transactions happened between an organisation and other organisations (Chaffey 2004, 34). Laudon and Traver (2014, 790) defines that B2B commerce includes all types of inter-firm trade flow among firms. This definition shows that business to business transactions only occur across the firm's boundaries, which means that transactions inside the firms are excluded. The transactions could happen between any organisations or firms regardless of the firms' features (Turban, King & Lang 2009, 174).

From the concept of business to business, Laudon and Traver (2014, 790) describes business to business e-commerce (B2B e-commerce or B2B digital commerce) as the section of business to business which is executed on the Internet. The authors also mention the links between firms as "the supply chain". Other authors add that electronic business to business (eB2B) is not only conducted over the Internet, it can also be managed electronically over the extranets, intranets, or private networks (Turban, King & Lang 2009, 174, according to Mockler et al. 2006 and Papazoglou & Ribbers 2006).

Turban, King and Lang (2009, 174) also defines the main characteristics and key business drivers of electronic business to business. Electronic B2B's main characteristics are the improvement of business, connections, and process through automation; and co-participation between companies. Key business drivers for eB2B are the opportunity of a secure Internet-access platform, and e-marketplace; necessary cooperation between suppliers and buyers (sell-side and buy-side e-commerce); the ability to reduce costs, time saving, cooperation improving; and the need of new competent technologies for integrating the intra- and inter-organisations. By acquiring the knowledge about main characteristic and key business drivers, firms are able to acknowledge their purpose and objectives when applying business to business electronically.

2.2.2 Main types of B2B e-commerce

The classification of business to business e-commerce varies across researchers. Different theory entails different classification to support that theory.

According to Laudon and Traver (2014, 814), there are two general types of business to business e-commerce systems: Net marketplace and private industrial network as shown in figure 3. Net marketplace provides a platform or a digital marketplace for thousands of sellers and buyers. Net marketplaces are transaction-based, encourage relationships between one-to-many and one-to-one, and in some features, are similar to financial markets. Private industrial network means collaboration between a certain amount of business partners in order to develop effective supply chain and satisfy customer demand. Their characteristics are relationship-based, focus on relationships between many-to-one and many-to-few, and are similar to collaborative work environment. Private industrial networks account for over 10 times as much revenue as net marketplaces, making them the largest form of B2B e-commerce. In this study, we will discuss only the Private Industrial Networks business because of their scale and the purpose of the thesis which is to focus on SMEs in Finland.

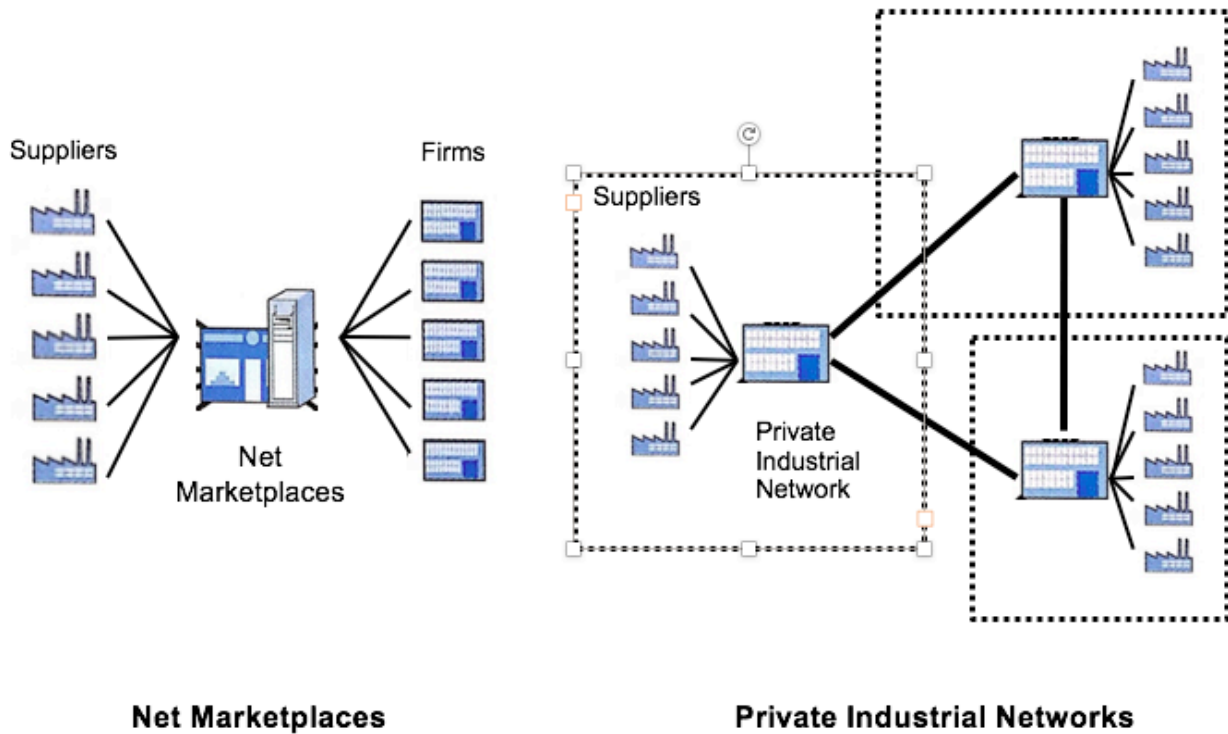


Figure 3. Two main types of B2B e-commerce (Laudon & Traver 2014, 814).

According to Turban, King and Lang (2009, 175-176), there are 4 basic types of B2B transactions and activities. The classification is based on the amount of sellers and buyers, and the form of cooperation used. Figure 4 illustrates the four B2B e-commerce types:

- Sell-side: One seller to many buyers,
- Buy-side: One buyer from many sellers,
- Exchanges: Many sellers to many buyers,
- Supply chain improvements and collaborative commerce. Activities above ordinary business (buying, selling) among partners, such as sharing information, managing supply chain, communicating.

The two classifications are similar at some levels. The sell-side and buy-side B2B e-commerce in figure 4(a, b) are literally sub-terms for the term Private Industrial Networks, which supports one-to-many and many-to-one business. Other terms of Net Marketplaces are divided into Exchanges and Supply Chain Improvements and Collaborative Commerce as in figure 4(c, d), which focus on many-to-many busi-

ness. The difference Turban, King and Lang (2009, 176) adds to the Net Marketplaces' characteristics of Laudon and Traver (2014, 814) is that the participants could collaborate with others in order to improve the business chain. This aspect could bring new opportunity for cooperation between firms and the marketplaces.

In conclusion, the classification of B2B gives firms better chance to understand the market and develop their business strategy. For the researching purpose of the thesis, we focus only on the Private Industrial Networks, especially sell-side and buy-side B2B.

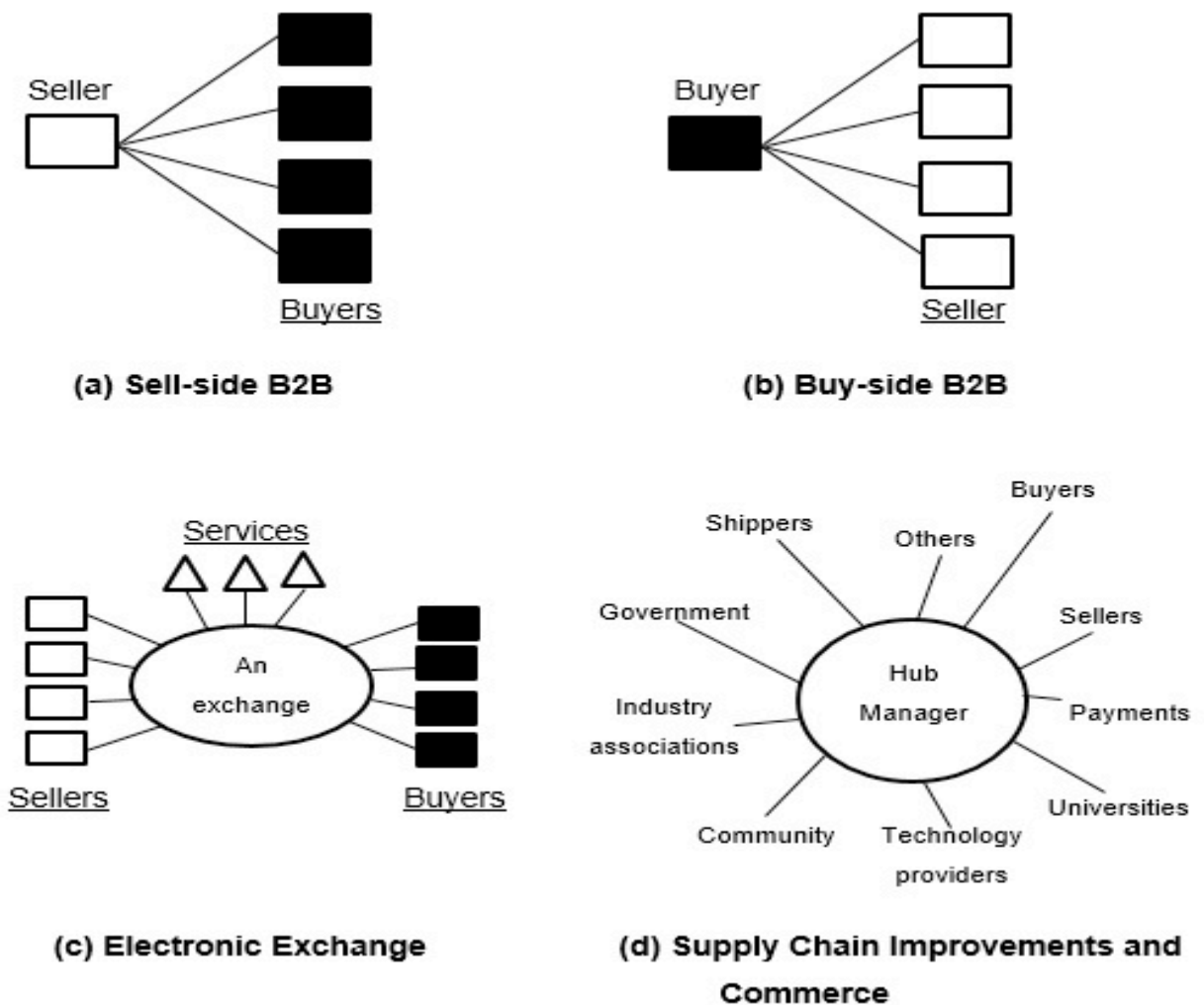


Figure 4. Types of B2B e-commerce (Turban, King & Lang 2009, 176).

2.2.3 Characteristics

According to Turban, King and Lang (2009, 177-178), business to business transactions can be characterised in 4 aspects: parties of the transaction, types of transactions, types of materials traded and direction of trade.

Firstly, the parties in B2B transactions are sellers, buyers, and intermediaries. The transactions can take place directly between buyers and sellers or via one or many intermediaries online. An online intermediary is an online merchant standing between buyers and sellers (Turban, King & Lang 2009, 177-178).

Secondly, there are 2 basic types of transactions in B2B e-commerce, which are spot buying and strategic sourcing. Spot buying is purchase of the goods and services needed, usually in the market prices, which are driven by supply and demand. Strategic sourcing is, on the contrary, purchase made depending on long-term contracts (Turban, King & Lang 2009, 177-178). In their research, Laudon and Traver (2014, 798) also list spot buying and strategic sourcing (or contract purchasing) as the purchase procurement types.

Thirdly, another factor characterised B2B is the types of materials traded, which are direct and indirect materials (Laudon & Traver 2014, 798). Direct materials are defined as the materials used in the production of a product. Their use is usually planned and scheduled and they are purchased in large quantities after negotiation. Indirect materials are materials that support production. They are usually used for maintenance, repair, and operation (MRO), and known as nonproduction material (Turban, King & Lang 2009, 177-178).

Fourthly, direction of trade is another characteristic of B2B e-commerce. It is categorised into vertical marketplaces and horizontal marketplaces. Vertical marketplaces deal with one single industry or industry segment, while horizontal marketplaces focus on a single service, a material or a product that is used in all types of business (Turban, King & Lang 2009, 177-178).

The characteristics are summarised in table 1 below.

Parties to Transactions	Types of transactions
Direct, seller to buyer, or buyer to seller	Spot buying
Via intermediaries	Strategic sourcing
B2B2C: A business sells to a business, but delivers to individual consumers	
Types of Materials Sold	Direction of trade
Direct	Vertical
Indirect (MROs)	Horizontal
Number and Form of Participation	Degree of Openness
One-to-many: Sell-side	Private exchanges, restricted
Many-to-one: Buy-side	Private exchanges, restricted
Many-to-many: Exchanges	Public exchanges, open to all
Many, connected: Collaborative, supply chain	Private (usually), can be public

Table 1. Summary of B2B Characteristics (Turban, King & Lang 2009, 178).

2.2.4 Benefits and limitations of B2B e-commerce

According to Laudon and Traver (2014, 794), B2B e-commerce, regardless of the types, creates a lot of strategic benefits for both buyers and sellers, and also for the economy. Turban, King and Lang (2009, 180) also agrees with the general advantages that B2B e-commerce provide, which are:

- Reducing costs (administrative costs, search costs for buyer, inventory costs by creating competitiveness and procurement costs).
- Eliminating paper work, saving time.

- Increasing productivity of the firm.
- Reducing errors and improving business quality.
- Increasing production flexibility.
- Increasing opportunity for collaboration and cooperation between customers and suppliers.
- Adapting faster to new technologies and new products.

However, B2B e-commerce is also limited by (Laudon & Traver 2014, 794-795):

- Supply chain management problems (environment, fuel, labour, policies, etc.).
- Channel conflict (Turban, King & Lang 2009, 180).

In conclusion, to fully optimize B2B e-commerce, both buy-side and sell-side B2B need to understand the ways of electronic B2B execution, which depend on how firms want to develop their business.

2.2.5 Buy-side B2B e-commerce

According to Turban, King and Lang (2009, 189), when standing on the buy side of B2B commerce, firms could choose from many procurement methods to acquire the goods and services depending on their need. The process called “e-procurement”, is defined as the electronic acquisition of goods and services for organisations. There are some major procurement methods that buyers could apply for their business (Turban, King & Lang 2009, 189):

1. Conducting bidding in a system that suppliers compete against each other. See figure 5.
2. Buying directly from manufacturers, wholesalers, or retailer from catalogues and/or negotiations.
3. Buying at private or public auctions. See figure 5.

The method 1 and 3 involve a process called “Reverse Auction”, which is a tendering system opened by the buyer(s) on an electronic market to the competing suppliers

to bid on an order and the lowest bid wins (Turban, King & Lang 2009, 192). The methods help accelerate the electronic process and reduce the costs of administration. It also results in the cheapest possible products. However, the disadvantage of reverse auction is that it usually applies for only large business/ government with large quantity order or high price products (Turban, King & Lang 2009, 193).

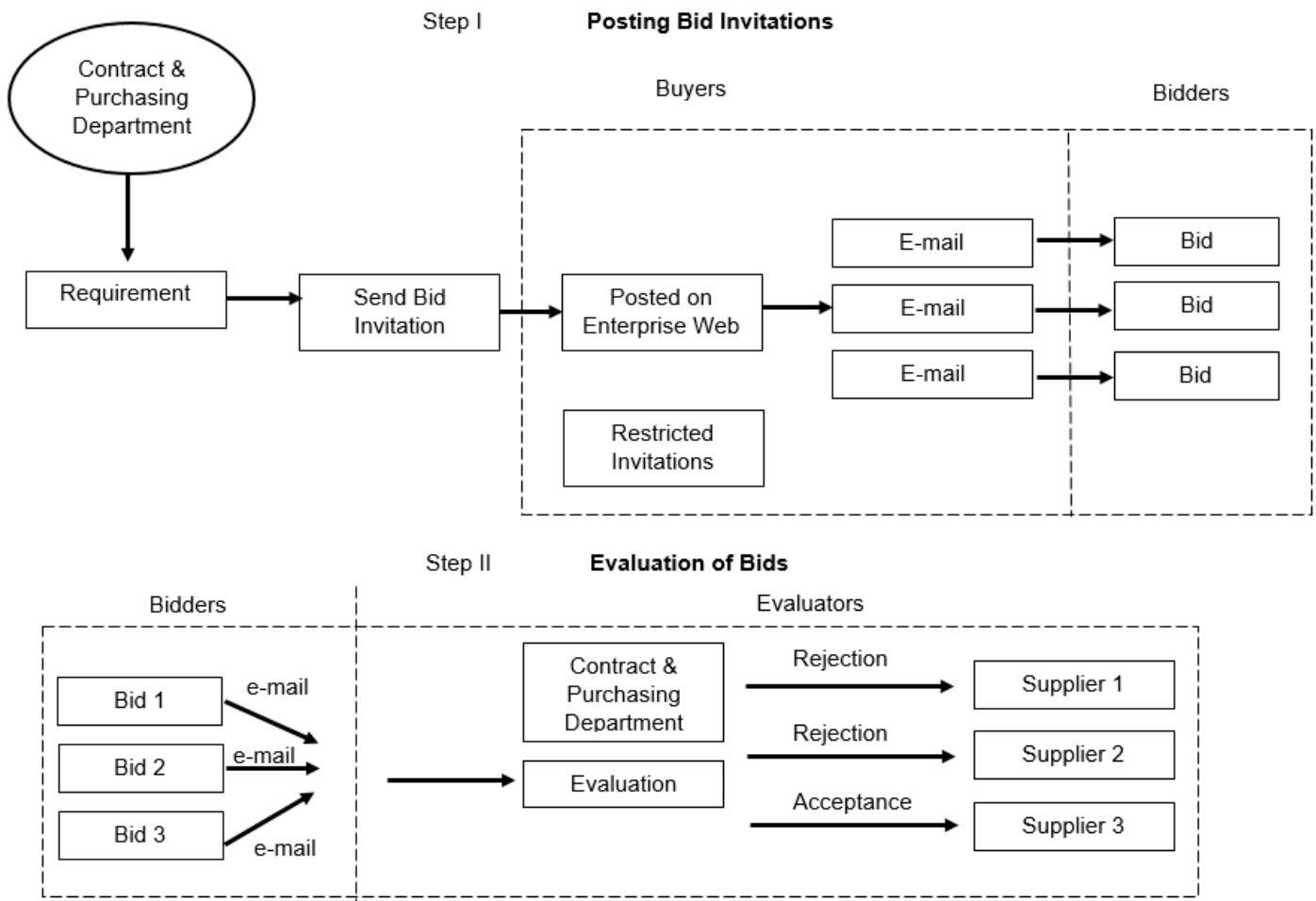


Figure 5. The Reverse Auction Process (Turban, King & Lang 2009, 194).

- Buying from an intermediary's (e-distributor) catalogues based on sellers' catalogues. An effective solution for large organisations is to combine all the catalogues of all approved suppliers and combine them into an internal electronic catalogues. By doing so it will save time, reduce the number of suppliers, avoid maverick buying, reduce unit price and ease financing administration (Turban, King & Lang 2009, 194-195).

5. Ordering directly from vendors, bypassing the procurement department and implementing “desktop purchasing”. The process helps decline administrative costs and cycle time of MRO purchases in small value (Turban, King & Lang 2009, 195).
6. Group purchasing process (e-auctions) is the aggregation of orders from various buyers into large volume purchases for better price negotiation (Turban, King & Lang 2009, 196). See the process in Figure 6.

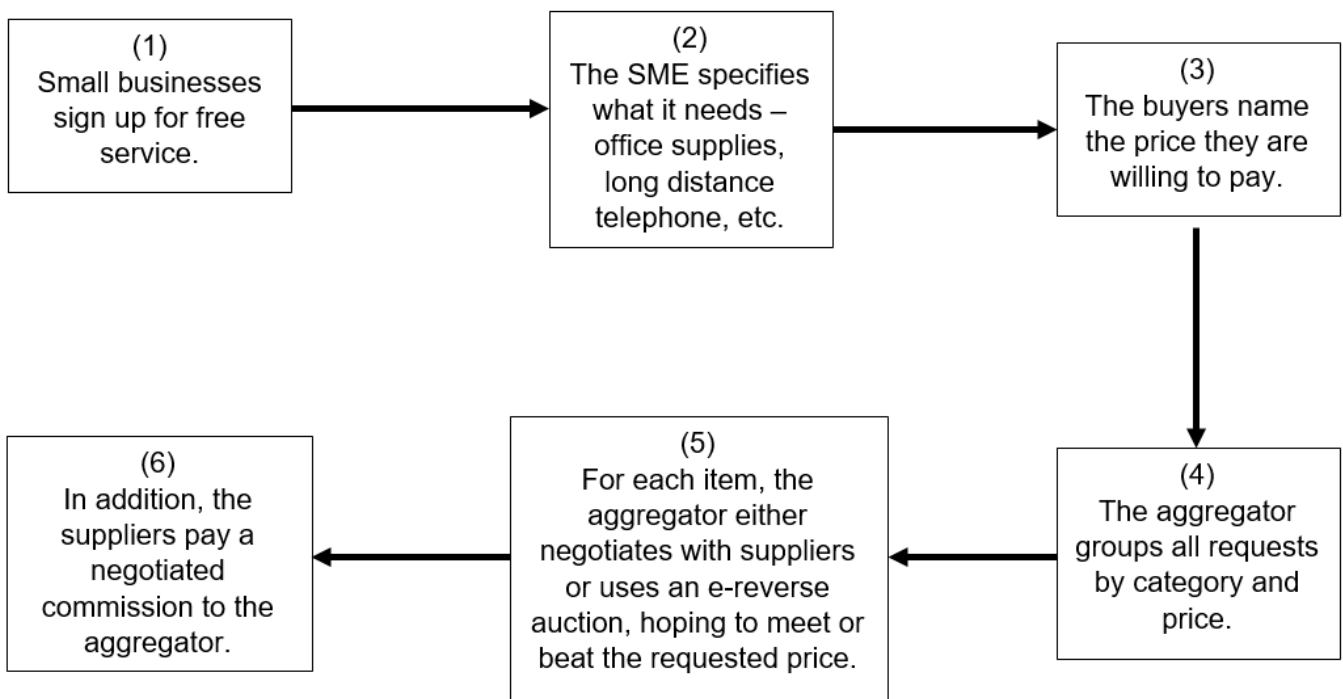


Figure 6. The Group Purchasing Process (Turban, King & Lang 2009, 196).

7. Buy at an exchange or industrial mall.
8. Collaborate with suppliers (collaborative commerce).

The benefits of e-procurement will be discussed by comparing to the traditional procurement management in Figure 7 and Figure 8.

According to Turban, King and Lang (2009, 190), procurement management is the planning, organising, and coordinating all activities relating to buying goods and services needed to achieve organisation’s task. B2B purchase, sale of products, supplies, and the flow of information and networking systems are the activities involved in procurement management. The traditional procurement management process, as

shown in figure 7, is proved to be less effective than e-procurement due to two reasons.

Firstly, traditional procurement activities require great effort from the personnel. Many activities involved include selecting suppliers, negotiating prices and terms, building the harmony between partners, evaluation and certification. By integrating information technology in the procurement, it will save time, reduce costs, and improve business efficiency when dealing with the details of smaller items (usually the MROs).

Secondly, firms could avoid maverick buying by applying e-procurement to reduce costs and manage the purchase effectively.

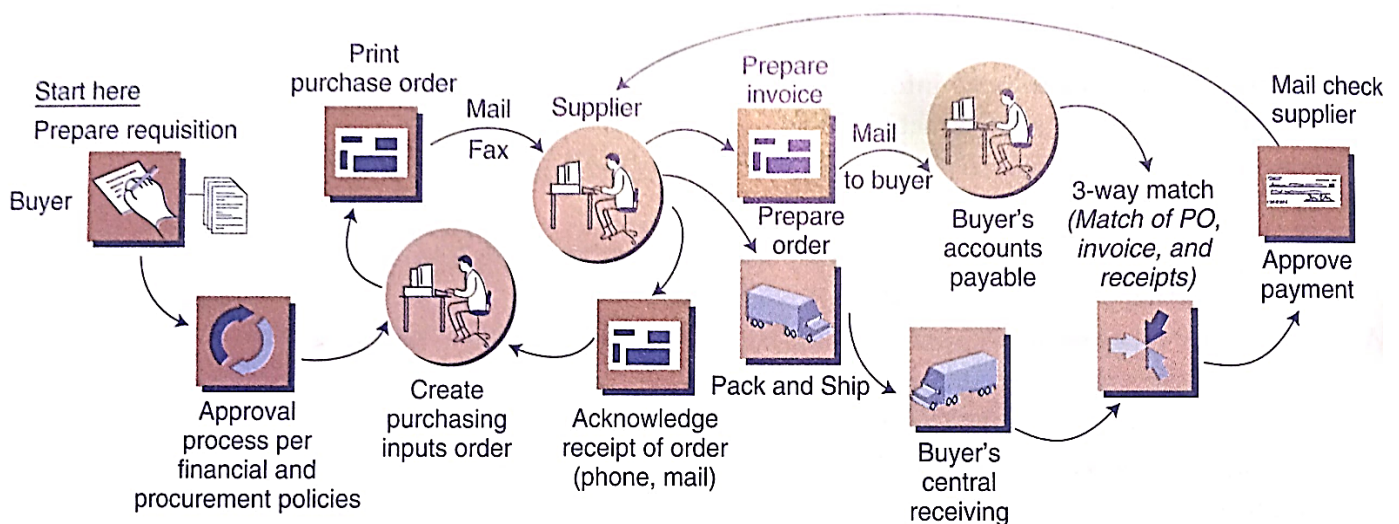


Figure 7. The Traditional Procurement Process (Turban, King & Lang 2009, 190é according to Ariba.com, 2001).

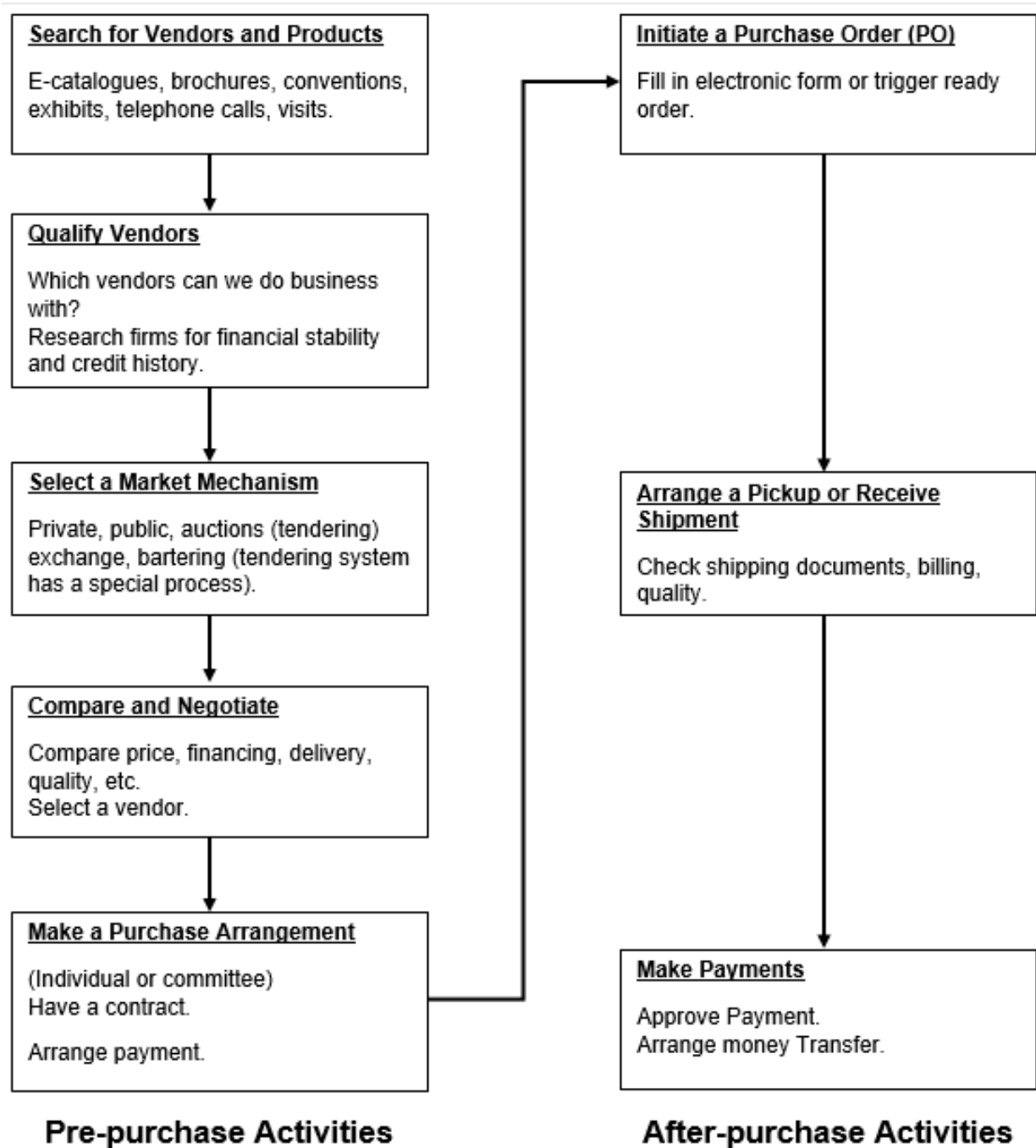


Figure 8. The E-Procurement Process (Turban, King & Lang 2009, 191).

2.2.6 Sell-side B2B e-commerce

Turban, King and Lang (2009, 181) reaffirms that, similar to B2C model, direct-selling is also applied to B2B model. In a B2B sell-side e-marketplace, businesses are prone to sell goods and services to other business customer(s) via extranet from electronic catalogues (e-catalogues) or auctions. Extranet is a restricted network that gives authorised customers, suppliers, partners permission to access to a firm's internal information by connecting them to the firm's intranet (Business Dictionary, [ref. 23 June 2016]). The seller can be a manufacturer or a distributor selling to wholesalers, retailers, and individual business.

Four major selling methods of the sell-side B2B are: (1) direct selling from e-catalogues, (2) selling via intermediaries, (3) selling via forward auction, and (4) one-to-one selling, usually under negotiated long-term contract (Turban, King & Lang 2009, 181). Each method is explained as below:

1. Companies can sell directly from online catalogues. Frequently, firm offers one catalogue for all customers and a customised catalogue for each large customer (Turban, King & Lang 2009, 182). The firms that apply this selling method are mainly manufacturers and large distributors when they have good reputation and market share.

The benefits of direct selling via e-catalogue are self-configured customised products for specific customer, fixed price, saving time for the sellers, and speeding up business process.

There are also some limitations, such as hardship in finding buyers, channel conflict with existing distribution systems, high administrative costs of infrastructure and technology, and requiring a large amount of business partners/ customers to apply (Turban, King & Lang 2009, 184).

2. Manufacturers usually use intermediaries to distribute their products to a large number of consumers. Intermediaries buy products from many vendors and aggregate into one catalogue (Turban, King & Lang 2009, 185). This method is usually used by both vertical and horizontal marketplaces. The benefits and limitations of this method is actually similar to direct selling method, except that firms can save cost by not directly involving in the selling process.

3. Another method is selling via auctions. There are two ways of conducting auction selling: from the company's own site, and through intermediaries in auctions (Turban, King & Lang 2009, 186). The first one is for large and well-known companies, which have budget for infrastructure, operation, and maintenance, they tend to conduct auctions through their own site. This helps company control the auctions better, and save cost and time when it already has an operating site. However, if the cost of building a new site is too high, firms might need to consider the second option (op. cit. 187).

The second method is by using existing third-party hosting company such as e-bay.com or amazon.com to conduct auction. As firms can choose to conduct auctions privately or publicly, some advantages could be seen as no additional resources required, low costs, time saving and immediate availability. Besides, the information management is done in a professional way and saving resources could be spent in the billing and delivery process by paying reasonable costs for the intermediaries (op. cit. 187).

4. One-to-one selling is a selling method frequently used by SMEs, which have fewer customers and need loyal customers to maintain and develop their business.

3 BUSINESS TO BUSINESS E-COMMERCE IN FINLAND

In order to apply digital business, e-commerce, and B2B e-commerce in Finland, companies need to obtain necessary knowledge about the trends and current situation of online e-commerce in the world, in the Nordic region, and particularly in Finland.

3.1 B2B e-commerce trends in the world

E-commerce has always been growing rapidly over the past decade and is predicted to keep growing consistently at almost 20% year-over-year for the course of 5 years from 2014 to 2019 (eMarketer 2015, 2). Figure 9 demonstrates the predicted retail e-commerce sales worldwide.

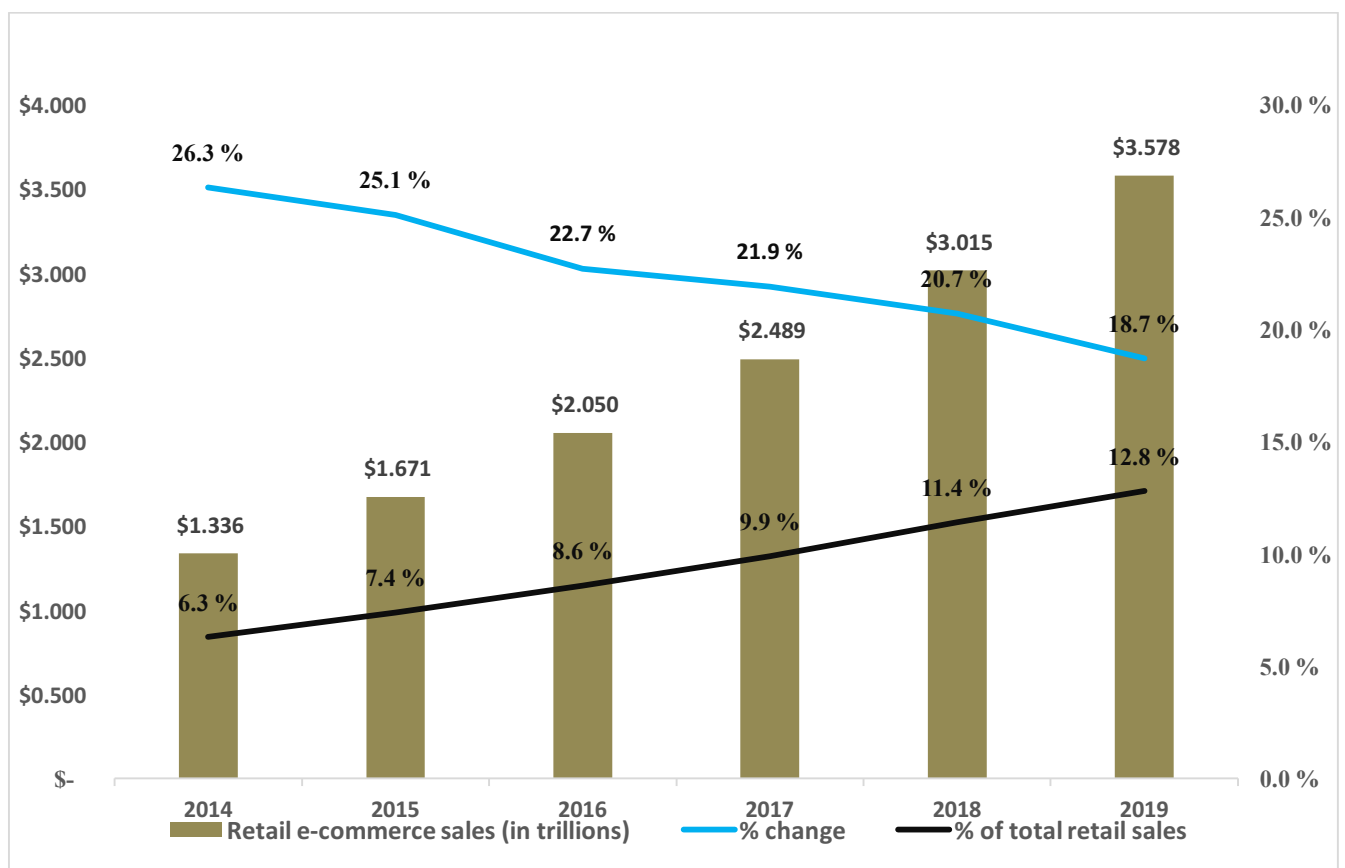


Figure 9. Retail e-commerce sales worldwide, 2014 - 2019 (eMarketer 2015, 2).

Retail commerce is growing fast, but Forrester expects that B2B e-commerce will grow even faster and will reach \$1,1 trillion in the U.S., nearly double the size of

B2C commerce in 2020 (Haltia 2015 according to Forrester 2015). Another prediction is from Frost & Sullivan (2014) which states that the B2B e-commerce worldwide will mark \$12 trillion in 2020 (Ecommerceandb2b, [ref. 26 July 2016] according to Demery 2014).

There are five key trends that firms need to acknowledge in order to be able to compete in B2B e-commerce markets (Bachalli 2016) as following:

- Technology investments are growing, which means technology is improving and organisations are paying more attention to manage their assets.
- Mobile commerce is emerging. Mobile commerce is nowadays playing an important part of selling and buying through the Internet. According to researches, 52% of B2B buyers research products on smartphone. As a result, building platform for mobile devices will be a wise move.
- Difference comes from customer experiences. Paying more and more attention to satisfy customers and create positive experience will be the key to achieve differentiation and profitability.
- Each choice of e-commerce models could bring variable opportunities. Firms can choose whether to enter a Marketplace (Alibaba, eBay, Amazon, etc.) or to perform a direct sale. Following the growth of B2B e-commerce, Marketplaces are growing faster and attract more and more manufacturers, suppliers, wholesalers, and distributors. Therefore, joining a marketplace in the first steps of establishing a B2B e-commerce would be preferable.
- Contactless and mobile payment methods are on the rise. This trend makes payment easier than ever and reduces wasted costs and time. Unavoidably, this also brings concerns about security and privacy for both buyers and sellers.

3.2 B2B e-commerce in Nordic countries

The Nordic countries share a population of 25 million. The Nordic region is larger than Germany, the United Kingdom, and Italy combined. The four Nordic countries: Norway, Sweden, Denmark, and Finland have a high aggregated GDP, which is the

sixth largest economy in Europe (PostNord 2016, 3 according to Ericsson 2016). The level of income and living standard is high. Nordic people are fast in familiarising with new technology and Internet. According to E-commerce Europe, almost 88% of the Nordic population have internet access. Among them, a large number of users uses smartphones and tablets to surf online (PostNord 2016, 3 according to Ericsson 2016). Because of the large geographical area, the Nordic countries have a culture of distance selling and a willingness in transition to e-commerce (PostNord 2016, 3 according to Ericsson 2016). The Nordics are believed to have an open mind set about globalisation and connection to other parts of the world due to their small population. With the advantages in society, infrastructure and human resources, Nordic countries are believed to be one of the most developed e-commerce market in the world.

In 2014, Nordic countries' e-commerce generated a total revenue of €42,5 million and a growth rate from 14,2 percent to 18,1 percent (export.gov 2016 according to E-commerce Europe 2015). PostNord (2016, 6) reports that in 2014, more than 12,4 million residents of Nordic countries shop online. Sweden tops the list with 5 million shoppers, mainly because of its highest population among the countries, while other Nordic countries' numbers of consumers are between 2,3 to 2,4 million. By using different calculation method, PostNord (2016, 6) assumes that the Nordic e-commerce generates €15,4 billion revenue for the economies. Figure 10 shows how the number is distributed by each country in the group.

Following the global trend, B2B e-commerce in Nordic countries is believed to take dominant share of the revenue, probably over 50 percent (export.gov, 2016). Globalisation brings more and more marketplaces like Alibaba or Amazon to firms in Nordic countries. This trend makes buying and selling in B2B e-commerce become closer to B2C. According to PostNord (2015, 4), e-commerce is developing dramatically and shopping online has become more and more casual for customers in the Nordic countries. With the involvement of e-business, Nordic firms need to present well-organised digitalised catalogue, systematic invoices and e-mail orders, in order to keep up with the technology and improve their operation (export.gov 2016 & PostNord 2015).

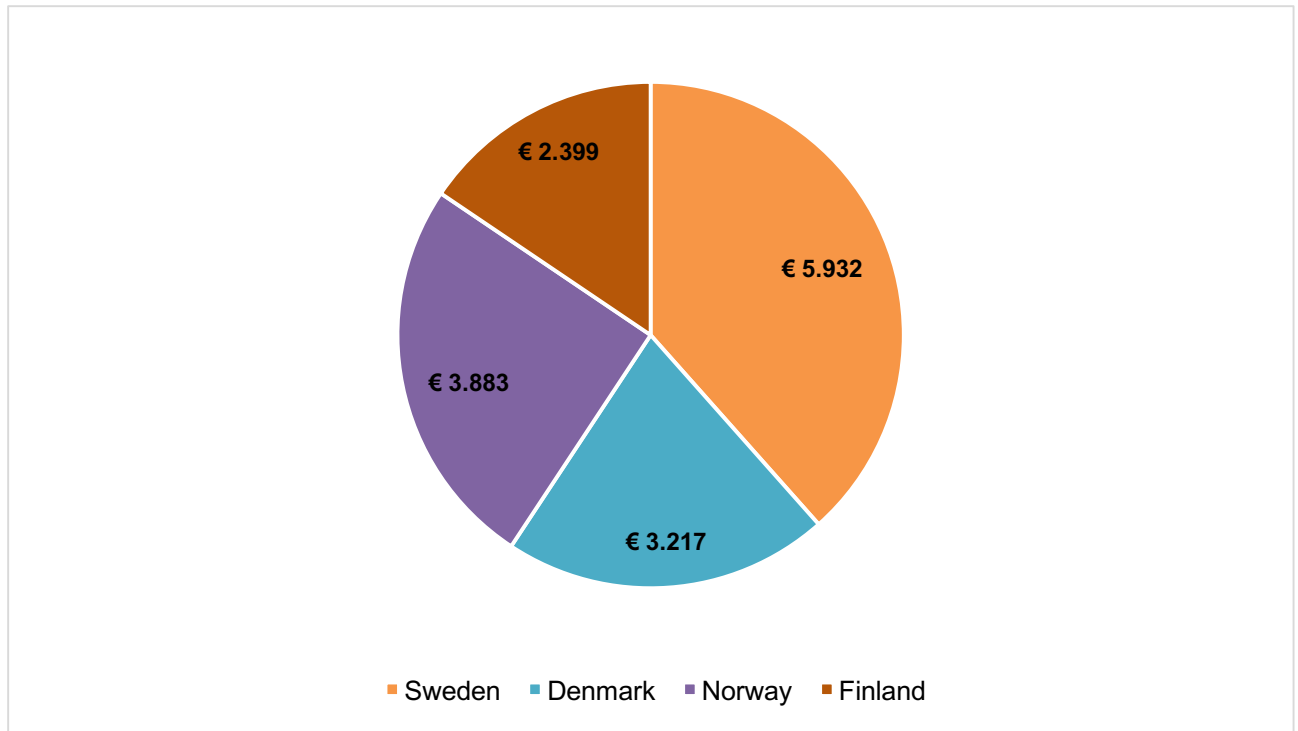


Figure 10. Nordic countries e-commerce value in 2014 (PostNord 2016, 6).

3.3 B2B e-commerce in Finland

According to Stat.fi (2016), Finland has a population of almost 5,5 million. 65 percent of its population is from 15-64 years old. In the age range of 15 to 89, 87 percent of them have access to internet. Finns use Internet more often since the rise of personal and mobile devices. In 2015, 68% of Finns surf online several times every day. The younger a person is, the more frequently he or she spends time shopping on Internet. Nine out of ten persons aged under 45 use Internet more than once a day (Stat.fi, 2015).

Table 2 shows the prevalence of Internet usage and certain purposes of use in 2015 by Stat.fi. Finnish consumers' internet using trends are also given in this table. As can be pointed out, a majority of young Finns used the Internet with a mobile phone or tablet outside home or workplace and more than 70 percent of the Finns from 16 to 54 years old bought over Internet in the past 3 months.

	Used the internet in the past 3 months	Usually used the internet several times a day	Used the internet with a tablet outside home or workplace in the past 3 months	Used the internet with a mobile phone outside home or workplace in the past 3 months	Bought over the Internet in the past 3 months	Followed a social network service in the past 3 months
Aged 16-24	100	89	34	96	96	93
Aged 25-34	100	92	37	89	89	87
Aged 35-44	99	90	43	87	87	70
Aged 45-54	97	76	37	70	70	51
Aged 55-64	90	61	27	50	50	35
Aged 65-74	69	36	12	23	23	19
Aged 75-89	31	13	4	4	4	5
Men	88	69	31	65	65	51
Women	86	67	27	60	60	55
Total 16–89	87	68	29	62	62	53
Total 16–74	93	74	32	69	69	58

Table 2. Prevalence of Internet usage and certain purposes of use in 2015 (Stat.fi 2015)

However, Finns shop online less frequently, according to PostNord (2016, 34-35). Finns spent a total €2,4 billion in online purchases in 2014. Among the 4 Nordic countries, Finns spend the least with only 20 percent of their population shop online once a month. Another fact that needs considered is that one of every two Finns' online shopping from foreign sites (PostNord 2016, 36).

Enckell (2015 according to The Finnish Commerce Federation & TNS Gallup 2015) assumed that in 2014, B2C e-commerce's value in Finland would be €10,5 billion and B2B e-commerce would worth four times more than B2C market, marking approximately €42 billion. Therefore, B2B e-commerce in Finland is a huge and attractive market.

Despite locating in a digitally developing region, infrastructure for e-commerce in Finland is not as developed as in other Nordic countries (PostNord 2016, 4 according to Andersson 2016). According to Lamberg (PostNord 2016, 4), Finns are willing to shop and have as high technology knowledge as other Nordic countries' consumers' but the selection pools in the internal market are poor. Finnish firms need to enhance their webpages' display and be more multi-linguistic.

According to Magenta Advisory (2014), Wärtsilä, Kone and Storaenso are the three most digitally advanced B2B companies in Finland. Also B2B companies had surprisingly decreased their investment on digital marketing. The digital product experience of Finnish B2B companies was good compared to foreigner competitor. They also focused and understand the important of companies' website. The e-commerce services and customer services provided by the Finnish companies are quite weak compared to international competitor but having some improvement.

Although having a "mobile culture" with a strong technology base, Finnish companies still have to improve their performance on mobile devices since smartphones and tablets are gaining their roles as the most used devices. B2B companies in Finland are a step behind B2C companies in being active in social media. In general, Finnish firms have become better and better in doing e-business, although they still have to utilise many abilities in order to catch up with foreign competitors.

Filtness (2014) states that omni-channel management, improvement of customer experience, exploiting customers' purchasing behaviour, and consumerisation are important factors for firms operating in B2B e-commerce in Finland. Consumerisation means that companies need to simplify the way of use to improve customer's usability and familiarity. Customers' experience is now becoming the most important factors related to any B2B e-commerce site.

4 IMPLEMENTATION OF B2B E-COMMERCE

Based on the theories and the research environment discussed above, small and medium companies in Finland could draft an implementation plan to apply e-commerce in their business. The case company is Asimart Ay, a small start-up grocery store in Seinäjoki, Finland.

In this part, the research will focus on four steps: firstly, recognising the digital business situations of Asimart; secondly, analysing the situations; thirdly, proposing an implementation plan of e-business to the firms; and lastly, giving recommendations for the firm's owner. Every step will divide into two parts of Asimart e-business aspect: sell-side B2B and buy-side B2B.

4.1 Overview of the company

Asimart Ay is an Asian – African grocery store located in Lehtinen shopping centre at Puskantie 1, Seinäjoki. Founded by Vu Luong, a graduate of Seinäjoki University of Applied Sciences, and his friend in April 2016, Asimart is the only Asian grocery store in the Seinäjoki region. According to Luong (2016), the store is retailing dried, frozen, and packed Asian food and products. Asimart's product categories are:

- Instant and dried noodles from many brands.
- Rice products.
- Asian sauces and ingredients (e.g. sweet and chilli sauce, fish sauce, oyster sauce, soy sauce).
- Asian – African dried/packed fruits and vegetables.
- Instant coffee, tea and drinks.
- Asian custards and pies.
- Frozen meat and fish (e.g. chicken, beef, shrimp, crab).
- Seasonal: Fresh fruits and vegetables (e.g. berries, tomatoes).

The store has just been operating for 4 months, thus no report on the current financial situation of the company is available yet. However, Luong (2016) states that:

The main thing is that after 4 months of running the business, the company is now running stable and gaining profits. The profits are not too big, but it helps the shop maintain its operation. The customers are quite interested at the first month, after that, there is a reduction in the number of customers, but there are quite a lot of frequent customers, such as Vietnamese students or the African community. They are the main and stable income source for the store.

The store focuses mainly on business to consumer activities (retail), but, according to Luong (2016), it needs B2B distributors, wholesalers and intermediaries in order to purchase the products. It also sells to B2B customers, mostly Asian restaurants in the Seinäjoki region. Currently, the two owners and founders are the only staffs in Asimart Ay.

Asimart is currently working on the website (<http://asimart.fi/>) for its online store, but it has not been available yet.

4.2 Situations

To apply e-commerce in Asimart Ay, the author needs to understand the situations of the company, specifically its business to business activities.

4.2.1 Buy-side B2B

Supplier selection

As a retailer, Asimart Ay purchases from a number of suppliers. Most of them are wholesalers and also there are intermediaries. Because most Asiatic products are not licensed to produce in Europe, buying directly from the manufacturers in Asian countries (Thailand, Vietnam, China, etc.) would not be optimal, especially for SMEs (Luong 2016). Therefore, buying from wholesalers in Europe must be a clever choice of Asimart Ay. The store buys from 5 to 10 different suppliers in the Netherlands, Germany, and Finland. According to Luong (2016), there are three factors that the firm considered in choosing new suppliers: price, availability of products needed and variety of product range.

There are three key suppliers for Asimart Ay. They are Herman Kujper B.V., Unidex Holland B.V. and Heuschen & Schrouff (Luong 2016). All of them are large and experienced firms in wholesaling oriental foods in Europe. They also have their catalogues available online and updated every quarter. Their customers can easily order and contact them online through their websites. According to Luong (2016), Asimart Ay found the information of his suppliers by following the recommendation other Asian grocery stores, that have done the business with those suppliers before. The reliability of the suppliers is very solid since they are experts and have gained reputation in this field.

Order process

Most of Asimart Ay orders were placed directly online through the sellers' catalogues and platforms or through emails. Phone calls are also considered an alternative options of communication between the store and the suppliers. Figure 11 and 12 show examples of a page in the online product catalogue and an order form on Unidex B.V. website.

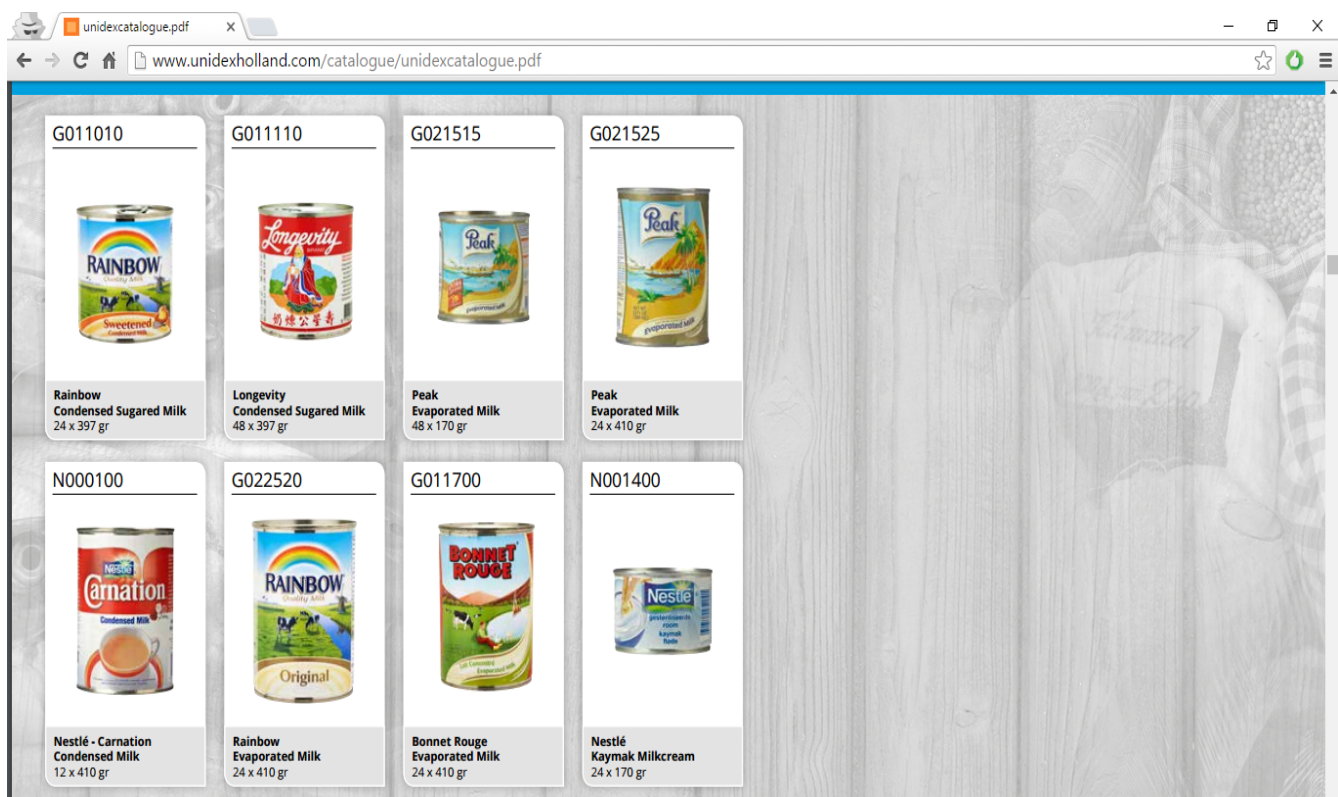


Figure 11. Online product catalogue (unidexholland.com, [ref. 3 August 2016])

ORDERFORM UNIDEX HOLLAND BV									
please fax to +31 (0) 252 421213 or e-mail to sales@unidexholland.com									
Company name:									
name :		telephone :						Unidex	
adress :		fax :							
city :		country :		e-mail :					
Page 1 of 11									
Soft Drinks / Drinks			crt./pallet	order	Soft Drinks / Drinks			crt./pallet	order
D001200	Old Jam Ginger Beer can	4 x 6 x 33 cl	108		D000008	Fria Kola Champagne drink	24 x 591ml	63	
D001200	Old Jam Ginger Beer can (5 PALLETS)	4 x 6 x 33 cl	108		D000018	Fria Pineapple drink	24 x 591ml	63	
D001400	Old Jam Ginger Beer PET-bottle	12 x 500ml	108		D000028	Fria Banana drink	24 x 591ml	63	
D001500	Old Jam Ginger Beer PET-bottle	6 x 1,5 liter	76		D005500	Rubicon Mango Juice Drink tetra	12 x 1 lit	75	
D001500	Old Jam Ginger Beer PET-bottle (5 PALLETS)	6 x 1,5 liter	76		D005501	Rubicon Passion Juice Drink tetra	12 x 1 lit	75	
D004011	Vimto Fruit Flavour Drink red can GB/SE/IT	24 x 33 cl	108		D005502	Rubicon Guava Juice Drink tetra	12 x 1 lit	75	
D004012	Vimto Fruit Flavour Drink red can FR/NL/DE	24 x 33 cl	108		D005503	Rubicon Guanabana Juice Drink tetra	12 x 1 lit	75	
D004015	Vimto Fruit Flavour Drink PET-bottle FR/NL/IT	12 x 500ml	132		D005504	Rubicon Lychee Juice Drink tetra	12 x 1 lit	75	
D004016	Vimto Fruit Flavour Drink PET-bottle GB/ES/DE	12 x 500ml	132		D005505	Rubicon Pomegranate Juice Drink tetra	12 x 1 lit	75	
D004020	Vimto Fruit Flavour Drink PET-bottle	6 x 2 liter	80		D005507	Rubicon Papaya Juice Drink tetra	12 x 1 lit	75	
D001510	Ting Grapefruit Drink can	24 x 33 cl	108		D005508	Rubicon Watermelon Juice Drink tetra	12 x 1 lit	75	
D001518	D&G Fruit Punch Soda can	24 x 33 cl	108		D005510	Rubicon Pineapple Coconut Juice tetra	12 x 1 lit	75	
D001520	D&G Cream Soda can	24 x 33 cl	108		D005600	Rubicon Sparkling Juice Mango can	24 x 33 cl	120	
D001521	D&G Pineapple Soda can	24 x 33 cl	108		D005601	Rubicon Sparkling Juice Passion can	24 x 33 cl	120	
D001523	D&G Grape Soda can	24 x 33 cl	108		D005602	Rubicon Sparkling Juice Guava can	24 x 33 cl	120	
D007000	TAS Coconut Juice with pulp PET-bottle	24 x 490 ml	63		D005604	Rubicon Sparkling Juice Lychee can	24 x 33 cl	120	
D007010	TAS Coconut Juice with pulp can	24 x 310 ml	108		D005605	Rubicon Sparkling Juice Pomegranate can	24 x 33 cl	120	
D007015	TAS Coconut Water without pulp can	24 x 310 ml	108		D005700	Rubicon Mango Juice Drink tetra	27 x 288 ml	120	

Figure 12. Order form (unidexholland.com, [ref. 3 August 2016])

According to Luong (2016), the order processes are fast, easy to execute, and accurate. The respond time for any order is less than a business day. The orders information provided by the suppliers are in details. However, the information about price are never provided by the suppliers on their public websites. There are two reasons for this: firstly, there would be further negotiations about the order since it is business to business; and secondly, the sellers prefer to keep their products' competitiveness by not showing the price for the public. The customers could receive more detailed information about discount, exact price of each product, and delivery time after the order is placed. The discounts could be negotiated for large quantities order, but almost every product has its fixed price.

Logistics

Asimart Ay is a small business, so it would be costly to handle the logistics itself (Luong 2016). To overcome this shortage, the suppliers will pay ahead for the transport fees in a negotiable cost shared by both parties. Because most of the store products are dried, packed, and frozen, they have long expired dates and the delivery time is not strict for them. However, some products including vegetable, fruits, and short-expired ones need to be delivered within 2 or 3 business days. One more

issue that related to frozen products is the essential of special delivery methods, such as refrigerated truck.

There is a difference in return policy between B2C and B2B logistics. It is not possible to return the failed products caused by transport to the suppliers in B2B. Whenever Asimart Ay discovers mistake in delivered products, they pictured it to the suppliers. The value of disqualified products will be compensated as discount in the next order (Luong 2016).

Payments

Developed bank networks have eliminated cash transfer in business to business. All the payments between parties were made through automated online bank accounts (Luong 2016).

Suppliers require payments in advance in the first transactions. However, with the frequent B2B customer like Asimart Ay, payments could be made after receiving and verifying products' quality (Luong 2016).

Taxes, laws and regulations

As an EU and EC member, Finland applied the tax rate of 0% on products imported from EU countries. Products have to have strict verification to be sold inside the EU.

Overview of Asimart's B2B buy-side e-commerce situation

The firm is relatively active in finding suppliers, placing orders and doing general business activities online. Since it is a new business, the business is executed only through manual procedure via e-mails. The involvement of any automated order and inventory management system is negative.

4.2.2 Sell-side B2B

Customer groups

According to Luong (2016), Asimart Ay is a grocery store, which focus on B2C activities. However, B2B segment is also exist in its business. The main customers of Asimart Ay are local Asian restaurants, such as Nepalese restaurant Mangal and two other Thai restaurants. In only a short period of time, the firm has been connected with almost every Asian restaurant in Seinäjoki. However, business activities are not yet executed online.

The common characteristics of Asimart business partners are: firstly, they are small to medium business since Seinäjoki is a small city; secondly, they tend to do business based on trust and acquaintances; thirdly, deals are done by mouth rather than by signing contracts; and last, the restaurants are always looking for a stable, low price and long term business partner.

Profits

Luong (2016) said that the profitability of B2B is less than B2C. He assumed that B2B generates a lower profit margin than B2C because Asimart Ay has to sell in lower price for businesses. However, B2B always brings large and stable business deals for the company, thus making it a more reliable income source.

According to Luong (2016)'s estimate, B2B brings almost €1500 to €2000 revenue each month.

Marketing

We are using a small four Ps marketing mix to demonstrate the current marketing situation of Asimart Ay as a B2B seller.

- Products: As mentioned before, Asimart Ay sells oriental foods and food related stuffs. Therefore, it competes by the specialty of products (Luong 2016).
- Prices: The company also competes by low pricing strategy, which is driven by the customers' demand (Luong 2016).

- Promotion: Asimart Ay has not yet published a website/webstore or joined any online marketplace. Therefore, there is no B2B e-commerce activities currently running at the company. The business promotes by door-to-door and mouth marketing. Discounts, loyal customer program and newspaper marketing are expected promotion campaigns in the near future (Luong 2016).
- Place (Distribution): A store in Seinäjoki brought Asimart advantage in location. According to Luong (2016), the company delivers to their customers by their own vehicles or the customers can pick up their purchases in the store since they are all in the region. It is not yet necessary to hire an automated delivery partner.

Selling methods

Asimart is applying one-to-one selling method for business customers. The reasons for using this method are the need of loyal customers, small in number of customers and building a good reputation in advance.

Competitors

In the region of Seinäjoki and South Ostrobothnia, there is no other oriental food market or store. The competition in this area is weak compared to more inhabited regions like Helsinki, Tampere or Turku (Luong, 2016). Main competitors of Asimart Ay are stores in Tampere or Vaasa and oriental food trucks, which are operated by Asian food companies in other cities and come to Seinäjoki once or twice a month. They have built their reputation in the area over a few years earlier than Asimart Ay.

Other competitors are local supermarkets, such as K-supermarket, K-citymarket, S-market and Lidl. Since these retailers sell only a small variety of Asian food, they are unable to compete with Asimart in this niche. Still, they are dominant in the frozen food, rice products, vegetable and fruits sections. Luong (2016) stated that Asimart Ay avoids competition against these firms in B2C segment. Meanwhile, business customers in the area are not interested in doing business with big retailers because of their higher retail price.

The company has not yet been active and competed in B2B e-commerce.

Inventory

According to Luong (2016), one of his main attention is inventory management. The owners could remember the quantity and expiry dates of most of the products in inventory since they have only approximately 100 products. However, an automated inventory management system is required in the coming time as the store develops fast.

Payments

Customers tend to pay through Internet banking. However, sometimes they pay by cash in the store, which makes accounting become more complicated.

Tax, law and regulation

Asimart Ay's customer has to pay value added tax (VAT) of 14% on food sales as Finnish law requires (Luong 2016). According to Luong (2016), Asimart Ay has to follow Finnish regulations and laws related to the quality of food and preservation of frozen products. Therefore, all of the products sold in the store and store equipment must have quality verifications before arrival.

Overview of Asimart's B2B sell-side e-commerce situation

There is not yet any activity related to B2B e-commerce selling in Asimart Ay. Their website is under construction, and they have not been available on any marketplace. The business is lack of a computerised supporting system.

4.3 SWOT analysis

In this research, SWOT analysis method is used to study the current situations of Asimart Ay's buy-side and sell-side B2B e-commerce. By analysing the current internal and external matters related to the firm, the author will gather needed information to draft an implementation plan of applying B2B e-commerce in Asimart Ay.

4.3.1 Buy-side B2B

Table 3 illustrates the SWOT analysis for Asimart's buy-side B2B e-commerce.

	<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - Being a recently established company, which is supported by the government - Having knowledge and willingness to apply e-business - Being possible to learn from many previous cases to avoid buying errors - Dried/packed/frozen products have long expiry dates 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - No experience in doing business online - Small firm with financial shortage - Relying on trust when buying - No automated order system - No automated inventory management system - Some special products need to be delivered and stored on time - MROs might be costly (refrigerators, case, special store equipment) - Depending on suppliers' logistics
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - Easy to contact with expert distributors - Negotiable price/discount - Low logistics cost 	<p style="text-align: center;">Strengths – Opportunities Strategy</p> <ul style="list-style-type: none"> - Finding flexible and accurate path of doing e-business with partners 	<p style="text-align: center;">Weaknesses – Opportunities Strategy</p> <ul style="list-style-type: none"> - Avoiding maverick buying to reduce unexpected cost

<ul style="list-style-type: none"> - Flexible return and payment policies - Automatic banking payments - No import tax 	<ul style="list-style-type: none"> - Getting cheaper products or discounts - Reducing delivery and payment's cost and time through automated online system - Using government's supports on tax, law and regulation when doing business in the EU 	<ul style="list-style-type: none"> - Integrating all the buying steps with inventory management, delivery process and payment process in an automated system - Doing business with long-term and reliable distributors - Building a clear delivery list of special-care products
<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - Prices and discounts are not published online - Too many distributors to select - Products quality could not be examined directly - Fast delivery and special storage conditions sometimes make transportation costly - Trust issues in e-commerce - Strict laws and regulations related to food purchasing 	<p style="text-align: center;">Strengths – Threats Strategy</p> <ul style="list-style-type: none"> - Possibly to acquire good business experience with different distributors in a crowded suppliers market - Choosing the long-term and reliable sellers - Selling verified and trustful products - Lower delivery and storage cost because of long expiry dates 	<p style="text-align: center;">Weaknesses – Threats Strategy</p> <ul style="list-style-type: none"> - Researching the e-market carefully (sellers, delivery firms) - Choosing suitable long-term business partners - Being smart and flexible in planning, choosing and applying buying procurement method based on market research - Analysing information thoroughly

Table 3. SWOT analysis for Asimart Ay's e-commerce buy-side B2B

4.3.2 Sell-side B2B

Table 4 demonstrates SWOT analysis for sell-side B2B e-commerce in Asimart Ay.

	<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> - Being a recent start-up business (willing to do business online, developing platforms/websites) - Having loyal and long-term customers - Large and stable B2B income sources - Products speciality (oriental food) - Low price - Great location - Low inventory cost - Low logistics cost 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> - No current selling business executed online (lack of experience, need more R&D, costly) - Small start-up business (lack of reputation, trust issues) - Main target customers are in B2C segment - Limited target customers in B2B, which are also SMEs - Lower profit margins compared to B2C - No currently marketing programs - Old-fashioned selling method which consumes time and money - Handle logistics to own customers by own assets
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> - Small number of target customers - Customers' characteristics are similar 	<p style="text-align: center;">Strengths – Opportunities Strategy</p> <ul style="list-style-type: none"> - Developing an online store for both B2C and B2B customers 	<p style="text-align: center;">Weaknesses – Opportunities Strategy</p> <ul style="list-style-type: none"> - Shaping current customers' habit in using the newly developed online store

<ul style="list-style-type: none"> - Weak competition in the current market - Potential customers when expanding online - Stable demand - Supported by Finnish government 	<ul style="list-style-type: none"> - Expanding more in the South Ostrobothnia region - Developing a marketing strategy to gain consistent market share - Establishing a loyal customer programs (giving discounts, promotions, etc.) - Integrating online store, marketing programs, inventory management and invoice/payments system into an administration system 	<ul style="list-style-type: none"> - Doing market research carefully - Developing an online marketing strategy to gain reputation - New selling procurement and delivery method. - Stable development since there is not a huge competition in the area - Joining an e-marketplace - Utilising the support of Finnish government - Considering to hire more staffs
<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> - Customers' finance or trust problems - Competition when developing to other areas or online - Lack of e-market understanding and potential competitors - Problems related to finance, operation, logistics and employment when developing online - Trust, security and privacy issues 	<p style="text-align: center;">Strengths – Threats Strategy</p> <ul style="list-style-type: none"> - Choosing a special group of customers, who are loyal and reliable, to give special customer services - Conducting market research frequently to adapt to new trends - Slow, stable decision making and development - Selecting the optimal logistics option 	<p style="text-align: center;">Weaknesses – Threats Strategy</p> <ul style="list-style-type: none"> - Relying on a base of loyal customers - Carefully planning and establishing online store and marketing strategy - Focusing on targeted areas/customer segments - Stable development - Consulting experts when facing difficulties - Flexible logistics options - Security and privacy protection

Table 4. SWOT analysis for Asimart Ay's e-commerce sell-side B2B

4.4 Implementation plan

An implementation plan will be proposed based on the SWOT analysis of both buy-side and sell-side B2B e-commerce above. The strategy for applying e-commerce in Asimart Ay has to accomplish with its strengths and opportunities and minimise or eliminate its weaknesses and potential threats. Furthermore, the strategy has to adapt with the company situation as a small start-up. Following the analysis, Asimart Ay could implement a 3-stage plan for applying B2B e-commerce.

4.4.1 First stage

In the first stage, Asimart Ay should focus on establishing and consolidating their own business system to enter the e-commerce world.

Firstly, Asimart Ay has to finalise their website and publish it online. The website creates a platform for the business. Their business customers can easily contact, request information and order through their website.

Secondly, Asimart Ay needs to build a system that manages its inventory more effectively in order to improve the business. Applying a new storage management system is quite costly at the beginning, but it helps the firm save time, reduce spending for maverick buying, increase operating efficiency and avoid risks. It is recommended that the company should consult or hire experts in the field for this task. According to Luong (2016), as a small business, an ERP system is not required and might cause increasing operating cost. Thus, the store only needs an automated system to manage their product situations (quantities and expiry dates). If a product is low in stock or expired soon, the system will send the user a notification and suggestion to order more or have a selling plan (discount, give away) for that product. This system will be shown in figure 14.

Lastly, another system that should be integrated with the management infrastructure of Asimart Ay is the order processing system. An automated order processing system helps manager send requests for information and orders to suppliers and process orders from the customers. The processes are executed through templates

and forms stored in the system memory. This process' benefits to the firm are time and cost saving, increasing operating ability and better product management.

For example, instead of sending a manual email to make an order to Unidex B.V., Asimart's owners only need to fill in the order form (see figure 11) and the system will send it automatically and inform the delivery date. The company will also create an order form for their business customers on their website. After receiving the order, the system will process the orders in 3 steps: first, sending a request to the inventory system to check if the products are available or not; secondly, informing the manager about the order's information and asking for confirmation; and lastly, responding to the buyers by sending emails about whether the order is successful or failed. The process will be demonstrated in figure 14.

Besides the three fundamental e-commerce parts above, the company should apply other business assistance system such as automated payment system on their website. This system helps their customer pay online instantly through internet banking or other payment methods.

4.4.2 Second stage

The second phase of applying e-commerce into Asimart Ay's B2B could be called "connection". In this stage, Asimart Ay will conduct a marketing research and connect business partners to its e-commerce system created in the first stage.

Every company needs a deep research and analysis of the market before planning to enter it, so does Asimart Ay. Hiring a specialist in this field and keeping close contact with South Ostrobothnia Chamber of Commerce should be useful for the company. Table 3 and 4 have done part of the work, but Asimart will need more advices from experts and the Chamber of Commerce before entering e-commerce market.

As a small firm, EDI is not literally necessary between Asimart and its partners. The reasons are: first, building and integrating EDI system with many suppliers is hard to negotiate; second, it requires a lot of investment from the firm. Thus, the firm

chooses to become a non-EDI e-commerce business, at least for the first few years of operation.

The company has been active in doing e-commerce and has established a stable business with their current suppliers. Therefore, it is unnecessary to look for new suppliers or apply any new buying procurement method. Asimart only needs to improve its current system by informing suppliers about the system because the way of executing business remains the same. Improving the consistency of the order system will be the main problem for the company in buy-side B2B e-commerce. The integration of the inventory system and order processing system is shown in figure 14.

On the other hand, sell-side B2B in Asimart Ay needs to familiarise the customers with the system. The customers need to understand the new system and know how to make order or contact with Asimart through it. Therefore, sending detailed user instruction for every customers is essential. The website should link straight to the platform which consists of the two systems above, so the order from website or e-mail should be processed equally by the system.

To gain more share and reputation, the company should take advantage of the low competitive market in the region. To achieve this goal, the company should immediately launch a marketing program online and look for more customers in the nearby region, such as in Kauhajoki, Ilmajoki or Kauhava. According to Luong (2016), expanding online may make the firm confront with many strong competitors in Helsinki or Tampere, therefore, the marketing strategy should concentrate on current customers and try to expand to other region with care. Vouchers for buying online, loyal customer program are doable in the situation of Asimart. As the Facebook page of Asimart has a good overall rating, the company should try to maintain the traffic, update its contents, and respond fast to questions. Connecting and communicating with business customers through Facebook require less steps than through emails, therefore, the company should think about using it as a selling channel. The home page of Asimart's current Facebook page is displayed in figure 13.

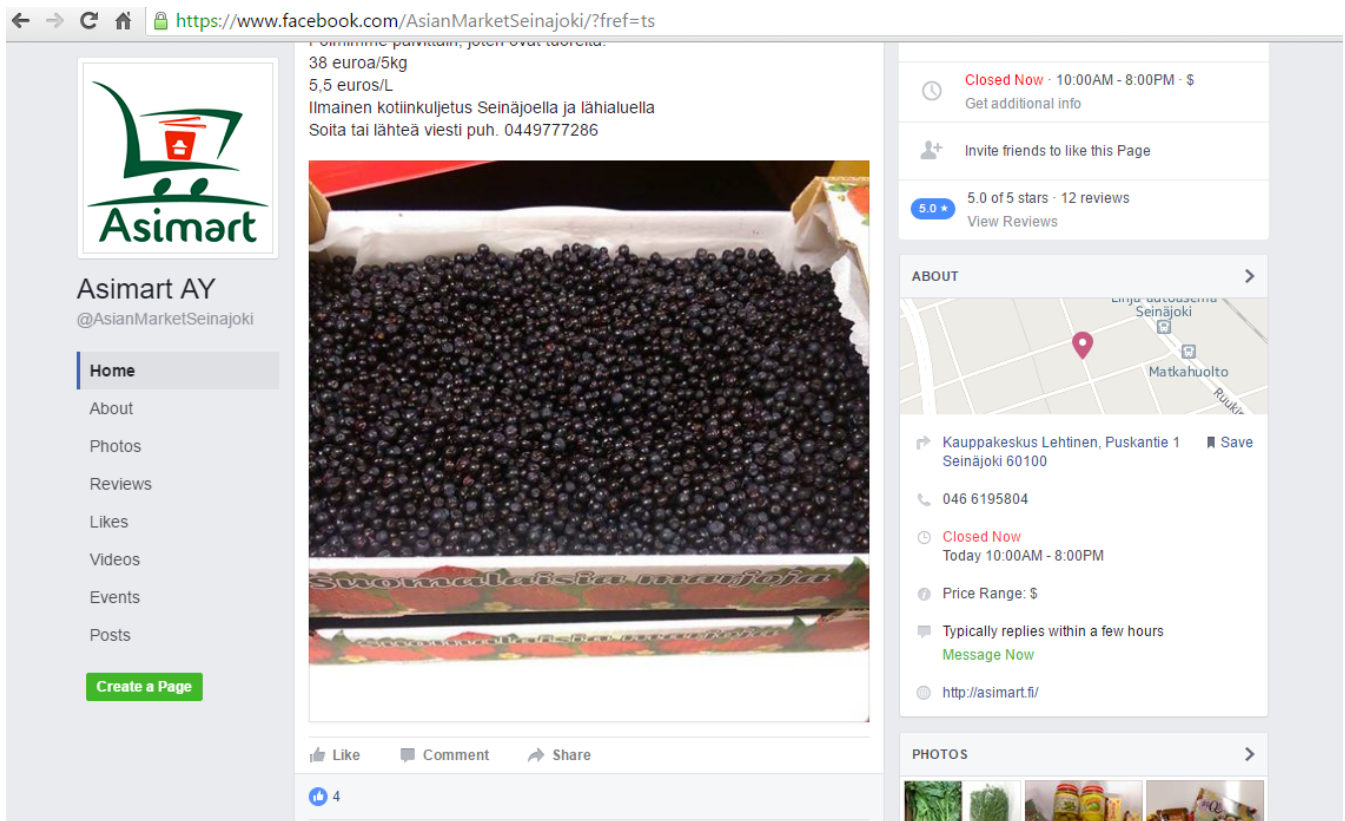


Figure 13. Asimart Ay's Facebook homepage (Asimart Ay, [ref. 14 August 2016])

Another e-procurement method that would be applicable for Asimart is joining a Marketplace like foodie.fi, an online auction and shopping website created by SOK corporation (Luong 2016). The strategy when joining a new e-marketplace will concentrate on the speciality of the product (differ to other normal grocery stores). The price should not be published because of the competitive reason. The company will be more competitive when joining an e-Marketplace and will develop its strategy to compete with competitors.

The second phase of the plan focuses on developing and tightening the business connection between Asimart Ay and its business partners. Developing an appropriate business strategy while expanding online will be the main point in this stage.

Figure 14 demonstrates the suggested e-business platform for Asimart and its relation to the partners. The figure is based on an online article (freeplrarticlespot 2015) with development made by the author to fit in Asimart Ay's case.

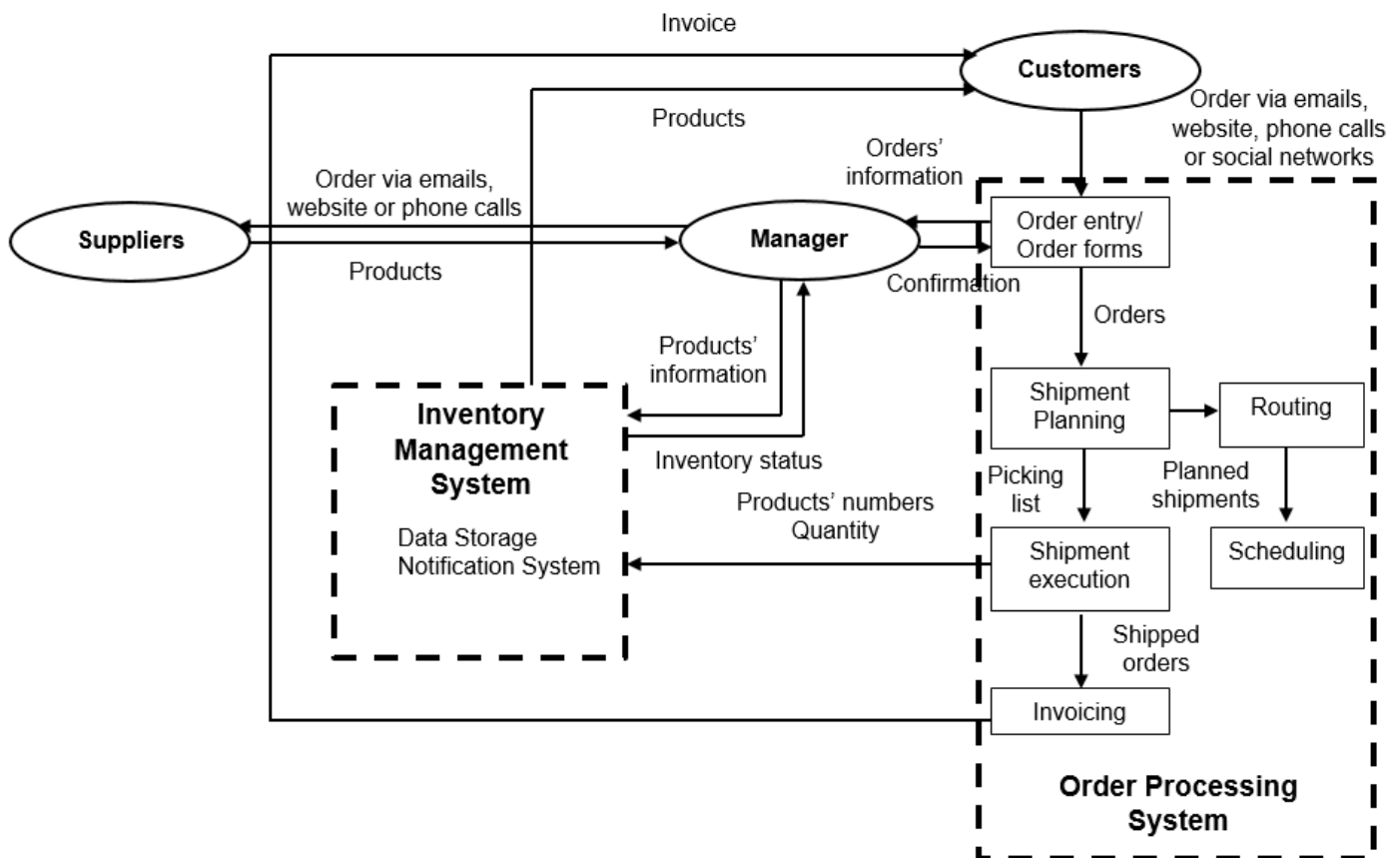


Figure 14. Asimart Ay's B2B e-commerce platform

4.4.3 Third stage

The last stage of the implementation plan's goal is: completing the platform, promoting the business through the internet, maintaining and developing a stable business.

In this stage, the base platform of e-business in Asimart Ay showed in figure 14 should be completed and proved its effect. The company should consider hiring IT specialists to take care of maintaining and repairing systems to avoid technical errors. Hiring IT experts will also help the firm protect its information and also its customers' security and privacy. Integrating other process such as accounting, business internal email system and logistics system is also necessary to reduce manual business process.

Additionally, promoting the business outside the region is essential for Asimart Ay. By gaining experience and competitiveness by time, the company could challenge bigger competitors in other region.

In terms of marketing, expanding strongly and actively on social networks such as Facebook and Instagram could bring more reputation and create a new selling channel for the company. Therefore, Asimart has to focus on its Facebook page and other social networks. Another significant channel, which the company should concentrate and develop more, is doing business on mobile platform. According to above market researches and analysis, mobile devices now have an unquestionable role in e-commerce. Developing a well-organised and well-functioned application is fundamental for doing business on mobile devices. Asimart should cooperate with a technical company to create and manage the app.

Maintaining the stability of the business is another significant object for Asimart Ay. Long-term customers and suppliers should be treated nicely and informed about frequent promotion and marketing program gradually. Sending new product samples to customers and receiving feedbacks will play a key step for setting up a good selling plan and maintaining the products' quality. Stable development makes the company grow progressively and avoid risks.

By finishing the last stage of the implementation plan, Asimart Ay would become an e-business company working on both online B2B and online B2C. The company is now having a completed e-business platform and connecting fine with its partners. However, the implementation plan needs to be proved by real performance in Asimart Ay. The company should be flexible with situations to achieve the goals set for each stage. This implementation plan should be reconsidered if many problems appear and affect the business severely.

4.5 Recommendations

Some recommendations are given for Asimart Ay in every phase of planning, developing and executing its B2B e-commerce.

First stage

- Considering features that should be added to the inventory management system and the order processing system.

- Understanding the strengths and weaknesses to customise the two systems.
- The order processing system and inventory management system should be created together as a base platform for e-business.
- Paying close attention to the financial situation.
- Executing this phase slowly as the business develops, never rush in this stage.

Second stage

- Conducting market research thoroughly to understand the potential opportunities and threats of the market.
- Basing on the SWOT analysis to develop business strategy.
- Paying attention to the system to improve it and fix any errors occurred.
- Being patient and flexible with business partners.
- Developing trust and reliability with business partners is very important.
- Marketing program and strategy are essential.
- Taking cautious steps into any e-marketplace.
- Considering logistics options carefully.

Third stage

- Sustainable management is very important for developing.
- Cooperating with IT experts to secure the system.
- Updating the system frequently.
- Focusing on social networks.
- Concentrating on compatibility with mobile devices.
- Maintaining trust and reliability.
- Expanding slowly but firmly.

5 CONCLUSION

Four main points are drawn out from the research. First, the results of the study are discussed. The results are based on analysis and evaluation in the course of finding solution for the thesis problems. The research question of whether it is beneficial for B2B SMEs in Finland to apply e-business is also solved. Secondly, the study's validity and reliability are reasoned and realised. Thirdly, the author will express his self-reflection when doing the research. Lastly, future researches related to the field will be suggested.

5.1 Study results

The study has achieved the thesis purpose by answering the research question about applying B2B e-commerce in Finnish SMEs. The research theories help the firms examine and solidify its fundamental knowledge about e-commerce and e-business. By understanding the concepts of B2B e-business and e-commerce as well as distinguishing the two terms' characteristics, benefits, limitations and classification, firms could apply the knowledge into their business. The theories, crafted by remarkable researchers and summarised by the author, give companies a clearer path on applying e-commerce and assist them in implementation planning. By applying e-procurements, firms could follow or mix and match preferable methods basing on their current situation.

The study's theories prove its usefulness by applying into an actual case company: Asimart Ay, a start-up grocery store in Seinäjoki. By executing market research and understanding and analysing company's situation, an implementation plan is proposed based on the theories given. Applying theories into an existing case requires many efforts from the author as well as the company. Alongside many advantages, implementing e-procurement in both sell-side and buy-side B2B carries disadvantages that needs to be recognised. The implementation plan, therefore, takes time to show results in the researched firm.

The study can be applied for other B2B companies as well since e-commerce is becoming a trend in doing business. However, firms need to concern about the market and their own conditions to achieve their goal in implementing e-commerce. Every company that plans to operate B2B e-commerce should consider hiring or consulting experts in the field beforehand.

5.2 Study validity and reliability

A constructive part of the researching process is to recognise the validity and reliability of the study.

The research theory is realised in a SME in Seinäjoki region, which means that it is valid and suitable for the current firm and firms in the same industry. The research result, thus, is believed to be applicable in other SMEs in Finland and also inside EU. Still, the study is not generalised as it has only been implemented in Asimart Ay. Its validity could be challenged when applying to other company outside the EU or to a bigger firm.

The study's reliability is also an important factor that affects its outcomes. The basic concepts in this thesis are proved in other studies and practical cases. The data collected straight from Asimart Ay's owner, which is a reliable source. Asimart Ay itself has started to implement the research results into their business for a few weeks. This study requires additional time to prove its reliability in this case.

As discussed above, the study requires a thorough market research and analysis of the firm to choose a suitable implementation plan. Different business has different situations and markets. Thus, various executed plans could be tailored and proposed for them based on the theory of this study.

On the other hand, due to the research methods' lack of generalisation, the results could be different in other firms. This limitation could be countered if there were an interview with experts in B2B e-commerce field in Finland.

As a result of the development of e-business, new studies and researches about doing B2B e-commerce are delivered in the coming time. Discovering or testing a

new way of doing B2B e-commerce is always an alternative option for start-up companies.

5.3 Reflection of the study

While doing the research for this study, the author has experienced and enriched his knowledge.

First of all, it is the first time the author has run through an in-depth study and implemented it into a real case company. Therefore, the problems of inexperience are unavoidable. Unarguably, he has improved his researching skills and project management skills during the process.

Secondly, the author has to apply his knowledge of collecting data, crafting theories, organising ideas and analysing in order to gather information for this thesis.

Thirdly, the author's field of study is electronic business. Therefore, it is important for him to understand the theories related to it and know how to apply it into a case. By doing the research, he also learned many new skills and knowledge in this field.

Last but not least, the progress of the study is also a concern to the writer. Since it is a wide field of study and requires a lot of interactions between firms and the author in the process, the thesis sometimes could not achieve its planned timeline. Thus, the author needs to overcome many problems with patience to finish the study on schedule.

5.4 Possibility of future researches

From this study, there could be a possibility for doing other researches.

In the field of B2B e-commerce nowadays, customers are concerned about privacy, security and trust issues related to online stores. A research could be executed to improve the current situations.

Another matter is logistics in e-commerce, which is very important when doing business online because the boosted development of internet blurs geographical boundaries. While e-business could sell non-physical products like encrypted data, physical products are tangible goods that need to be delivered to business partners. Therefore, firms need to have fundamental knowledge about logistics in e-commerce.

In Asimart AY, another research could be done while the implementation plan is under progress, after the second stage. This research could evaluate and analyse the company's e-business platform after the first two stages. Another research could be done after the implementation plan is finished to analyse the benefits and limitations of the plan and to develop a new one. A research of sustainable development in Asimart AY could also be conducted after the third phase.

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APPENDICES

APPENDIX 1. Interview #1 questions for Vu Luong, Asimart Ay's owner

APPENDIX 2. Interview #2 questions for Vu Luong, Asimart Ay's owner

APPENDIX 1. Interview #1 questions for Vu Luong, Asimart Ay's owner

Ask and expand the questions if possible.

Business process situation of the company

- How many suppliers do you have?
- How did you get the contact of your suppliers? (from who? when?)
- Which kind of communication? (emails? phones? websites? e-catalogues? visits)
- How can you find they are reliable? How can you know them (financial stability, credit history)?
- Do you need any intermediary? How can you know them?
- How can you make a deal/ order through internet?
- How long did they take to answer you?
- Pricing? Compare with other suppliers? Quality?
- Inventory management? (Quantity? Date of expiry? Special care?)
- What is the delivery options? Contract?
- Have you conducted any process online? E-commerce system? Order online? ERP?
- Billing, documents, quality management.
- Payments? (fast? How can you arrange money transfer? Automated?)
- Have you have any problems with laws, taxes, and regulations when dealing overseas?

Related questions

- What is your experience with the electronic commerce system of the suppliers?
- What is the attitude of the suppliers? Do you find it reliable when you could not see them?
- Do you often ask for discount as a long-term partner?

- Have you experienced any difficult dealing online (security? payment methods?)
- Do you often buy from numerous suppliers? Do you often change the suppliers?

Implementation of B2B e-commerce (second interview)

- Which process do you think can apply e-commerce?
- How, in your current business status, do you think you can improve with e-commerce?
Have you had any plan?
- Brief present the idea of the theory with the interviewee
- Discuss each stage of applying into their business process

APPENDIX 2. Interview #2 questions for Vu Luong, Asimart Ay's owner

Selling method

- Why your products are special to compete? Any differences between them and normal supermarket products in Finland?
- Do you need an ERP? How about EDI with customers?
- Who is your competitors in the area? Online? Potential?
- What is your marketing strategy? (4Ps)
- What do you think your advantages and disadvantages compared with other competitors?
- Online store? B2B or B2C
- B2B revenue?
- Logistics?
- Payments?
- Join marketplace?

Expand strategy

- How is your website? Could it be both for B2C and B2B?
- Any order management system?
- Social networks? (Facebook, Instagram?)
- Your aim in 2 years?