Case study

Virtual partnerships in support of electronic commerce: the case of TCIS

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Abstract

Small businesses have largely failed to embrace electronic commerce with the exception of Internet start-up companies based entirely on electronic commerce. The most visible electronic commerce successes to date have been in the business-to-consumer area, from firms selling smaller ticket items not requiring extensive post-sales support. This article presents the case of a small French firm selling software products to businesses, both large and small, and the challenges it faces as it grows globally through electronic commerce. The purpose of this case study was to examine the major obstacles facing a small firm engaging in global business-to-business electronic commerce and to offer some insights into how the small firm can effectively maneuver in the global electronic market.

Several important issues emerge from this study, including: (1) the importance of post-sales support; (2) the ability to physically grow globally; (3) the role of image in a virtual environment; and (4) the awareness of the primary client. In particular, the post-sales service function is among the most pending issues. The case illustrates the need for the effective development and maintenance of virtual partnerships to handle various phases of the marketing cycle.

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1. Motivation

Although electronic data interchange has existed for several decades to facilitate business-to-business information exchange, electronic commerce involving the exchange of goods, services, and payments, in addition to information, among and between businesses and consumers has only been burgeoning since the widespread adoption of the world wide web in the 1990s. While estimates vary, the electronic commerce market for business-to-business is estimated at roughly US$1 billion and business-to-consumer at US$100 million
and expected to be 20% of global retail sales by 2007, according to Ira Magaziner, senior analyst to President Clinton (Information Strategy, 1997). The business-to-business market represents approximately 50% of the overall electronic commerce market (Palvia, 1997). A recent survey of European executives in large firms found that 20% expected electronic commerce to completely reshape their business and 59% felt that it would significantly change business (KPMG Peat Marwick, 1998). Over half of all respondents believed that the electronic commerce is vital to global competitiveness and one fourth believed the principle benefits of electronic commerce to be access to new customers and markets, and acceleration of business processes.

Small business, however, have largely failed to embrace electronic commerce with the exception of Internet start-up companies based entirely on electronic commerce (Purao and Campbell, 1998). Moreover, the majority of electronic commerce success stories, such as Amazon, 1800Flowers, and CDNow, have been from companies in the business-to-consumer segment selling small ticket items (less than US$100) that do not require heavy after-sales customer support. For larger ticket items and business-to-business commerce, brand name recognition and the associated trust with the organisation may be significantly more important and might tend to favor larger firms with established names, such as Cisco. In the business-to-business market, the larger firms with recognised names might pose a threat to small local firms. Indeed, there have been few examples of small firms in the business-to-business market, particularly in the sale of goods rather than services, successfully operating globally.

This article presents the challenges of one small company operating in a decidedly web-weary environment—that of France which is lagging in the implementation of electronic commerce (KPMG Peat Marwick, 1998)—engaging in business-to-business electronic commerce on a global basis. The case illustrates the potential and limitations of electronic management of all aspects of the marketing cycle. It is based on personal interviews with the owner and president of the company, the marketing director, and the US manager. Supplementary information was obtained from the organisation’s web sites ( and ), from Borzo (1997), and from internal company documents. Section 2 presents the case description; the penultimate section (Section 3) presents a discussion and the implications of the case; the final section (Section 4) presents the conclusions.

2. The case

“If you would have told me two years ago that, two years later, my product would be available to the whole world, that I would be working with Borland, that I would have a company in the US, and that I would be part of such a fast expansion, I would have died of laughter”. Serge Charbit, President ans CEO, TCIS—SystemObjects

Traitement Coopératif et Intégration de Systèmes (TCIS) is a Paris-based firm offering various software that can be described as middleware to interface between AS/400 machines and Windows. Founded in 1990 by Charbit, the owner, president, and CEO, TCIS currently has 18 employees. Charbit has typically hired young university computer
science graduates with no work experience, trained them, and then gave them the responsibility for new product development although it is Charbit who provides the vision for new products. A major event in the life of TCIS was when an agreement was reached with Borland in 1996 that Borland would bundle some TCIS products into certain of its products. TCIS currently has 15 software products ranging from AS/400 communication tools, electronic document management tools, client/server development tools, Internet/intranet tools, and decision support tools. All of the products are available for sales online and, since 1996, the software and manuals have been translated into English from the original French and demonstrations are available online.

In 1997, TCIS had sales of 12 million French Francs, and expected sales of 20 million in 1998. As of mid-1998, 50% of TCIS clients resided in France (about 300–350 clients) and the remaining 50% outside of France, with more in Europe than the USA. Ninety percent of company growth is estimated to result from new sales. The base client is a programmer analyst responsible for application development on AS400 machines in medium size companies. Says Charbit, “the base client is a technician whose degree of decision is zero. The base client doesn’t order the product, but he’s important because he’s the one whose conviction you need”. In the past, even medium sized organisations would have 10–15 programmer analysts working on the company’s systems. But as companies have purchased more and more of the important software—such as SAP—there are only a handful of systems analysts in many medium sized firms. Says Charbit: “So now, there is a direct connection between the manager and the developer and the manager can no longer just dictate to the systems analysts what they (the systems analysis) will and will not do. The manager has to listen to the systems analyst and has good reasons for not going with the choice of his developer”. For this reason, even though the base client does not have the power to authorise purchase, gaining his support with demo versions is critical to the ultimate sales of TCIS products.

2.1. Getting on the web

In March of 1996, Charbit decided to open an electronic commerce site for marketing and sales. In his view, his product represented a prefect fit for electronic commerce: the base client would likely have Internet access and the technical curiosity to try new software. In addition, his product could be delivered online as well. Charbit uses the Internet for all phases of marketing: first is the product advertising, then he has demonstrations of the software products available online. However, while one can read the information without entering any identification information, in order to download the demonstrations, one must complete a short questionnaire. Charbit uses the responses to the questionnaire to determine if the individual is a real prospect or a technically curious individual with “too much free time”. A record is kept of which software products an individual demonstrates and the individual is emailed information about related products or upgraded versions. It is possible to pay online for purchases. As the product is delivered online, there are no customs or delivery charges, or delays.

2.2. Opening of a New York subsidiary

Charbit decided that he could significantly increase sales by expanding to the US
market. He considered the best ways to tap into the US market. While opening the TCIS web site opened doors to sales in the US, he still felt that selling a French software product based in France to US firms would be difficult. Several months after opening the original web site developed and maintained from the Paris office, Charbit decided that he needed to open a subsidiary in the US to provide support to US clients. The subsidiary was incorporated in Delaware but located in New York city. Another reason for the subsidiary was Charbit’s perception that “to sell in Stockholm, in Berlin, in Paris, in Taiwan, or in South Africa, you have to be American. If you’re a Swede, a German, an Australian, an American, France represents champagne, perfume, wine, camembert, and Hermès. France doesn’t have the image of a great exporter of software, whether right or wrong”.

Charbit reports that since the opening of the SystemObjects and its web site, European firms are often purchasing from the US subsidiary instead of the French headquarters. “Today, there are French companies that test the product from the New York site, thinking that it’s a US product”. In fact, Charbit reports that a neighboring French firm ordered some TCIS software from the New York web site rather than simply phoning a few miles away. Likewise, European companies were visiting the US site at a greater rate than the Paris site.

Olivier Play is the engineer in charge of SystemObjects who handles the web site and the pre- and post-sales support. Most of the support Play has handled has been via email. Indeed, Charbit thought that having an 800 number was critical but he says “It didn’t ring”! It did not ring because potential clients preferred reading about the products online. The SystemObjects web site has been very successful. Charbit reports that 53% of TCIS’ current contacts registered via the SystemObjects site and that, over the last two years, the TCIS web site had less than the 2000 visitors the SystemObjects site had in its first two months.

The method Charbit used to advertise the new subsidiary was to advertise in News400, a trade journal for developers working on AS400s. He also purchased web banners on some popular AS400 sites. In addition, he sponsored the “News Wire”, an electronic journal sent via email to 7000 subscribers, likely users of AS400, and at the bottom of the email was the message “sponsored by SystemObjects” and by clicking on the SystemObjects, the individual was taken to the web site. Says Charbit, “all our publicity is now organised around a single thing—we have to get people to come to our SystemObjects site”.

2.3. Some challenges: American-style French entrepreneurship

French entrepreneurship is almost an oxymoron; add the words Online in the middle, and it is indeed a rarity. Says Charbit, “You’d have to be a crazy fool to do this in France! I’d have left two years ago, if my wife would have come with me…seriously. It’s a mortal sin in France to make a profit. And the administrative bureaucracy is suffocating”.

Contrarily, according to Play, opening the subsidiary in New York was relatively easy. “You don’t need to begin with a lot of money” as in France. Says Charbit, “It’s amazing. I created a company in Delaware. I don’t even know where Delaware is! I’ve never been to Delaware!” Moreover, Charbit feels that finding venture capital for firms in the US is far easier than in France.

Another constraint is true of most European firms: language, time zone, and currency
differences. “I don’t think that Microsoft is any more intelligent than the others, or that MGM is more intelligent than CANAL + . The difference is that you have a market of 200–250 million people who speak the same language, the same money, the same legislation. In a market like that, you can make investments that will pay off”.

2.4. The challenge of supporting a growing international clientele

One of the major challenges Charbit experienced as his sales grew internationally was the need to support an international clientele across multiple time zones and with multiple languages. He realized that he would need to set up two levels of post-sales. Charbit estimates that 80% of technical questions result from individuals who failed to read the documentation. This 80% he refers to as “first-level” support. He initially had the single individual in Paris responsible for all first-level support (excluding support to Borland customers) but this was quickly becoming a burden. As for the 20% of questions that reflect limitations or bugs with the software, these he refers to as “second-level” support. Second-level support often requires product modification. It is important for TCIS developers to handle second level support not only so that they can learn of needed changes to the various products, but to ensure as rapid a solution to the customer problem as possible.

Charbit saw several possibilities for handling the growing clientele. One option was simply to hire more personnel for the TCIS office in Paris. He could even have an 800 number ring to the Paris office with an American working, so that the growing North American client base would have the impression of local support. This seemed a short-term solution though. “If tomorrow I have 10 000 clients call the hotline, I’ll have to hire 20 extra people, but I’ll have trouble finding them. If there is unemployment in France, it’s surely not in computer science”. Moreover, time zone differences and language barriers would make such a solution ephemeral. A second alternative was to franchise TCIS to companies around the world. Charbit developed a franchising plan wherein, eventually, he would have a franchise in most industrialized countries. He debated this plan for several months with his lawyers. “I wanted to franchise—it was a strong and aggressive plan—one franchise per country, but my lawyers were up-in-arms”. The problem was that, were he to franchise TCIS, he would not have the legal authority to sell TCIS should a lucrative offer arise. Another option was the development of partnerships in various countries around the world. This option had the appeal of maintaining legal ownership, but the disadvantage of having less control over the partners. The partner approach would involve locating partners in various countries, ensuring that the partners were sufficiently trained on AS400s to be able to support TCIS products, and ensuring that the partners were trustworthy. Says Play, “we would have to be careful that they are not selling competitor products because if we are giving them a prospect, we don’t know if they’re going to sell to their prospects the competitor software or our software”.

The decision was to handle the growth via the partner approach. The longest running partner to date is a small Spanish company, IFR, that sells an accounting software product for AS400s. Charbit worked with IFR for over a year before meeting in person “We exchanged orders, bills, checks, messages of problems…. We became very familiar with each other over the phone”. Eventually Charbit arranged a visit to Spain to meet his partners, speaking about his partners, Charbit said, “they trusted us because they had
purchased our products. They had invested heavily in our products, but it isn’t the same as meeting in person. We now have a trust that’s at a different level”.

One of the major goals in forming partnerships is to be able to externalize as much as possible the first level of support which is the most cumbersome to support. However, ensuring that partners are equipped to offer effective support is not easy. To help train support engineers, TCIS began entering in a database all problems encountered and the corrections. “We now have a memory of about 2–3 years of problems. We’re going to make this available for our partners and clients on the web”.

TCIS will still be available for support, so that if a local partner is unable to solve the customer problem, the business partner (not the client) would call TCIS. However, Charbit desires to minimize these support calls to TCIS as the major cost to be reduced by partnering is that of support. Currently, Charbit is considering two types of partners: (1) the “occasional” partner would earn a lower commission and would only have to demonstrate a working knowledge of AS400, (2) the “certified” business partner would receive a higher commission but would be expected to handle most support. Partners could become “certified” partners by successfully completing a test, available online, demonstrating AS400 and TCIS product skills. Overall, the objective is to appear to potential clients as truly an international company, so that he can say to potential clients “No matter where you are in the world, close to you, you always have someone to help you”.

Finding reliable partners around the world is not a simple task. For the moment, Charbit anticipates finding partners by advertising on his web site and letting the potential partners come to him. Charbit posts information on the web site about countries where they have prospective clients and asks if anyone is interested in becoming a partner. His long term goal is to be physically present in Paris, in New York, and, if possible, in Japan and then to have partners in other countries.

2.5. What is to come

In considering the keys to continued success, Charbit said that “one thing that seems to me to be fundamental to the success of this experience, is that we transform this company of technicians into a company that is also one of marketing…. TCIS is a product, it was produced and even sold before we realised we needed to give it a name, to present it. I think we have to change that”. As a first step, Charbit hired K. Shannon, a former marketing product manager with Borland, to handle worldwide marketing. When Shannon first met with Charbit, Charbit said that Shannon “asked for the names of clients with such and such a product, and why they chose our product and what other product they tested and I didn’t know”. Charbit will rely heavily on Shannon to develop an international marketing plan to propel TCIS growth even further. In addition to the marketing and the post-sales support challenges, the pre-sales support challenge is increasing as well. The traffic to the SystemObjects site and demand for demonstrations requires corresponding with many potential clients in a timely fashion, distributing IDs and passwords, and following up with the client. Indeed, sparking interest in product demonstrations has flowed naturally, but turning the potential clients into purchasers is a greater challenge. Charbit desires to find a way to do more with existing clients and, in particular, wants to establish
Table 1
The electronic marketing cycle at TCIS

<table>
<thead>
<tr>
<th>Marketing and research</th>
<th>Promoting and advertising</th>
<th>Questions and negotiations</th>
<th>Ordering, shipping, invoicing</th>
<th>Payments</th>
<th>After-sales support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online potential client questionnaires</td>
<td>Online product information</td>
<td>Electronic mail accessible via the web site</td>
<td>Online orders</td>
<td>Online via credit card</td>
<td>Electronic mail for some problems</td>
</tr>
<tr>
<td>Use customer support questions for new product ideas</td>
<td>Online product demonstrations</td>
<td>Online shipping</td>
<td></td>
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<td>Electronic client forums</td>
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</table>
maintenance contracts with clients that would allow the clients to seek online access to product upgrades as well as product support.

3. Discussion

The purpose of this case study was to examine the major obstacles facing a small firm engaging in global business-to-business electronic commerce and to offer some insights into how the small firm can effectively manoeuvre in the global electronic market. Several important issues emerge from this study, including: (1) the importance of post-sales support; (2) the ability to physically grow globally; (3) the role of image in a virtual environment; and (4) the awareness of the primary client.

3.1. The importance of post-sales support

Palvia (1997) suggests that electronic commerce can influence all six phases of the marketing cycle—the marketing and research phase, the promoting and advertising phase, the question and negotiation phase, the ordering, shipping, and invoicing phase, the payments phase, and the post-sales support phase. TCIS is using electronic commerce in all phases (see Table 1).

Gogan (1996) suggests that in terms of post-sales support, the trends in the 1980s included telephone hot lines and fax-back services, while the trends for the 1990s include Internet-based marketing, electronic mail, and bulletin boards. Likewise, Palvia (1997) suggests that the last phase of post-sales support also lends itself easily for exploiting the Internet technology by using electronic mail, documentation of frequently asked questions, chat sessions with experts, and video-conferencing. In many cases, electronic support may be very effective. However, current anecdotal evidence suggests that customer satisfaction with post-sales service offered by online firms is low (Tedeschi, 1999). Customers express dissatisfaction with “the loathsome email ‘auto-response’ (standard, computer-generated messages intended to respond to customer inquiries) with advice on everything but what the customer asked about” (Tedeschi, 1999). Moreover, for technical products, customer support needs are complex and there is little reason to expect that electronic written forms of support will be any more successful than article written forms (i.e. documentation). In addition, the support function is the source of new knowledge about needed capabilities of future software versions and hence, the support function itself is imbued with competitive importance. Hence, decisions on how to effectively manage post-sales support are of strategic importance for firms in an industry where customer support needs are high.

As the case of TCIS suggests, particularly with products requiring heavy post-sales support such as software, the final phase of the marketing cycle is the most challenging to sustain for a small local firm having gone global and the most difficult to achieve electronically. Translating promotional material, orders and payments is feasible without having geographically dispersed employees. However, supporting geographically dispersed clients with a central support is proving infeasible. Indeed, it is one thing to advertise and sell over the web to a global customer base, it is quite another to support this expanding base, particularly for products which require extensive post-sale service. The
Table 2
Post-sales support options for the small global firm

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<th></th>
<th>Centralized</th>
<th>Support subsidiaries</th>
<th>Support franchises</th>
<th>Support partners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>Maintain control over client relationships</td>
<td>Maintain control over client relationships</td>
<td>Avoid hiring additional personnel</td>
<td>Avoid hiring additional personnel</td>
</tr>
<tr>
<td></td>
<td>no</td>
<td></td>
<td>Better knowledge of local markets</td>
<td>Better knowledge of local markets</td>
</tr>
<tr>
<td></td>
<td>Knowledge discovery from client problems</td>
<td>Knowledge discovery from client problems</td>
<td></td>
<td>No legal commitment</td>
</tr>
<tr>
<td></td>
<td>New offices needed</td>
<td></td>
<td>Contractual binding</td>
<td>Locating trustworthy partners</td>
</tr>
<tr>
<td></td>
<td>Multi-time zone needs</td>
<td>Personnel and office expenses</td>
<td>Potential loss of knowledge from client problems</td>
<td>Maintaining desired image</td>
</tr>
<tr>
<td></td>
<td>Multi-language needs</td>
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<td></td>
<td>Personnel expense</td>
<td></td>
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<td>Loss of control over client base</td>
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infrastructure for after-sales support sales requires 24 hour availability. As the case illustrates, small local firms can handle the support problems in several ways: (1) hire additional people centrally; (2) open small subsidiaries in foreign countries; (3) franchise to individuals/firms in foreign countries; or (4) partner with individuals/firms in foreign countries (see Table 2 for the major advantages/disadvantages of the approaches).

The fourth approach may prove to be the most practical and economical; however, it presents many challenges of its own, namely the identification of potential trustworthy partners, the determination of what parts of the marketing cycle to partner out, and the maintaining of quality relationships with clients despite the loss of central control. This leads us to the second major issue, that of expanding globally.

3.2. The ability to physically grow globally

For small firms in traditional markets, close ties with partners characterise the most critical business relationships (Uzzi, 1997). Uzzi (1997) studied the importance of embedded relationships—i.e. relationships among small firms based on personal relationships between owners or other key individuals. These partnerships are generally formed via intermediaries who are familiar with both the parties. The intermediaries furnish a basis for mutual trust by transferring the expectations of an existing social structure to a newly formed one (Uzzi, 1997). He found that most of the interfirm relationships were “arm’s length ties” but that the embedded relationships though fewer in number, characterised the critical exchanges. In the absence of formal devices to enforce reciprocation, such as contracts or fines, it might appear that small firms operating in the virtual market would be unable or severely limited in their ability to develop lasting relationships with other firms. Yet such relationships will be critical to their ability to reach global markets.

The TCIS case suggests that in the electronic market, networking is as crucial to small firms as it is to small firms in the non-electronic environment but that establishing the close-knit ties characteristic of the most important interfirm relationships of small businesses is particularly tenuous because the personal relationships necessary for the development of the close ties do not exist and are difficult to develop virtually. Even weak ties, found to be critical for innovation diffusion and knowledge sharing (Constant et al., 1996; Robertson et al., 1996) are inherently difficult to establish in a virtual environment although the virtual environment might assist in maintaining the ties once established. This suggests that a competitive asset for small local firms will be the ability to configure external partners in a virtual environment. Research is needed on how to effectively locate such partners and develop a sustainable relationship despite little, if any, face-to-face contact. Research is also needed that examines whether the embedded relationships found to be so critical for small firms in traditional markets are equally critical in the electronic market and how to establish such ties.

3.3. The importance of image in a virtual environment

While image is important to traditional marketing, it is perhaps even more crucial in the virtual environment. In the virtual world, customers make assumptions about a product based upon whatever information is available. As clients have less available information about any given organisation they are dealing with electronically, they will likely engage
in classic biased decision making behaviours, such as stereotyping as a means to reduce uncertainty. In this case, Charbit considered the image associated with France to be counter-productive to his attempts to sell software outside of France. Even though he did not consider the non-image of French software engineering as valid, nor did he consider it his task to disabuse the general populace of the impression. His placing a single individual in a New York subsidiary was a means of capitalising on the image associated with high technology in the US. It might be worth asking whether his success would have been even greater had he located the subsidiary in the Silicon Valley rather than on the East coast. It is interesting that his clients seemed unaware of where the software was developed, but only from where they were learning about it (a web site with a US address). McRae, (1995) argues that national cultures will increasingly become a source of competitive advantage in the future. It may be less the culture itself as the image that outsiders have of the culture that is most important.

Regarding image, another aspect that emerges in the case is the use of partners to make

<table>
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<tr>
<th>Issue</th>
<th>Description</th>
<th>Implications</th>
<th>Research needed</th>
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<tbody>
<tr>
<td>Post-sales support</td>
<td>Supporting a global client base from a single local office is quickly ineficacious.</td>
<td>Need to develop strategy for handling support. May require individual dispersed across time and language zones.</td>
<td>Relative effectiveness of various forms of post-sales support.</td>
</tr>
<tr>
<td>Global physical presence</td>
<td>Small physical presence may be necessary to enable effective customer service and to attract local clients.</td>
<td>Small physical presence in various locations may be necessary to support clients and to enable greater knowledge of clients.</td>
<td>Effectiveness of weak ties as a networking strategy. How ties are created and maintained. Various forms of global presence.</td>
</tr>
<tr>
<td>Virtual image</td>
<td>Potential clients will use any salient information, including images based on stereotypes, to evaluate companies online.</td>
<td>Companies have little control over the image that non-local clients will initially assign to the company. Need for image strategy.</td>
<td>What forms the basis of clients' images of online organizations. How can companies develop strategies to manage online images.</td>
</tr>
<tr>
<td>Client awareness</td>
<td>Need to distinguish three clients: client as visitor to web site, client as a purchase authorizer, client as the user of the purchased product.</td>
<td>International client knowledge difficult to establish for a small local firm—need awareness of decision making practices in different countries, as well as client preference.</td>
<td>The effectiveness of marketing aimed at the various clients. How individuals locate sites and what attracts them to try a product; what products do they overlook and why.</td>
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</tbody>
</table>
TCIS appear like a much larger international company than its 18 employees would suggest. Sukpanich and Chen, 1998 hypothesise that electronic commerce will reduce the number of intermediaries across all industries with the most pronounced reduction occurring in industries in which middlemen facilitate communication and exchange between buyers and sellers. This hypothesis may hold true for large organisations, but the TCIS case suggests that intermediaries in the form of partners may increase in the small business domain. The greater number of intermediaries engaging in a predominantly communication role with non-local clients are necessary to sustain the global growth. These intermediaries enable the small firm to grow with little capital allocated to expansion and with less knowledge of global market than would be necessary if the growth occurred internally.

A wide range of research is needed in the area of examining virtual images—how to establish an image in the electronic market, how to counteract possible negative images, how individuals form images of organisations they encounter online, how important is the web design to the establishment of image, among others. The proper image strategy depends to a large extent on the target client.

3.4. The awareness of the primary client

Another important lesson from the TCIS case is that awareness of the true customer (the one influencing the decision to purchase rather than the one authorising the purchase) is the real target of web sites designed to sell business-to-business and the target of advertising designed to attract visitors to the site. The client influencing the purchase decision may or may not be one in the same as the ultimate user of the product. Effective electronic commerce strategies will market to all three clients, albeit in different ways. Moreover, distinguishing valid potential clients from window shoppers or, in the case of TCIS, “techies with too much free time”, is another aspect to client awareness. TCIS attempts to distinguish clients of real potential via a survey completed by those requesting product demonstrations. Research is needed on how to distinguish clients with real potential from those with marginal interest, and how to effectively market a web site to the various clients. Table 3 summarises the major issues identified in the case study and the practical and research implications of the issues.

4. Conclusion

One of the promises of electronic commerce is that local firms in any country will be able to pursue global business. There are two perspectives on the effect of electronic commerce on local businesses: (1) that the web enables small local business to expand globally in an efficient manner, hence expanding sales and profitability and increasing the ability of small firms to compete against larger firms in their own country as well as from other countries; or (2) that the web renders small local firms at a severe disadvantage as large organisations are increasingly able to reach markets and maintain greater economies of scale than hitherto possible. There is support for both perspectives. On the one hand, most sales to consumers is still done to local consumers (“It’s a small world”, 1997) perhaps for language facility, perhaps for faster delivery time, perhaps because of issues such as trust, giving weight to the argument that local firms will be preferred both online
and off. On the other hand, global electronic commerce introduces many challenges—such as the need for support tools to handle language and currency conversion, and the need for scalability up to a global number of users (La Plante, 1997)—that are more readily handled by large firms with substantial IT budgets.

For small firms without the world-wide human resource infrastructure, the global business-to-business electronic commerce market is beset with high obstacles, including establishing credibility with customers who are unfamiliar with the company. This article has presented the case of a small French firm selling software products to businesses and the challenges it faces as it grows globally through electronic commerce. The case illustrates the importance of understanding the primary client in order to effectively target the electronic commerce and of skillfully managing the company’s online image in order to attract new clients with little knowledge of the company. The case also illustrates the need for the effective development and maintenance of virtual partnerships to handle various phases of the marketing cycle. In particular, the post-sales support phase was a critical issue that could not be sustained with internal growth. The ability to develop and maintain virtual partnerships to handle growth and support is thus of strategic importance to small firms engaging in global electronic commerce.

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