

In only a few years, e-mail and internet access have become an integral part of the way British businesses operate. Even the smallest companies are using them to improve communication, access information and cut costs. The most successful businesses, however, are going further and using these technologies as the basis of initiatives to improve efficiency, reduce costs, find new business opportunities and work more closely with customers and suppliers.

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This guide looks at best practice in e-mail and internet use and explains how you could get more out of your existing set up.

This report is for businesses who want to develop their use of e-mail and internet access. It covers low-cost, practical steps and best practice examples of getting more from these technologies.

EMAIL AND THE INTERNET

According to the DTI International Benchmarking Study 2003, over 90% of UK businesses have access to the internet and e-mail. The speed of adoption of these technologies has been impressive, with many of Britain's most successful businesses now regarding them as being as central to their infrastructures as their phone lines or electricity supplies.

There is no doubt, though, that some companies have only just begun to tap the full potential of these technologies. This brochure is designed to illustrate some of the possibilities available by looking at best practice in internet and e-mail use and to alert you to the potential pitfalls. It covers:

GETTING THE MOST OUT OF THE INTERNET

- Dial-up deals how you could save money on your internet connection by shopping around.
 - Broadband how your business could benefit and how to upgrade from your dial-up connection.
 - Buying and selling online how you could use the internet to cut costs, open new markets and improve stock management.
 - Sharing information how you could improve sales, forecasting and efficiency by opening up your systems to customers and suppliers.
- Getting the most out of email
- Customer service and marketing how you can keep your customers informed and market more effectively.
 - Working smarter how virtual teamworking can help you work more effectively.
 - Doing it right how to guard against spam, viruses, inappropriate use and e-mail overload.

GETTING THE MOST OUT OF THE INTERNET BROADBAND

Businesses that send large amounts of information like CAD/CAM files, video clips or presentations may well find that they need a faster internet connection than a 56Kbps modem.

What is Broadband?

Simply put, broadband is a fast, 'always-on' connection to the internet.

Fast

Wider availability and improved competition mean that most businesses can now get a broadband package that provides internet access at ten times the speed of a dial-up connection for as little as £20 a month.

Always-on

When people think of broadband they tend to think first of speed. However, it's the fact the broadband gives you a permanent connection to the internet that really opens up new possibilities.

The internet is far more than a way of accessing websites it's a global infrastructure that allows computers anywhere to exchange information. This means that, even if you are not interested in building a website, your business could benefit from more efficient processes, better communication and outsourced services. Essentially, broadband internet access is the foundation of all e-business. Without it, businesses cannot get the full benefit of new technology.

Getting Broadband

To get broadband, you need to:

- Check you are in a broadband area most UK businesses now are. Visit the broadband checker in the Technology section of our site to find out.
- Decide which type of broadband you want it

is available by telephone line, cable, satellite and wireless network, among others. The different types have different speeds and costs. Where you live will determine which options are available to you.

- Choose a service provider, known as an ISP this is the company that you pay to connect you to the internet. Costs can start from £20 a month.
- Get some computer hardware the ISP will usually supply the broadband modem (or antenna or dish) plus cables, and will charge a fee for installing and setting up the connection. Several ISPs also offer a less expensive DIY option. You may also need to buy network cards for your PCs.

BUTING AND SELLING ONLINE

When the internet first came to widespread public attention, it was consumer retail websites that hogged the headlines. While some were successful and others failed spectacularly the effect was to distract attention from the real business opportunities of the new technology.

A few years down the line, the picture is much clearer: though the internet did change the way people shopped, most of all it changed the way businesses work. This section looks at online auctions and trading hubs two simple uses of the internet that businesses have used to produce real, measurable results.

Online Auctions

As the name suggests, these are computerised versions of traditional auctions where prices are set by buyers bidding against each other. What makes online auctions so powerful is that, with internet technology, vast numbers of businesses or individuals can bid allowing sellers to get the best price. Conversely, the speed, simplicity and variety of auctions mean that shrewd buyers can cut the time and cost of procurement.

Online auctions are already having a huge impact on companies' balance sheets. For example, a recent survey suggested that, by 2005, European online auction would be trading goods to the value of £58 billion.

There are two main types of auction:

- Forward auctions where lots are sold to the highest bidder.
- Reverse auctions where suppliers compete on price and the lowest bid for a tender wins the business.

Forward auctions

Forward auctions can help suppliers to:

- acquire new customers and extend their geographic reach
- test new products and establish price points
- dispose of excess inventory quickly
- price according to demand and stock levels
- reduce sales costs by minimising marketing spend.

They can benefit buyers by helping them to:

- source non-critical supplies, like stationery and office furniture
- acquire specialist, second-hand equipment inexpensively
- reduce the time spent on procurement by setting up automated searches and bid alerts.

Reverse auctions

Reverse auctions can help buyers to:

- manage complex procurement contracts
- attract a larger pool of supplier
- reduce time and administrative costs
- drive down costs some large companies have reported cost reductions of 10% or more. And, because online auctions are increasingly sophisticated, they can weigh price against factors like service, quality and reliability to find the most attractive bid. Reverse auctions can benefit buyers by helping them to:

- gain access to customers who are ready to buy quickly without having to launch a sales campaign
- compete for business globally
- offload stock or build market share. Of course, even unsuccessful bidders gain valuable market information.

Auction best practice

If you are considering entering an online auction, make sure you check issues like:

- accreditation some auctions have qualifying criteria
- fee structures there may be a registration fee
- how payment is managed sometimes this is between the parties, sometimes through the auction site itself. Check also who pays for shipping, insurance and other costs.
- supplier reputation monitor feedback from previous bidders. Although it is estimated that only 0.04% of listings are fraudulent, buyers should carry out sensible checks or use sites with closed billing which protects transactions.
- bidding system how does the bidding work? Can you withdraw bids during the auction period? For the actual event, assemble a bid team and decide your opening and worst-case prices in advance. Then:
- Devise a spreadsheet for complex contract so you can adjust your bid and assess the competition.
- Don't bid too early. Set yourself a maximum bid and stick to it. Set up a system of e-mail alerts so you know when bid status changes. Consider using auction-tracking software to monitor multiple auction sites.
- Analyse the results afterwards. It will help you improve your strategy.

Trading hubs

Trading hubs (also known as e-marketplaces and online exchanges) are websites where buyers

and sellers trade goods and services online. At least 6% of business-to-business trade in the EU is expected to be done through trading hubs by 2005. Trading hubs vary according to the size and number of companies using them and the type of commodity traded. There are already successful hubs in markets as diverse as energy, textiles and logistics.

Like online auctions, trading hubs allow participants to trade straightforwardly with a wide variety of buyers and sellers. Two of the biggest factors driving the growth of trading hubs are that large businesses can use them to reduce stock holdings while small business can bid collectively to earn volume discounts or to jointly deliver a large contract.

The hubs earn their money from a combination of transaction fees, subscriptions and advertising, paid by customers each time they make a trade.

Trading hub best practice

If you are considering entering a trading hub, make sure you check issues like:

- choice are all your major suppliers involved? Does the hub have a comprehensive list of products and services so you can compare like with like?
- business relationships could using a trading hub undermine your status as a favoured customer? Would it be costly to end your relationship with an existing supplier?
- administration do you have adequate systems in place for order fulfilment? Will you be able to distribute to all territories? Are your internal business processes suitable for active online trading?
- disclosure are you comfortable with publicising information on prices and stock levels where your competitors can also view it? Will buyers gain the advantage as they get more information?

- fees how do these compare to any savings in sales and marketing costs?

SHARING INFORMATION

Alongside online shopping, the other compelling feature of the dotcom era was the promise of access to a limitless pool of largely free information. Unlike some of the wilder claims made for the internet, this was a promise that has been delivered. It has never been simpler or quicker to conduct research, assess the state of markets or monitor competitor prices.

However, the rise of search engines like Google, Yahoo! and AskJeeves highlights the fact that not all information is of equal value. The leading businesses have seen that the real value of the internet is not in the millions of pages of free information, but rather in its ability to function as the foundation of secure company, client and supplier networks. This allows systems to talk to each other, improving efficiency and productivity, and reducing costs.

EXTRANETS

At a simple level this improved flow of information could mean building an extranet so that customers or suppliers can access information like stock levels, delivery times or progress reports. This could be something as basic as a password protected area of your website, or as sophisticated as a system that allows you to share product and pricing data, accept orders and payments, and managing collaborative projects online. Adding a password-protected area to your website is relatively straightforward and inexpensive it can cost from about £25 per month for the additional web hosting fee. To give your extranet added levels of functionality like increased security and publishing facilities there are a number of software solutions starting at around £200.

VIRTUAL PRIVATE NETWORKS

Similar in principle to an extranet is a Virtual Private Network (VPN). Effectively a VPN uses the internet to extend your company network globally. In other words, with the correct security clearance, you can use a VPN to access your company network from any internet connected computer. This opens a huge range of possibilities:

- Sales people can access real time data on stocks and prices.
- Home workers can receive e-mail and work on the most up to date documents.
- People working away from the office, like engineers or delivery people, can provide real time information like progress reports on work or immediate confirmation of delivery.
- Companies with several offices can network sites more cheaply than by leasing dedicated connections.

Some VPN retailers claim running costs savings of between 60% and 80% over remote access by modems and up to 40% on office-to-office communication. Most VPN options require a broadband connection and have installation and annual charges. You can expect to upwards of £1,500 to set up a VPN, but costs will vary depending on your requirements.

OUTSOURCED SERVICES

With a broadband internet connection and a reasonable degree of system integration, your business could take advantage of electronic outsourcing. Rather than doing things in-house, you can lease access to the labour, expertise and technology of other businesses, letting you concentrate on what you do best and most profitably your core business. Businesses of all sizes are using electronic outsourcing to solve skills shortages, cut costs and risk, and reduce time to market.

Below are examples of some of the outsourced services you could purchase:

- Rented applications like e-mail, storage or e-commerce facilities.
- Discrete functions like website maintenance, IT support, accountancy or payroll processing.
- Logistics management, data mining services or other functions requiring significant investment in skills or hardware.

The benefits of outsourcing include:

- Reduced costs you can cut capital expenditure on IT hardware, software and training. Many providers will bill on a pay-as-you-use basis.
- Simple implementation and ease of use most outsourced applications integrate seamlessly with your existing systems and run on familiar interfaces, such as web browsers, or through common software packages.
- Low maintenance many services include support, development and upgrades in the price.
- Grows as you grow often you can rent more user licences as and when you need them.

GETTING THE MOST OUT OF EMAIL

Customer service and marketing E-mail is an incredibly powerful, low-cost communications tool that businesses are using to work more efficiently, provide better customer service and market their goods. This section looks at best practice in using it to keep your customers informed and to market more effectively.

E-mail marketing

E-mail can provide an extremely cost-effective way of marketing to your customers. Whether this is with regular newsletter updates or special offers, it gives you the ability to target customers cheaply and instantly, without the time lag and costs associated with printing. And, unlike other forms of marketing, e-mail is

excellent for generating word of mouth interest and referrals. Few people would bother passing on a leaflet or piece of direct mail, but it's very common for people to forward interesting e-mail offers to friends and family.

It's essential not to overuse e-mail marketing, though. What makes it so effective the personal, time-sensitive interaction is also what makes people react to irrelevant or unwanted e-mail. Remember too that the setup and performance of people's computers varies tremendously. Some office computers don't have soundcards, which means music or video files may not work. Firewalls, which protect networks, are also common these days. Often they will limit the size or type of file that customers can receive. If you think this may apply to your e-mail campaign, one solution can be to host files on your website and simply send an e-mail with a link.

There is also an issue of compatibility. Different programmes will display e-mail differently. An e-mail with images or an HTML component could look messy on a different set-up, or even cause the programme to crash. The solution is to profile your customers and understand what the best format is for them. Some may like e-marketing with whistles and bells, others might just like a plain-text e-mail.

E-mail marketing rules

In December 2003, new rules came into force covering marketing e-mails to individuals. The Privacy and Electronic Communications Regulations introduced an opt-in consent procedure for commercial e-mails which means you can only target people who have agreed to be contacted. This is a change from the previous rules, which only required that customers be given the opportunity to opt out of being marketed to.

To save having to contact all your existing customers to get consent, the rules apply only to new customers. You can continue marketing to your current customers provided they can opt-out of future messages and the messages cover similar products and services. The other main point is that you must clearly mark your e-mails with your contact details and include a valid return e-mail address. For more information on the new rules, visit the DTI's website, [/http://www.dti.gov.uk/industries/ecomunications](http://www.dti.gov.uk/industries/ecomunications) and read the section 'Directive on Privacy and Electronic Communications'.

Customer services

As well as being a powerful way of promoting your business and winning new customers, e-mail can be useful tool for improving customer service and hence customer satisfaction and retention. Encouraging customers to contact you by e-mail can benefit both parties they do not have to hang on the phone or make contact in working hours, and you do not have to respond immediately which can free up staff from answering the phone.

The ideal scenario for a customer is that when they e-mail a query to a business, they receive a prompt answer from the person who is handling it. Obviously this is not always practical for most businesses, so one option is to set up an automatic email acknowledgement. This immediately responds to e-mailed queries, so that the customer knows their query has been received and gets an idea of when they can expect a response.

While e-mail can be an excellent way of reducing the costs of customer support, its instant nature has made customers more demanding. They do not expect to wait a week to receive replies. It's essential to set a reasonable reply period and stick to it or you

may find customers abandoning e-mail and going back to the telephone.

It's also important to try and get e-mail customer service right first time the speed and convenience quickly evaporates if the customer gets sent back requests for further information. As with the time issues, the best businesses manage their customers they put guidance on their website explaining the information they need to process requests. Many businesses also include escalation procedures so that customers can take a problem further without resorting to the telephone or a letter. One major UK company, for example, includes a note on e-mails saying that, if the customer feels that their complaint is being dealt with unsatisfactorily, they should reply with the word 'Get it right!' in the subject line. These e-mails are then automatically sent to senior staff with the power to resolve problems, issue refunds etc where they receive priority treatment.

Finally, though e-mail is less formal than letters, it should still be professional. Even a brief acknowledgement e-mail needs to be professional, grammatically-correct and spell-checked before it is sent out.

WORKING SMARTER

Virtual teamworking

Virtual teamworking is using technology to allow a group of people to work together regardless of where they are based. While this is especially useful for companies with several offices, its uses are not restricted to internal projects increasingly businesses are using it to get suppliers, customers and staff all working together. Working virtually can make your business more flexible, more responsive and reduce time to market.

Some of the main benefits are:

- reduced costs on premises, travel and courier costs.

- improved productivity less downtime and smoother workflow.
- eliminates distance as a consideration people can collaborate globally, meaning you can always get the right people for the job as well as extending your market reach.
- closer business relationships involve customers and other stakeholders in key decisions and keep them better informed.

The first step in virtual teamworking is e-mail.

Because most people check their mail every day and because it provides a searchable audit trail, it is an excellent way of managing projects, exchanging information and getting client input and approval.

Other benefits include:

- distribution lists these can be set up to make sure relevant parties are automatically informed as projects develop.
- calendar co-ordination products like Novell NetMail XE and Novell NetMail (for more than 100 users) are purpose-built to plug e-mail and calendaring into users' favourite e-mail packages like Eudora and Microsoft Outlook. The cost per user depends on the number of licences with the server version priced at around £400.
- scalability most e-mail applications can be readily extended and scaled. If you can, it makes sense for the whole team to adopt the same application. However, this may not always be practical, particularly if your team works across organisational boundaries.

If e-mail virtual teamworking proves successful, you can then look at more advanced options like extranets or a Virtual Private Network.

DOING IT RIGHT

Regaining Control

With increasing reliance on e-mail and a growing amount of spam, businesses need to manage

their e-mail systems to prevent becoming overwhelmed by the volume. The first step is to get a firewall set up to filter spam and identify potentially virus-infected e-mails. This will slash the quantity of incoming e-mail. Many larger companies are also trying to reduce the amount of e-mail they generate by encouraging sensible use.

Although e-mail is an exceptionally useful tool, it is just one part of a communications toolkit. Some matters, for example, are resolved quicker by telephone or face-to-face discussion. Finally, to reduce the size of in-boxes and cut down on wasted storage space, many businesses encourage staff to send links to where documents or presentations are stored, rather than send the actual file itself.

Guarding against misuse

While e-mail is often considered disposable, careless or even libellous remarks by e-mail can prove very damaging to companies. E-mail can easily be sent to the wrong person accidentally, or forwarded on, and is virtually impossible to delete or retract. It is also covered by the Data Protection Act, which means that customers can demand copies of any e-mail containing personal data on them, even if only sent internally. (In recent years, several large companies have been successfully sued for libelling their customers by e-mail). It is therefore vital that companies have written e-mail policies.

Written policies on the use of company technology are often referred to as Acceptable Usage Policies (AUP) and attached to the standard terms of employment. An AUP should make employees aware of their responsibilities and spell out whether or not they are permitted to use the internet for their own purposes, including sending and receiving e-mail and visiting websites. And, if there are restrictions on

the amount of internet use that is allowed or the times of day that employees may connect to the web, these should be stated.

Most importantly, an AUP should also make it clear that employees must never send or store emails that are obscene, racist, sexist, defamatory or in breach of copyright, nor access websites with this kind of inappropriate material.

Avoiding viruses

Despite the enormous publicity that accompanies an outbreak, businesses are still falling prey to computer viruses, which can cost an extraordinary amount of money in lost productivity. Despite the efforts of IT support staff to filter out viruses, the commonest cause of problems is still staff carelessly opening e-mail attachments.

Again, education is essential. Most viruses are not particularly complex they rely on people opening 'executable' files (files that contain a programme rather than just data). Training on which types of files to avoid opening and on the ways viruses try to pass themselves off as authentic can provide a valuable second line of security should they slip through your IT defences.

To read more about the legal aspects of technology, read our Technology and the law factsheet you can find it on our website.

FURTHER HELP AND ADVICE

Achieving best practice in your business is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation.

GENERAL BUSINESS ADVICE

You can also get a range of general business advice from your local Business Link advisor by visiting the website at <http://www.businesslink.gov.uk> or calling 0845 600 9 006.

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