Identifying e-Business Readiness Factors Contributing to IT Distribution Channel Reseller Success: A Case Analysis of Two Organizations

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Abstract

The purpose of the study is to identify whether certain factors have an impact on the success of organizations in the IT distribution channel to adopt and promote e-business strategic models to their end-user customers. Two reseller organizations participated in an in-depth set of surveys around e-business sales and distribution of IT products and services. A set of working research hypotheses was formulated for investigation. A survey instrument was developed, pre-tested and administered to thirteen executives in two reseller organizations. Managerially the findings were focused around the need to offer a differentiated set of e-business service offerings and to then decide how the organization should best develop partnering relationships and/or outsource the expertise. Outsourcing relationships, it was found, reduces the complexity of delivering overall e-business solutions, while also creating project management challenges. Strategic acquisitioning was a key factor in making e-business initiatives successful in the IT distribution channel.

1. Introduction

The purpose of the study is to identify whether certain factors have an impact on the success of organizations in the IT distribution channel to adopt and promote e-business strategic models to their end-user customers. Companies are adapting their business models to include elements of e-business strategy in order to compete in today's marketplace. Consequently, there has been an increase in the amount of company Web sites as well as a predicted incremental increase over the next few years [15]. Further, IDC predicts even a strong percentage increase in businesses with intelligent and collaborative Web site applications (Wave 3: collaborative e-applications) through 2004 [32]. Clearly, the IT reseller occupies a prime spot for the dissemination of e-business technologies and consequently e-business adoption. However, over 92% of the reseller distributors in the channel are distributing front-office and supply chain e-applications and are not focusing on the applications requiring more sophisticated value-added services [32].

In this research, we will study the “readiness” of IT distribution channel resellers to adopt and distribute the growing e-business set of technologies to their larger Fortune 1000 end-user customer base. In essence, the reseller is the gatekeeper to promoting or hindering the widespread success of e-business applications to a large organization base with over 72% of all hardware, software, network, and database sales moving inside the IT distribution channel rather than being sold direct from manufacturer/developer to the end-user organization [14].

Because hardware margins have recently decreased dramatically, resellers are realizing that providing services in addition to hardware is necessary to stay competitive and maintain profits in the information technology resale industry. End-users’ demand for obtaining product and service from a single provider is an influential factor in a reseller’s decision to gain xSP (Service Provider) status. The quickly evolving market has not been sufficiently researched to provide substantial empirical evidence of the new set of factors required for reseller business success.

In the broadest sense, we define electronic business as an evolving set of applications, strategies, business processes and technologies linking multiple enterprises or individual consumers to enterprises for the purpose of conducting business using the Internet. It encompasses more than the purchase of goods online to consumers and businesses. It also includes content aggregation and management, supply-side order management, Internet community activities, customer management, and electronic commerce.

For this exploratory study, two reseller organizations participated in an in-depth set of surveys and interviews in order to understand the depth of how each did business and how each organization approached e-business sales and distribution of IT products and services. We spent a person-month in each organization studying the organizations’ customers, products and services offered, sales team approaches to meeting customer needs, and strategies for adopting new business models. Using the GartnerGroup...
research initially and the rich literature base in e-business, outsourcing, acquisitions, interorganizational systems, vendor agency relationships, and consulting practice management, we identified a core set of key competencies for e-business readiness.

Based on existing research, we formulated a set of working research hypotheses that encompassed the areas of e-business planning efforts, specifically (a) the resellers’ level of e-business service offerings, (b) tendency and willingness to partner with complementary firms, (c) frequency of serving as prime contractor on e-business projects, (d) frequency of sales to the executive level of a client, and (e) level of planned acquisitions to support e-business initiatives. Due to the exploratory nature of this research and the small sample size, we present primarily descriptive statistics for each of the two organizations and a comparative analysis of the data using non-parametric statistics. The objective of our statistical analysis is to establish a foundation for future research and provide thoughts for managers and executives in the IT distribution channel with respect to e-business initiatives and their propensity for success in such endeavors.

2. Review of the Literature

Developing strategies to adopt and sell e-business technologies and services requires a reseller organization to make significant investments. Deciding to make the initial and ongoing investments will be contingent on the organization’s perception that the future benefits will outweigh the costs involved. Mitra and Chaya (1996) propose that there is a need to quantify the benefits from the investments in e-business systems and that building a practice to develop e-business systems will require solid evidence of value-add to sell to end-users. The added value for customers will result in additional profit for the organization, as they are able to maintain current customer relationships and develop new ones based on the attractive offerings a new e-business model affords [31].

Due to the span of components in an e-business system, many organizations find difficulty in fulfilling all end-user customers’ needs. To meet end-users’ high demands, the success of an e-business model may relate to a decrease in organizational independence as the development of e-business systems, especially B2B, often involves integration across interorganizational systems (IOS). Choudhury recommends that the approach used, competitive or cooperative, depends upon the overall IOS business model [11]. Resellers are in position to offer differentiated competitive advantage to their end-user customers by offering services around the distinctive benefits offered by electronic interorganizational systems. For example, a multilateral IOS is designed to maximize brokerage benefits and reduce search costs to a buyer or seller of finding the optimal source for a product or service [11]. Using an interorganizational approach to sell value to resellers’ customers still allows a company to remain in control of their business transactions. Earl (1996) states that by using different outsourcing strategies, the organization holding the e-business contract will have the ability to select the outsourcing approach that will best meet their needs, given the information technology used and the business value-add [12].

Developing an e-business niche will allow an organization to provide the best possible deliverable to the end-user, even if this means passing part of the deal to a competitor who specializes in another aspect of the e-business system. Bakos (1991, 1997) found that ultimately all e-business systems reduce buyers’ search costs and increase the efficiency of interorganizational transactions, and therefore create numerous possibilities for the strategic uses of these systems [4]. The value-add of developing sophisticated e-business systems can be communicated to resellers’ customers by understanding the development of electronic marketplaces [5]. Electronic marketplaces can impose significant switching costs for end-users’ customers albeit requiring potentially large capital investments. Bakos would argue that resellers could become information intermediaries in a virtually explosive marketplace where many of the success variables are yet unknown [5].

Operating within an e-business framework offers a more cost-effective model, with feasible elimination of several steps of the traditional sales process. Powell and Dent-Micalef (1995) identified an emerging trend from single-source sales channels to electronic markets, lowering coordination costs for producers and retailers and resulting in fewer distribution costs [35]. Adopting a new business model requires selecting the components of a solution that the organization will offer from internal resources and deciding which components will be outsourced and from whom at what cost. Lacity and Willcocks (1998) found that successful firms moving into new technology support services, such as e-business systems, must invest in their information technology infrastructure in order to ensure effectiveness [26]. To move into the development of sophisticated and intelligent e-business systems, selective outsourcing decisions must be made due to the multiple listing of vendors and integrators in the marketplace. Selective outsourcing decisions (Lacity, Willcocks, and Feeny, 1996) must consider the scope of the sourcing outreach to IT expertise, the criticalness of the business application, and economic tradeoffs [25]. Clearly, e-business applications have been found to have a greater emphasis on speed-to-market than traditional IT applications found Hart and Saunders (1998) [17]. Resellers are again in the space to provide outsourced e-business software integration expertise for more sophisticated applications that are deemed “critical” by end-user customers [7]. Earl discusses the risks involved in outsourcing IT projects including business uncertainty and
potentially weak project management skill sets [12]. Some
of the traditional outsourcing risks can actually be
alleviated in the e-business space where outsourced
consultants provided by resellers with cutting edge
technologies with equally current technology-based
development skills.

Although many departments in an organization will be
affected by an e-business model conversion, and may
present cases in favor of or against such change, any major
organizational realignment, e.g. an e-business model
adaptation, will be decided upon by the executive level of
the company. Mitra and Chaya (1996) make a strong case
that most, if not all, cost-based decisions regarding
technology purchases will be made by senior-level
managers [31]. Selling to the executive level managers will
ensure that both technological and management
components of the proposed business plan will be
discuss the need to convince top managers of the need to
invest in the IT infrastructure, in our case the e-business
component, in order to be ready to develop company
critical applications with small windows of opportunity
[6,7]. Executives are “sold” on technology spending based
upon the strategic value-add nature of the opportunities
[19]. It is important to note that obtaining buy-in from these
key decision-makers will support the value-added business
initiatives of the organization [14]. Henderson and
Venkataraman (1993) stated that effective communication
regarding the value of IT investment involves a strategic
alignment set of discussions with top executives [18].
The decrease in search and product costs creates difficulty in
sustaining high pricing in a competitive electronic
marketplace. Lee and Clark (1996) predicted that buyers
will enjoy sustainable competitive advantage, an effective
selling point for corporate executives considering e-
business system projects [27]. Resellers are in position to
supply technologies and services especially given the key
strategic nature of e-business applications and business
process redesign changes that will result from the efforts
[7].

Part of the picture is the development of a services
practice for e-business by the reseller organization to
support their e-business value proposition to their
customers. Understanding how the establishment of an e-
business practice will be attained requires a systematic
approach [27]. Using a methodology designed for speed-to-
market e-business systems becomes a deciding factor in
building a successful professional services practice.
McArthur (2001) argues the need to develop a specific
development methodology that is unique and capitalizes on
the development talent in house [29]. Organizations selling
the development of e-business systems must emphasize
approaches based on developmental phases, i.e. the
Dynamic Systems Development Methodology (DSDM) or
Rapid Application Development (RAD) [14]. Powell and
Dent-Micalef (1997) found that for every implementation
of a strategic application developed, there must be
consideration of the intersection of human-, business-, and
technology-based resources [35]. To be considered
successful, GartnerConsulting found that e-business
implementation teams must consider (a) near-term feature
needs, (b) long-term capability needs, and (c) scalability,
reliability, and security needs equally [14]. This becomes
more difficult to do with the more complex e-business
application implementations: Wave 1: B2C interaction
(front office B2C e-commerce), Wave 2: Supply chain
exchanges (supply chain B2B e-commerce), and Wave 3:
Collaborative e-business (intelligent, collaborative e-
business).

Successful e-business practices within reseller
organizations will focus on meeting the market’s needs
based on these waves, addressing the challenges of front
office automation, securing transactions, verticalization,
differentiating exchanges, dynamic personalization, and
collaborative decisions [27]. To do this effectively, resellers
need to clearly define their e-business service offerings,
broadly or narrowly. For example, one reseller focused on
developing browse-able information and providing the
ability to link that information to back-office information
systems in order to offer data acquisition capabilities. This
service offering was deemed successful from a growth of
sales perspective and was highly niched as observed by key
partners, the latter a key success variable in many studies
[16]. The partnership construct is one receiving renewed
attention by researchers, particularly with respect to
interorganizational systems and the need to move data
between two organizations for B2B applications [17]. Hart
and Saunders (1998) found commitment and trust to be
crucial variables in the development of key partnership
arrangements [17]. Again, resellers are in a central spot to
bring e-business development partners together for
complex, strategic and cutting-edge projects.

Are the IT distribution chain resellers ready to capitalize
on complex development opportunities? How quickly can
they gear up to providing e-business products and services
to their end-user customers? How ready are resellers to
capitalize on these opportunities and make the strategic
investments needed?

3. Research Hypotheses

3.1. e-Business Service Offerings

Increasing the clarity in the resellers’ e-business service
offerings will allow the organization a greater opportunity
to take on a greater diversity and a larger amount of
projects, increasing profitability. Rather than take on
projects that do not fall within the reseller’s key areas of
strength or expertise, it would serve the customer best by
partnering with firms who possess other strengths, to allow
for the most comprehensive project results. Once the reseller has partnered with complementary firms, it will need to implement an outsourcing plan in order to ensure that they either can directly or indirectly fulfill any client e-business project. The decision to outsource, and to whom for what services, will be made by the project manager. A successful e-business practice will take on the project manager role, as the prime contractor for e-business projects, and assume responsibility for outsourcing pieces of projects to their partners.

**H1a:** The greater the degree of clarity of e-business service offerings, the more the need to partner with complementary firms.

**H1b:** The greater the degree of clarity of e-business service offerings, the more the need to outsource some or all of the e-business project.

**H1c:** The greater the degree of clarity of e-business service offerings, the more the frequency of serving as prime contractor on e-business projects.

### 3.2. Selling to the Executive Level

As the degree of service offerings is better defined in the reseller’s e-business’ model, fulfilling strategic e-business projects involves understanding each part of the project and the strategic advantages associates with e-business products and services. Selling to the customer’s executive level ensures an understanding of the extensive systematic method needed for each project. Traditionally, the reseller sales force does not communicate with top-level executives when selling hardware, rather they stay within the IS ranks. Assuming a project management role and acting as the prime contractor for projects gives the reseller’s e-business organization control over a project’s success, by initiating the outsourcing of certain parts and working with executive customers to maintain communication of the project’s complexities.

**H2a:** Sales to the executive level will increase given an increase in the degree of clarity of e-business service offerings.

**H2b:** Sales to the executive level will increase given a strong fulfillment engine in e-business strategic consulting.

**H2c:** Sales to the executive level will increase given a strong organizational commitment to play the lead role and serve as the prime contractor for e-business projects.

### 3.3. Level of Outsourcing

In planning corporate acquisitions, a reseller’s e-business organization will have to gauge the extent to which they will be able to fulfill an e-business project. Accounting for the strength areas presented by current in-house expertise in addition to the strengths of acquisitions will facilitate the decision to outsource parts of a project. The decision-maker will be the project’s prime contractor; this role should be taken on by the e-business organization working closely with the executive customer.

**H3a:** The level of outsourcing is positively related to the amount of planned corporate acquisitions to support e-business initiatives.

**H3b:** The level of outsourcing is positively related to level of clarity of e-business service offerings.

**H3c:** The level of outsourcing is positively related to the ability to serve as prime contractor for e-business projects.

### 3.4. Serving as the Prime Contractor

Assuming the role of prime contractor for e-business projects requires that the reseller e-business organization understand the entire scope of each project and take charge in selecting the appropriate partnering organizations from which to outsource parts of the project not mastered by the prime contractor’s e-business organization. Exploring the extent of necessary outsourcing will highlight some key strengths that the e-business would like to offer in the future. This perspective may be the catalyst for initiating a strategic plan to acquire new future offerings.

**H4a:** The greater the frequency of serving as the prime contractor for e-business projects, the greater the level of outsourcing required to fulfill end-user demands.

**H4b:** The greater the frequency serving as the prime contractor for e-business projects, the greater the propensity to explore the strategic direction to acquire e-business skills and services.

### 4. Study Design

This section addresses the study setting, study’s measures, and a description of the participants and sampling procedure. Using a case study approach, two reseller organizations were used for data collection, the names of which will remain anonymous due to a mutual non-disclosure confidentiality agreement. The authors selected two organizations in the IT distribution channel that were converting their business models to provide e-business services and conduct e-business projects with their end-user customers. In order to better clarify a set of e-business readiness factors, a survey instrument was designed and administered via an interview process to chief-level executives in the two reseller firms. Both quantitative and qualitative research data were collected. Both organizations were educated on the factors around the transformation of their business model, selling e-business, and managing successful e-business projects. The study was designed to measure the success of organizational readiness and e-business project management.
The two reseller organizations had somewhat different demographics. Case organization #1 is located in the San Francisco valley area, had annual sales of $50M, resells predominantly Sun Microsystems hardware, is currently executing e-business integration deals, is evolving to an e-builder model, operates in the California government and financial vertical industries, has a sales staff of eight people, inside sales staff of three, technical support staff of 12 people, and is bringing on a new business unit to manage e-business projects.

Case organization #2 is located in the Atlanta area with annual sales of $350M, resells predominantly Sun Microsystems hardware and Oracle databases, is currently executing e-business integration deals, is also evolving to an e-builder model, operates in the retail, health care, and financial vertical industries, has a field sales staff 32 people, inside sales staff of 67, and technical support staff of 112 people, is integrating e-business into current organizational structure, and is planning to launch a new company to manage e-business projects and sales.

5. Data Collection and Analysis

The independent and dependent variables for all hypotheses are provided in the body of Table 1. A survey was designed to assess the e-business readiness of an organization. The survey categorized readiness into: (a) marketplace, (b) technical, (c) organizational and process, (d) corporate presence, and (e) e-business sales.

Table 1. Study Variables

<table>
<thead>
<tr>
<th>Hypothesis Number</th>
<th>Independent Variable</th>
<th>Related Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Service Offerings</td>
<td>Tendency and Willingness to Partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Level of Outsourcing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frequency of Serving as Prime Contractor</td>
</tr>
<tr>
<td>H2</td>
<td>Selling to the Executive Level</td>
<td>Degree of Service Offerings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strength of Fulfillment Engine</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frequency of Serving as Prime Contractor</td>
</tr>
<tr>
<td>H3</td>
<td>Level of Outsourcing</td>
<td>Amount of Acquisitions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Degree of Service Offerings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Frequency of Serving as Prime Contractor</td>
</tr>
<tr>
<td>H4</td>
<td>Frequency of Serving as Prime Contractor</td>
<td>Level of Outsourcing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount of Acquisitions</td>
</tr>
</tbody>
</table>

After the survey instrument was created, it was pre-tested by the research team at the GartnerGroup. The survey instrument was administered at both of the reseller organizations during a two-hour interview with each of six executives from the San Francisco valley reseller firm and with each of seven executives from the Atlanta reseller firm. Each firm went through an e-business education process over two weeks prior to completing the survey instruments in order to develop an e-business practice and to gain project expertise. The training materials that each of the companies received included:

- e-Business models indicating changes and transformations;
- The Moore S-Curve presenting the timing of a paradigm shift for offering professional services in the organization and was discussed with respect to ensuring proper planning;
- A roadmap for transformation to an e-builder organization;
- The e-business DSDM methodology for selling and fulfilling e-business projects.
Data was aggregated and presented to the individual organizations for subsequent comments. During the education process at the case organizations, the management team made a decision to invest in an e-business practice and gained understanding of the different business models for providing integrated solutions. They agreed on a reseller-specific roadmap for transformation to an e-builder organization and adopted the DSDM methodology for selling and fulfilling e-business projects.

The assessment administrator consulted with colleagues to give feedback on the assessment’s completeness and readability. Some of the questions were changed slightly prior to the executive interviews, for purposes of clarity. Many of the constructs explored by this study have been researched in the literature but limited study findings exist as a result of the changing market practices. Replications of this study with a higher number of reseller organizations and respondents would likely produce results with high level of testable validity. The current study serves as a pre-test framework for future expanded studies.

Since the objective of this study was to gain an outline of the factors of reseller e-business success in today’s marketplace, the authors sought to identify groups of correlated factors to illustrate a framework for recommended best practices. Quantitative as well as qualitative data were collected for analysis. Due to small sample size, non-parametric statistics were used in order to provide preliminary relationships between variables for future investigation.

Descriptive statistics and Spearman Rank correlations were calculated. Studies using ranking or relative measurements, as opposed to linear measurements, require the use of the Spearman Rank Correlation Coefficient method for data analysis. Qualitative questions were scored using a rank system similar to the quantitative questions, on a scale of 1 to 3 for scoring of questions warranting a “low,” “medium,” or “high” response. Groups of interrelated success factors were found.

6. Results

The descriptive statistics for each of the case firms is presented in Table 2. Participants in the first reseller rate their customers’ perceived needs in e-business as average (µ=3.33). Participants rate “9 months” as the time estimate until customers have strong needs for e-business development (µ=4.00). Serving as the prime contractor for e-business projects is estimated as being infrequent (µ=1.83). Participants find that their company sells to the executive level at a low to average frequency (µ=2.84). In rating the level of fulfillment of e-business strategic consulting, participants estimate that their company sells services 25-50% of the time (µ=2.81). The company’s tendency and willingness to partner in e-business projects is rated as slightly above average (µ=3.67). Participants do not feel that their company has a strategic direction in the area of acquisitions (µ=0.83). The company’s outsourcing practices are considered by the participants to be less than average (µ=2.33).

<table>
<thead>
<tr>
<th>Construct</th>
<th>CASE FIRM #1</th>
<th>CASE FIRM #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers’ perceived needs in e-business</td>
<td>3.33 1.21</td>
<td>3.83 0.47</td>
</tr>
<tr>
<td>Time estimate (mos) customers have strong</td>
<td>4.00 1.96</td>
<td>3.20 2.58</td>
</tr>
<tr>
<td>need for e-business development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Serving as the prime contractor for e-business</td>
<td>1.83 2.56</td>
<td>1.60 0.89</td>
</tr>
<tr>
<td>Selling e-business solutions to executive level</td>
<td>2.84 1.47</td>
<td>1.60 0.89</td>
</tr>
<tr>
<td>Fulfilling e-business strategic consulting</td>
<td>2.81 1.47</td>
<td>2.00 0.50</td>
</tr>
<tr>
<td>Willingness to partner in e-business projects</td>
<td>3.67 1.03</td>
<td>3.60 1.51</td>
</tr>
<tr>
<td>Strategic direction in the area of acquisitions</td>
<td>0.83 1.17</td>
<td>2.40 2.30</td>
</tr>
<tr>
<td>Level of outsourcing e-business project areas</td>
<td>2.33 0.52</td>
<td>2.60 1.34</td>
</tr>
</tbody>
</table>

Scale: 1=little need to 5=strong need
Participants in the second reseller firm classify their customers' perceived needs in e-business as slightly above average (µ=3.83). Participants give a rating equal to 6-9 months as the time estimate until customers have strong needs for e-business development (µ=3.20). According to average participant response, the company does not serve as the prime contractor for e-business projects (µ=1.60). Participants find that their company sells to the executive level very infrequently (µ=1.60). In rating the level of fulfillment of e-business strategic consulting, participants estimate that their company sells services 25% of the time (µ=2.00). The company's tendency and willingness to partner in e-business projects is rated as average (µ=3.60). Participants feel that their company rates as having a less than average strategic direction in the area of acquisitions (µ=2.40). The company's outsourcing practices are considered infrequent by the survey participants (µ=2.60).

The e-business service offerings for the first reseller are displayed in Table 3. Case firm #1's e-business offerings were rated by all executive participants, who found four e-business offerings to be rated highly (83.3%) including electronic billing, e-marketplaces, electronic Internet applications, and order management. Among the least offered e-business services were workflow systems, electronic software distribution, supply chain automation, and sales force management (16.7%). Participants agreed that they do not offer XML Solutions.

Case Firm #2’s e-business offerings, displayed in Table 4, had three rating categories. Web Hosting was found to be the largest company offering (85.7%). The highest rated e-business service offerings were electronic catalogs, applications outsourcing, workflow systems, and customer service (71.4%). A few of the e-business initiatives landed in the middle territory, rated as lower in importance for the company by at least half of participants, including online community management, electronic billing applications, supply chain automation, and sales force automation. In general, the distribution of e-business service offerings by this reseller tended to be more bi-modal indicating a clearer focus on service offerings that were buildable and discarding those initiatives seemed to be out of the domain of the organization’s focus.

An overview of the findings indicates that the average response of participants from both organizations in the study rate themselves similarly with regard to success factors. It is difficult to quantify comparative results due to the small sample size of the two case organizations. Clearly both organizations were not in positions to offer to serve as the prime contractor for their e-business projects at the time of the data collection effort, whereas both firms were planning to partner for service offerings outside of their respective areas of expertise. Case firm #2 did not rate the selling of such projects at the executive level to be a priority and they stated that they did not have the sales expertise to begin selling e-business projects at this level due to the lack of entry-point contacts. Participant responses indicate that the two firms exhibit a mere average tendency and willingness to partner in fulfilling e-business projects, admittedly lack a strategic direction in the area of acquisitions, and exhibit less than average outsourcing practices. Because both organizations did not rate themselves highly with regard to many factors considered important to an effective and successful e-business model, they were given follow-up business plan education for adopting a roadmap for strategic systematic conversion to an e-business practice.

7. Discussion

We follow this analysis with a discussion of the correlations among the variables in order to, in part, set forth a framework for a large study. The results of the
Spearman Rank correlations based on non-parametric analysis are detailed in table 5. Implications to hypotheses are highlighted in this section.

7.1. Service Offerings

The level of e-business service offerings was found to be a key variable in the overall growth of the professional services practice in the IT distribution channel. Firms would likely increase sales in many areas of e-business by identifying and fulfilling consulting projects in these areas. Where internal skills did not exist, organizations would be encouraged to partner in the pursuit and fulfillment of e-business projects, consider outsourcing parts of or an entire project, or consider potential acquisitions. H1a (partnering) was strongly supported (p=.002). H1b (outsourcing) was also strongly supported (p=.001). H1c (prime contractor) was weakly supported (p=.018) but could increase in significance in a future study, given a larger sample size.

Table 4. e-Business Service Offerings for Case Firm #2

<table>
<thead>
<tr>
<th>E-BUSINESS OFFERINGS</th>
<th>%</th>
<th>E-BUSINESS OFFERINGS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Catalogs</td>
<td>71.4%</td>
<td>Order Management</td>
<td>57.1%</td>
</tr>
<tr>
<td>Electronic Billing</td>
<td>42.9%</td>
<td>Intranet Systems</td>
<td>57.1%</td>
</tr>
<tr>
<td>Applications Outsourcing</td>
<td>71.4%</td>
<td>Supply Chain Automation</td>
<td>42.9%</td>
</tr>
<tr>
<td>Online Communities</td>
<td>42.9%</td>
<td>Online Auctions</td>
<td>28.6%</td>
</tr>
<tr>
<td>Electronic Marketplaces</td>
<td>28.6%</td>
<td>Purchasing Cards</td>
<td>14.3%</td>
</tr>
<tr>
<td>Workflow Systems</td>
<td>71.4%</td>
<td>AP Interfaces</td>
<td>14.3%</td>
</tr>
<tr>
<td>OR Management</td>
<td>28.6%</td>
<td>Distributed Publishing</td>
<td>14.3%</td>
</tr>
<tr>
<td>Electronic SW Distribution</td>
<td>14.3%</td>
<td>Data Warehouses</td>
<td>14.3%</td>
</tr>
<tr>
<td>Electronic Internet</td>
<td>42.9%</td>
<td>B2B Exchanges</td>
<td>28.6%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>71.4%</td>
<td>Sales Force Automation</td>
<td>42.9%</td>
</tr>
<tr>
<td>Web Hosting</td>
<td>85.7%</td>
<td>Web Monitoring</td>
<td>57.1%</td>
</tr>
<tr>
<td>XML Solutions</td>
<td>28.6%</td>
<td>Database Integration</td>
<td>57.1%</td>
</tr>
</tbody>
</table>

7.3. Level of Outsourcing

Outsourcing e-business projects, in order to have another organization either bid, sell, and/or fulfill independently, is found to be the norm rather than the exception. Often, the organization with mature, marketed e-business service offerings finds the opportunities and has the ability to set the terms of the outsourcing arrangements. Additionally, there is often a willingness to support strategic acquisitions to bring in new skill sets and talent needed for e-business projects. H3a (acquisitions), H3b (service offerings), and H3c (prime contractor) were all supported (p=.002, p=.001, and p=.006, respectively).

7.4. Serving as the Prime Contractor

As with making outsourcing decisions, serving as the prime contractor puts that organization in the driver’s seat, making them more of a program manager with the ability to fulfill the parts of the e-business project they feel are their strength areas. Developing the strategy for corporate acquisitions around e-business integration channels, it is natural for the reseller organization to provide project management skill-sets acting in the prime contractor position. There are increased project risks for acting as the prime contractor for e-business projects over other information technology projects due to a larger number of vendors and integrators involved and the newness of the integration APIs, making time and cost estimation very difficult. H4a (outsourcing) and H4b (acquisitions) were supported (p=.006 and .p=.005, respectively).
Table 5. Spearman Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Customers’ perceived needs in e-business</th>
<th>Level of e-business service offerings</th>
<th>Serving as the prime contractor for e-business</th>
<th>Selling e-business solutions to executive level</th>
<th>Fulfilling e-business strategic consulting</th>
<th>Willingness to partner in e-business projects</th>
<th>Strategic direction in the area of acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers’ perceived needs in e-business</td>
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<td></td>
<td></td>
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<tr>
<td>Level of e-business service offerings</td>
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<tr>
<td>Serving as the prime contractor for e-business</td>
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<tr>
<td>Selling e-business solutions to executive level</td>
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<tr>
<td>Fulfilling e-business strategic consulting</td>
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<tr>
<td>Willingness to partner in e-business projects</td>
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<td>Strategic direction in the area of acquisitions</td>
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<tr>
<td>Level of outsourcing e-business project areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

| Customers’ perceived needs in e-business | | | | | | | |
| Level of e-business service offerings | | | | | | | |
| Serving as the prime contractor for e-business | | | | | | | |
| Selling e-business solutions to executive level | | | | | | | |
| Fulfilling e-business strategic consulting | | | | | | | |
| Willingness to partner in e-business projects | | | | | | | |
| Strategic direction in the area of acquisitions | | | | | | | |
| Level of outsourcing e-business project areas | | | | | | | |

From a managerial perspective, we wanted to offer some key insights from this study. First, focus on a unique set of differentiated e-business service offerings and decide how you will partner and/or outsource to make those offerings work. Build a strong core and then expand as you have success. Have an acquisition plan in place that supports the strategic initiatives of the organization so that you can grow less organically. Sell e-business solutions to the executive level taking into account the complexities of multiple vendors and integrators. Be willing to take on the program management role, but have a methodology for fulfillment to mitigate the risks inherent in multiple integrations. Put together outsourcing arrangements with other e-business organizations that help fulfill in areas where you do not have the current skillsets. Couple this effort with the strategic acquisitions plan to maximize growth and provide clear high-quality deliverables for each and every e-business project. Decide in which projects you want to serve as the prime contractor and couple this effort with specific e-business service offerings that you will sell to corporate executives. Focus clearly on meeting business directives and decide how you can show return on investment for e-business dollars invested.

8. Future Research

The authors propose expanding the present study to incorporate thirty information technology reseller firms, with over 100 respondents. The larger sample size would allow for parametric statistical analysis and would yield a better understanding of the complex IT distribution channel. To evaluate the effects of a business model change, it would be useful to put in place a set of business model metrics to conduct before-after studies. After the follow-on work from this research, we intend to look at international IT distribution channels in order to conduct collaborative studies that will allow for a comparative analysis of multi-cultural approaches to selling and delivering e-business solutions to end-user customers. Incorporating the knowledge of other researchers in a collaborative study will allow for expansion of the study’s scope, to incorporate e-business project risk factors. Future studies will present information, which would be useful in the field only by developing a construct(s) for an e-business practice model.
9. Sources


