

MOBILE BUSINESS AS AN OPTIMUM MODEL FOR IDEAL BUSINESS

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ABSTRACT

It is well known that the performance of a practical system in nature can be improved by comparing it with properties/characteristics of an ideal system of similar type. In this paper, an attempt is made to identify some of the important characteristics of an Ideal Business in terms of input conditions, system requirements, output conditions and market requirements are identified and analyzed. The paper describes how these characteristics can be achieved in practical business by incorporating electronic online business model using mobile devices called mobile business. The paper also discusses how a small business planned by an entrepreneur can improve it towards an ideal business level by incorporating information communication technology (ICT) components. The conceptual nature of mobile business including major features, value chain, Benefits of mobile business from customers point of view and comparison of mobile business properties with that of ideal business properties are discussed. The various parameters affecting mobile business in terms of the characteristics of Ideal business are studied. Finally, some of the possible products and services which can lead to the concept of Ideal Business are identified and analyzed.

Keywords: Ideal Business, E-business, e-business models, e-business strategies, mobile business.

Introduction:

The word 'Ideal system' refer to the system which has ideal characteristics i.e., perfect in every way. It is what the mind pictures as being perfect. The concept of ideal engine, ideal switch, ideal voltage source, ideal current source, ideal semiconductor devices like ideal diodes, transistors, etc. have been defined and taken as standards to improve the quality and performance of such practical devices or systems. It is found that, by keeping such hypothetical device or systems in mind, researchers have continuously improving the characteristics/properties of practical devices / systems to upgrade their performances. Hence ideal properties of a device or a system can be used to upgrade or improve its properties towards reaching 100% efficiency. By comparing the properties/characteristics of a practical device/system with its ideal counterpart, one can find out the possible modifications in that device /system towards reaching the objective of achieving such an ideal system. The simple definition of Business is a system of doing any activity with a profit motivation. This includes selling and/or purchasing any products/services with an objective of usually long term profit. A sustainable successful business involves 'Ease of Use'. Some of the characteristics of a business are :

(1) **Creation of utilities** :Business makes goods more useful to satisfy human wants. It adds time, place, form and possession utilities to various types of goods. In the words of Roger, "a business exists to create and deliver value satisfaction to customers at a profit". Business enables people to satisfy their wants more effectively and economically. It carries goods from place of surplus to the place of scarcity (place utility). It makes goods available for use in future through storage (time utility).

(2) **Dealings in goods and services**: Every business enterprise produces and/or buys goods and services for selling them to others. Goods may be consumer goods or producer goods. Consumer goods are meant for direct use by the ultimate consumers, e.g., bread, tea, shoes, etc. Producer goods are used for the production of consumer or capital goods like raw materials, machinery, etc. Services like transport, warehousing, banking, insurance, etc. may be considered as intangible and invisible goods. Services facilitate buying and selling of goods by overcoming various hindrances in trade.

(3) **Continuity in dealings:**

Dealings in goods and services become business only if undertaken on a regular basis. For instance, if a person sells his old scooter or car it is not business though the seller gets money in exchange. But if he opens a shop and sells scooters or cars regularly, it will become business. Therefore, regularity of dealings is an essential feature of business.

(4) **Sale, transfer or exchange:**

All business activities involve transfer or exchange of goods and services for some consideration. The consideration called price is usually expressed in terms of money. Business delivers goods and services to those who need them and are able and willing to pay for them. For example, if a person cooks and serves food to his family, it is not business. But when he cooks food and sells it to others for a price, it becomes business. According to Peter Drucker "any organisation that fulfils itself through marketing a product or service is a business".

(5) Profit motive:

The primary aim of business is to earn profits. Profits are essential for the survival as well as growth of business. Profits must, however, be earned through legal and fair means. Business should never exploit society to make money.

(6) Element of risk:

Profit is the reward for assuming risk. Risk implies the uncertainty of profit or the possibility of loss. Risk is a part and parcel of business. Business enterprises function in uncertain and uncontrollable environment. Changes in customers' tastes and fashions, demand, competition, Government policies, etc. create risk. Flood, fire, earthquake, strike by employees, theft, etc. also cause loss. A businessman can reduce risks through correct forecasting and insurance. But all risks cannot be eliminated.

(7) Economic activity:

Business is primarily an economic activity as it involves production and distribution of goods and services for earning money. However, business is also a social institution because it helps to improve the living standards of people through effective utilisation of scarce resources of the society. Only economic activities are included in business. Non-economic activities do not form a part of business.

(8) Art as well as science:

Business is an art because it requires personal skills and experience. It is also a science because it is based on certain principles and laws. The above mentioned characteristics are common to all business enterprises irrespective of their nature, size and form of ownership.

Characteristics of Ideal Business:

Ideal Business properties can be predicted and classified based on the system requirements, market conditions, input conditions, output conditions of a business [Aithal P. S., (2015)] and is shown in Fig. 1.

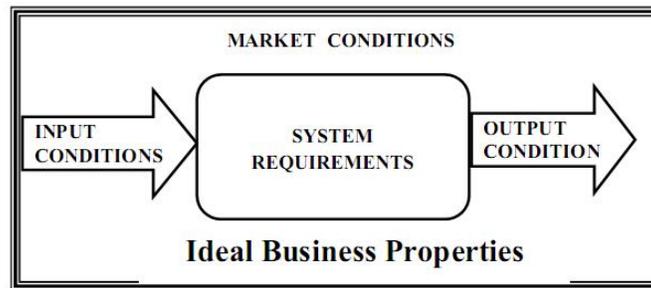


Figure 1. Classifications of Ideal Business Properties.

A. Market Conditions

- (1) The Ideal Business sells its products/services to the entire world rather than a single neighbourhood and hence it has an unlimited global market.
- (2) The Ideal Business offers a product/service, which enjoys an inelastic demand in the market. (inelastic refers to a product that people need or desire almost at any price.)
- (3) The Ideal Business markets a product/service that cannot be easily copied. This means that the product/service is an original or, at least, it is something that can be copyrighted or patented.

B. Input Conditions

- (4) The Ideal Business has minimal labor requirements. The fewer personnel, the better is the business.
- (5) The Ideal Business operates on a low overhead. It does not need an expensive location. It does not need large amounts of electricity, or advertising, or legal advice, or high-priced employees, or a large inventory.
- (6) The Ideal Business does not require big cash outlays or major investments in equipment or product. In other words, it does not require huge capital.

C. System Requirements

- (7) The Ideal Business is relatively free of all kinds of government regulations or restrictions.
- (8) The Ideal Business is portable or easily moveable. This means one can take his business and himself anywhere he wants to.
- (9) The Ideal Business satisfies its owner's intellectual needs. There is nothing like being fascinated with what he does.

(10) The Ideal Business leaves enough free time to its owner. In other words, it doesn't require his labor and attention of 12, 16, or 18 hours a day.

(11) The Ideal Business is one in which the income is not limited by personal output (Leverage). In the Ideal-Business, one can have 10,000 customers as easily as can have one."

(12) The ideal Business will not have any liability after sales.

(13) The ideal Business will not have problems like seasonality, perishability and price drop.

D. Output Conditions

(14) In ideal Business the demand is always very high than supply and the efficiency of production is always 100%.

(15) The ideal Business will be sustainable for long time.

Any business which has the above properties is considered as ideal business and the conventional business called brick and mortar business has serious drawbacks/limitations in terms of the above properties.

Analysis of Ideal Business Characteristics:

Ideal Business characteristics can be explained based on their effectiveness in improving the qualities and benefits of the business. The characteristics mentioned in ideal business model are further discussed below :

(1) Unlimited Global Market :

Any business will sustain for long period by providing service to larger number of customers. Ideal business model eyeing at global market can sell its products/services to the global market rather than selling to a single neighbourhood market which has only limited customers.

(2) Inelastic demand :

The products/services are chosen in such a way that they can be killer application products/services. Such monopoly products/services available to the global market enjoys inelastic demand so that the service provider can sell them almost at any price.

(3) Monopoly nature :

The product/service in ideal business environment is developed in such a way that it has unique features in terms of its technology, usability, innovativeness, cost/price or any other advantages.

Also, the ideal business product/service that cannot be easily copied. This means that the product/service is an original or, at least, it is something that can be copyrighted or patented.

(4) Minimum Labour requirement :

Any business can sustain for longer period by decreasing the cost. By decreasing the cost of various resources used in the business, the organization can increase its profit. Ideal business, through its characteristics, should decrease its expenditure to minimum level and one of such possibility is minimum Labour dependent. The fewer personnel, the better is the business.

(5) Low overhead :

The total cost of any business is the sum of Fixed cost and Variable cost. The fixed cost involves initial investment on the business and maintenance cost. By decreasing initial investment without compromising with quality, the business can decrease its overall cost. As per our definition, the Ideal Business operates on a low overhead. It does not need an expensive location. It does not need large amounts of electricity, or advertising, or legal advice, or high-priced employees, or a large inventory.

(6) Low cash outflows :

Out of various resources used in any business capital investment like investment on machinery, buildings, equipments and other infrastructures which need huge capital. On the other hand the Ideal Business does not require big cash outlays or major investments in equipment, buildings or product based on the nature of its products/services. In other words, it does not require huge capital.

(7) Free of Government Regulations :

Many business firms are facing problems due to Government regulations based on the nature on business, the environmental issues and the neighbouring community issues. These regulations sometime makes the business organisation as nonprofit or to shut down. The Ideal Business is relatively free of all kinds of government regulations or restrictions so that can do sustainable business operations for longer period.

(8) Portability :

The conventional business models have uncertainty in their efforts of providing continued service to the customers due to various reasons including natural calamities. This problem can be solved in Ideal Business model due to its portability or easily moveability. This means one can take his business and himself anywhere he wants to.

(9) Satisfying intellectual needs :

In conventional business, the organization grows due to the collective efforts of the executive team and it may not satisfy the intellectual needs of the individual executive. However, Ideal Business satisfies its owner's intellectual needs. There is nothing like being fascinated with what he does.

(10) Less time consumption :

The conventional business practices are engaging the owner with busy schedules. Usually, the business owners hardly gets time for their leisure. On other hand, Ideal Business leaves enough free time to its owner. In other words, it doesn't require his labor and attention of 12, 16, or 18 hours a day.

(11) Potential opportunity for high income :

The primary objective of any business is large profit. There is nothing wrong in expecting huge profit for honest efforts. One of the advantages of Ideal Business is possibility of ensuring large profits. In Ideal Business the income is not limited by personal output (Leverage) and one can have 10,000 customers as easily as can have one. This is mainly due to intangible nature of products/services.

(12) No liability after sales :

Since the products/services in ideal business enjoys monopoly, and they are mostly being intangible, there is nothing like providing after sales service and assuring warranty for service. If the delivered product/service is non-functional, immediately it can be replaced. Hence the ideal Business will not have any liability after sales.

(13) Low risk on price variation :

All conventional business have uncertainty due to competition, non-availability of various resources used or fluctuations in their prices due to environmental factors like seasonality, perishability and price drop. Ideal Business will not have such problems.

(14) Hundred percent efficiency :

Efficiency of a system is defined as the ratio of output to input of the system. It can be also be defined based on the ability of the system to balance demand and supply. In conventional systems, as demand increases, it is difficult to balance the supply. But in Ideal Business the demand is always very high and the supply can be increased easily for suitable types of products/services to maintain the efficiency of production is always 100%.

(15) Longer Sustainability :

One of the challenges of any practical business is long time sustainability. Most of the products/services follows shorter life-cycle due to various reasons like changes in technology, invention of new products/services with better features, changes in perception of customers etc. The ideal Business on other hand will be sustainable for long time due to its monopoly nature.

Challenges to Achieve Ideal Business:

To realize the Ideal Business in practice, we need to identify a product or service which is intangible in nature. The business should be monopoly and controlled by any place in the world. The product/service and the business models should be chosen in such a way as it should have properties, at least close to Ideal Business.

Possible Solution through E-Business Model:

An intangible product/service marketed through E-business model is the possible solution while approaching towards Idealization of the business. A ubiquitous E-Business model using intangible product/service is most suitable for elevation to Ideal business. Most of the properties discussed in Fig. 1 of Ideal business can be compared to the properties of E-business using mobile devices. Varambally K. V. M., & Aithal P. S. (2009) have proposed a model for secured online mobile payment. This customer oriented E-business model using mobile device, based on user request, the mobile device identifies the user through physical possession of the device, passwords, or biometrics such as voice recognition. The mobile banking service provider authenticates the transaction request from the device via either subscriber identification (as with existing phones) or cryptographic mechanisms such as digital signatures or secure protocols, like the Wireless Transport Layer Security Specification through private network service provider PNSP. The users can perform secured operations on account balance or loan account statement, transfer money between two accounts in the same bank (internal transaction), loan payment, or payment of electricity, water, phone, credit card and cellular phone/pager bills, through the bank. The financial transaction can be also performed between the mobile banking service provider and the merchant for m-commerce payment through PNSP and/ or other financial institution(s) for bill payments or interbank transfer through PNSP and may involve secure payment protocols such as Internet Keyed Payments/Secure Electronic Transactions, or iKP/SET [MacGregor R et. al. (1997)]. After completion of requested transaction, the mobile banking service provider delivers a confirmation of transaction to the user. In today's mobile phones, authorization is via subscriber identification mechanisms, which do not provide non-repudiation. However, in future, mobile consumers might also use a secure mobile signing device, to avoid disputes [Aithal P. S. and Varambally K. V. M., (2006)]. This device may allow high-value transactions, as well as paying mobile operators who are not completely trusted (such as when roaming). Mobile communication mechanisms (such as GSM) allow the foreign (visited) network to authenticate the user with information from the home network. Charging requires prior agreements between

the visited and the home networks. Designers of the Universal Mobile Telecommunications System (UMTS) recognized the difficulty of establishing agreements in advance among visited networks and all home networks [Horn G., and Preneel B., (1998)] thus, UMTS includes mechanisms for dynamic negotiation and setup of roaming agreements between a visited network and a home network. Roaming agreements seek to establish fees and ensure operator trustworthiness. Operators are trusted to deliver payments in time; foreign (remote) operators are also trusted to not overcharge visiting customers. A secure signing mobile device can prevent fraud (overcharging) by foreign network providers, thereby allowing more automated and variable roaming agreements. Operators can also use the final payments protocol [Herzberg A., (2003)], to extend pair-wise trust relationships into global trust relationships, allowing automated, secure, low-cost universal roaming.

Mobile Business As An Ideal Business:

A. Features of E-Business Using Mobile Devices :

E-Business using mobile devices called mobile business, promising unlimited information, entertainment, and business, and gives users the ability to access the Internet from any location at any time, the capability to pinpoint an individual mobile terminal user's location, the functionality to access information at the point of need, and a need-based data/information update capability. Based on same idea, Aithal P. S., & Shubhrajyotsna Aithal, (2015) have proposed ubiquitous online education model to realize Ideal Education System. Mobile business has features not available to traditional e-business, some of which are :

1. Ubiquity: Through mobile devices, business entities are able to reach customers anywhere at any time. On the other hand, users can also get any information they are interested in, whenever they want regardless of where they are, through Internet-enabled mobile devices. In this sense, mobile business makes a service or an application available wherever and whenever such a need arises.
2. Personalization: An enormous number of information, services, and applications are currently available on the Internet, and the relevance of information users receive is of great importance. Since owners of mobile devices often require different sets of applications and services, mobile business applications can be personalized to represent information or provide services in ways appropriate to the specific user.
3. Flexibility: Because mobile devices are inherently portable, mobile users may be engaged in activities, such as meeting people or traveling, while conducting transactions or receiving information through their Internet-enabled mobile devices.

4. Dissemination: Some wireless infrastructures support simultaneous delivery of data to all mobile users within a specific geographical region. This functionality offers an efficient means to disseminate information to a large consumer population.

B. Mobile business Value Chain :

Transport, basic enabling service, transaction support, presentation service, personalization support, user application, and content aggregators are the seven links in the mobile business value chain. The transport link maintains and operates the infrastructure and equipment to guarantee data communication between mobile users and application. Basic enabling service link provide services such as server hosting, data backup, and system integration. The Transaction support link provides the mechanism for assisting transactions, for security, and for billing users. The presentation service link converts the content of Internet-based applications to a wireless standard suitable for the screens of mobile devices. The Personalization support link gathers users' personal information, which enables personalized applications for individual users. The Content aggregators link provide information in a category or search facilities to help users find their way around the Internet. Finally the user applications link used to carry out mobile business transactions for mobile consumers [Aithal P. S. and Varambally K. V. M., (2006)].

C. Benefits of Mobile Business from Customers Point of view :

The benefit from the customers' point of view is accessing services at anywhere, any time and any extent of time. These features significantly save the valuable time of the customer. The main advantages of m-business services for the customers are listed as follows :

(1) Ubiquity : Through mobile devices, business applications are able to reach customers anywhere at any time. On the other hand, users can also get any information they are interested in, whenever they want regardless of where they are, through Internet-enabled mobile devices. In this sense, mobile business makes a service or an application available wherever and whenever such a need arises. Communication can take place independent of the users location. The advantages presented from the omnipresence of information and continual access to business will be exceptionally important to time-critical applications.

(2) Personalization : An enormous number of business information, services, and applications are currently available on the Internet, and the relevance of information users receive is of great importance. Since owners of mobile devices often require different sets of applications and services, mobile business applications can be personalized to represent information or provide services in ways appropriate to the specific user. Additionally, personalized content is paramount in operating mobile devices because of the limitation of the user interface. Relevant information must always be only a single "click" away, since web access with any existing wireless device is not comparable to a PC screen either by size, resolution or "surfability". Therefore, subscriber

profile ownerships is a key element in m-business success, as it will allow selectively targeted m-business applications. As such, the mobile database becomes a primary factor of m-business success by compiling personalized data bases and providing personalized services. One example, is the SIM (Subscriber Identification Module) smartcards which serve as a mobile database allowing the user to run applications and operate secure transactions. Such personalized information and transaction feeds, via mobile devices, offer the greatest potential for the customization necessary for long-term success.

(3) Reduced costs : This is due to availing and using various products and services by number of customers online. The transaction fee charged by banking service providers for financial services is much cheaper than conventional retail banking transaction fees. The heavy competition and the price war between mobile service providers also reduced mobile service usage cost.

(4) Flexibility : Because mobile devices are inherently portable, mobile users may be engaged in activities, such as meeting people or traveling, while doing business, conducting transactions, or receiving information through their Internet-enabled mobile devices.

(5) Increased comfort : Many customers secretly hate their business service provider/banks because of punitive charges, inconvenient opening hours and unhelpful branch staff. In mobile business due to quick and continuous access, purchases and transactions can be made 24 hours a day, without requiring the physical interaction with the service provider.

(6) Time saving : The main benefit from the mobile business customers' point of view is significant saving of time by the automation of purchasing & banking services processing and introduction of an easy maintenance tools for managing customer's money. Since the response of the medium is very fast, the customer can wait till the last minute before purchasing and concluding a fund transfer.

(7) Convenience : The ability and accessibility provided from wireless devices will further allow m-business to differentiate its abilities from conventional business and e-business. People will no longer be constrained by time or place in conducting business activities. Rather, m-business could be accessed in a manner which may eliminate some of the labor of life's activities. For example, consumers waiting in line or stuck in traffic will be able to handle daily transactions/purchases through m-business applications. Consumers may recognize a special comfort which could translate into an improved quality of life.

(8) Better cash management : Mobile business facilities speed-up cash cycle and increases efficiency of business processes as large variety of cash management instruments are available on internet sites of banks. For example, it is possible to manage companies short term cash via online or mobile banking like investments in over-night, short and long term deposits, in

commercial papers, in bonds and equities, in money market funds etc. In mobile business, customers can download the features of product/services or their history of different accounts and do a what –if analysis on their own mobile device, before affecting any transaction on the web or through mobile service providers. This will lead to better funds management.

D. Comparison of Mobile Business Properties with that of Ideal Business :

The system properties like - free from Government regulations, portability, and satisfying our intellectual needs, availability of free time, independency of income with personal output, no liability after sales, and no headache like problems of seasonality, perishability and price drop; the market conditions like - unlimited global market, inelastic demand, and copyright/patenting opportunities of ideal business also can be realizable using mobile business properties for intangible products/services. The input properties like - minimal labor requirements, low overhead, and low capital requirement; the output conditions like – high efficiency, and sustainable for long time, of ideal business also realizable to certain extent using mobile business properties for intangible products/services as shown in Table 1. Thus e-business using mobile devices called mobile business is a suitable business model for profit maximization and approaches to hypothetical Ideal business model.

TABLE 1 : Comparison of Conventional Business and Mobile Business in terms of Ideal Business Characteristics.

S. No.	Ideal Business Characteristics	Conventional Business	Mobile Business
1	The Ideal Business sells its products/services to the entire world and hence it has an unlimited global market.	No	Yes
2	The Ideal Business offers a product/service, which enjoys an inelastic demand.	No	Yes
3	The Ideal Business sells a product/service that cannot be easily copied. i.e., it is something that can be copyrighted or patented.	No	Yes
4	The Ideal Business has minimal labor requirements.	No	Yes
5	The Ideal Business operates on a low overhead.	No	Yes
6	The Ideal Business does not require big cash outlays or major investments in equipment or product.	No	Yes

7	The Ideal Business is relatively free of all kinds of government regulations or restrictions.	No	Yes
8	The Ideal Business is portable or easily moveable.	No	Yes
9	The Ideal Business satisfies your intellectual needs.	No	Yes
10	The Ideal Business leaves you with free time.	No	Yes
11	The Ideal Business is one in which your income is not limited by your personal output (Leverage).	No	Yes
12	The ideal Business will not have any liability after sales.	No	Yes
13	The ideal Business will not have problems like seasonality, perishability and price drop	No	Yes
14	In ideal Business the demand is always very high than supply and the efficiency of production is always 100%.	No	Yes
15	The ideal Business will be sustainable for long time.	No	Yes

E. Analysis of some possible Products/ Services for Ideal Business :

Mobile business using various mobile devices for some of the products/services is suitable candidate for having ideal business characteristics. The products/services which are intangibles in nature used in mobile business transactions are most suitable candidates to follow almost all the characteristics of an ideal business model. Small business of selling the software products, e-books, e-music or any similar product/service will give the advantages of the Ideal Business properties.

Conclusion:

- (1) The various properties of Ideal business are identified and classified.
- (2) A suitable business model is identified to realize most of the properties of Ideal Business.
- (3) Various E-business models are used to study the possibility of realization of Ideal Business.

(4) It is found that ubiquitous E-Business called mobile business with intangible product/service can have most of the Ideal business properties.

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