

DIGITAL ENTREPRENEURSHIP

**RABI'AH SEMAN
RUSMAINI RAMLY**

DIGITAL ENTREPRENEURSHIP

Part 1

Rabi'ah Seman | Rusmaini Ramly



Copyright

©ePembelajaran Politeknik Merlimau

Writer

Rabi'ah Binti Seman
Rusmaini Binti Ramly

Published in 2022

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanic methods, without the prior written permission of the writer, except in the case of brief quotations embodied in reviews and certain other non-commercial uses.

Perpustakaan Negara Malaysia

Cataloguing-in-Publication Data

Rabi'ah Seman

DIGITAL ENTREPRENEURSHIP. Part 1 / Rabi'ah Seman, Rusmaini Ramly.

Mode of access: Internet

eISBN 978-967-2762-23-2

1. Entrepreneurship.
 2. Electronic commerce.
 3. Government publications--Malaysia.
 4. Electronic books.
- I. Rusmaini Ramly.
II. Title.
338.04

Published by:

Politeknik Merlimau, Melaka
KB1031 Pej Pos Merlimau,
77300 Merlimau Melaka

Editorial Board

Managing Editor

Ts. Dr Maria binti Mohamad

Sr. Firhan bin Salian

Ts. Rodzah binti Hj Yahya

Aylin binti Kamaruddin

Hafidah binti Mahat

Noraini binti Ya'cub

Editor

Mas Ayu binti Ismail

Ketua Program,
Diploma Pengajian Perniagaan (DPM)

Designer

Rabi'ah binti Seman

Rusmaini binti Ramly

Proofreading & Language Editing:

Rozainah binti Abd Latif

Yeo Li Min

Putra Shazly bin Rosman

Gan Ek Hern

Rosheela binti Muhammad Thangaveloo

Acknowledgement

In the name of Allah, the Most Gracious and the Most Merciful.

All praises to Allah and His blessing for the completion of this e-Book. We thank God for giving us all the opportunities, trials and strengths to achieving our goal and to be successful in that have been showered on us to finish writing this e-Book. We experienced so much during this process, not only from the academic aspects but also learned that the personality aspect is very much influenced by experience that we gained during the process which would definitely continues to grow and change throughout life. Our humblest gratitude to the Holy Prophet Muhammad (Peace be upon him) whose way of life has been continuous guidance for us. Thank you to everyone who supported us in preparing this e-book. All the advisory conversations and advisory services rendered have been used to improve the writing of this book.

Preface

This book functions as an additional reference sources for students who enroll in the Digital Entrepreneurship course or who may find the content relevant to their interest.

The uniqueness of this book is displayed in the form of easy-to-understand text in a compact form to make it easier for students and readers to make references. The book is illustrated with pictures related to the topic discussed, with aims to ensure that students can relate to the real situation.

Table of Content

Topic	Page
Chapter 1: Introduction To Digital Entrepreneurship	
1.1 Entrepreneurship In The Industrial Revolution 4.0 Era	01
1.2 Digital Entrepreneurship	18
Chapter 2: Business Management	
2.1 Business Plan Based On Analysis & Research	40
2.2 Issues & Risks Related To Online Business	54
2.3 Intellectual Property For Brand Protection	62
2.4 Online Business Ethic	65
2.5 Existing Cost In Business	69
Reference	74

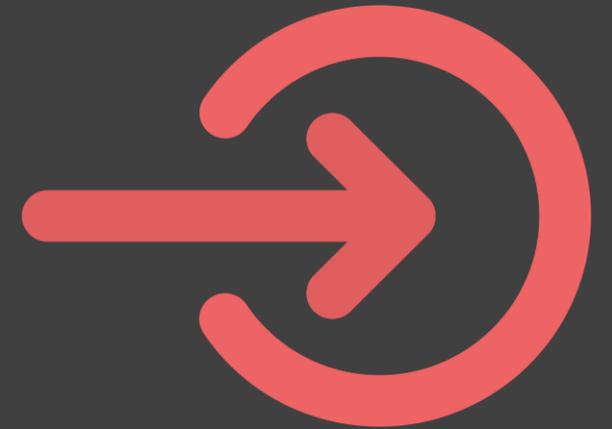


Chapter
01

INTRODUCTION TO **DIGITAL ENTREPRENEURSHIP**

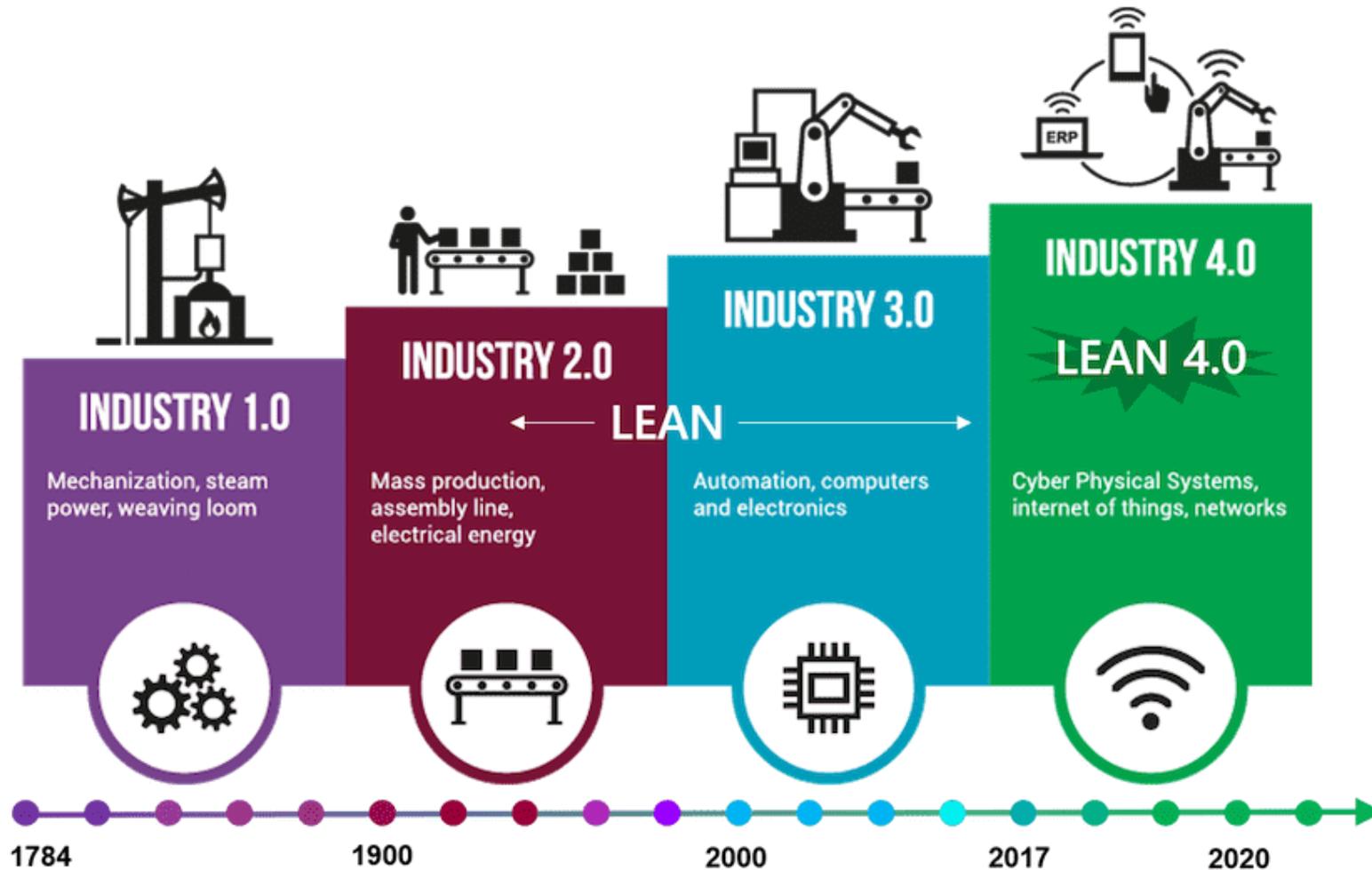
1.0 Entrepreneurship

in the Industrial Revolution 4.0 era



Entrepreneurship

In Different Era



1st Industrial Revolution

1870 – 1914



- **Technological Innovation:** steam engine
- Business Innovation: textile industry, market, factory systems,
- Management became the 4th factor of production besides land, labor, and capital.
- **Entrepreneurship** focuses on creating new market and factory systems, steam engine driven machines

- As the organization grew, the entrepreneur alone could not direct and control all activities, and it became necessary to delegate some activities to a level of sub managers.

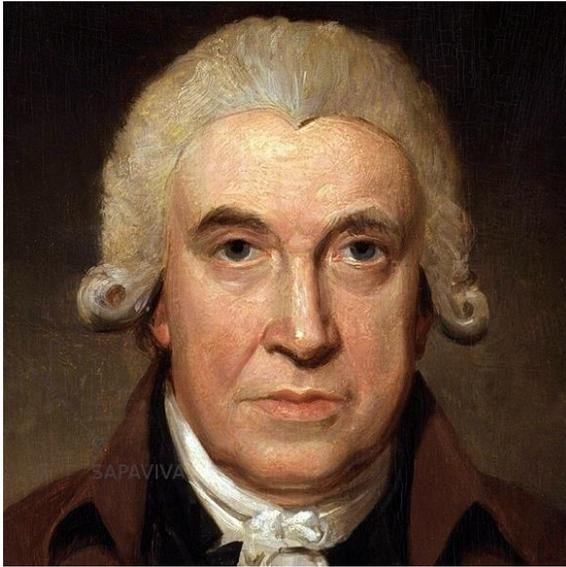
- Example: James Watt, Robert Owen, Charles Babbage

**Ref: Wren, Daniel, The History of Management Thought (5th Ed), Wiley, 2005*



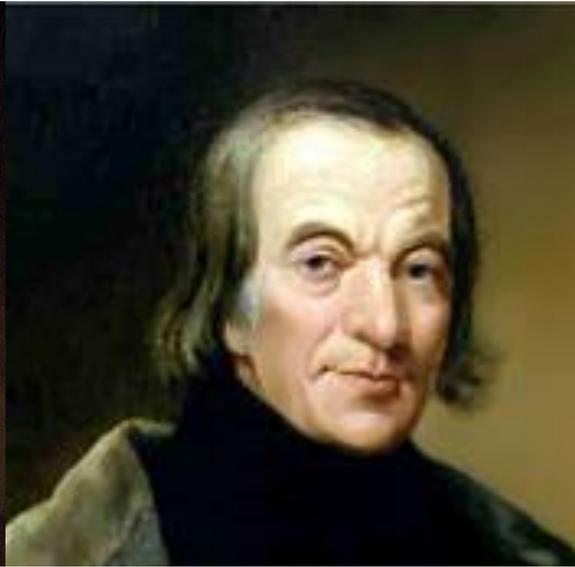
First Industrial Revolution

1870 – 1914



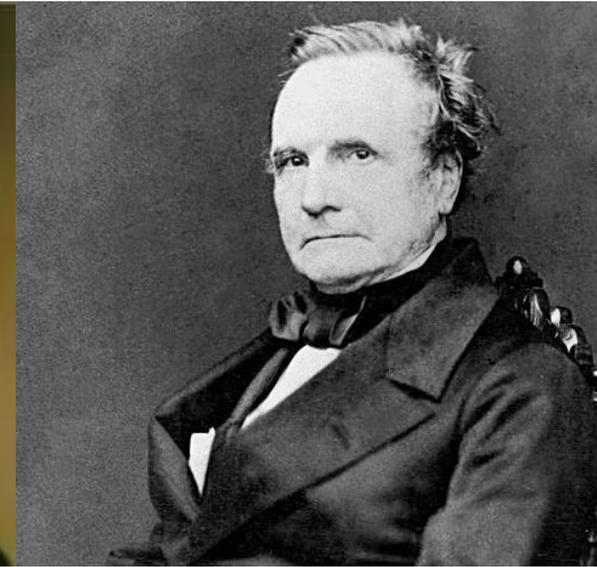
James Watt (1736–1819)

- Improved on Thomas Newcomen's 1712 steam engine with his Watt steam engine in 1781.



Robert Owen (1771–1858)

- a Welsh textile manufacturer, philanthropic social reformer, and one of the founders of utopian socialism and the cooperative movement



Charles Babbage (1791–1871)

- A mathematician, philosopher, inventor and mechanical engineer, father of mechanical computer, origin of scientific management

**Ref: Wikipedia retrieved on 17 July 2018*

2nd Industrial Revolution

1915 – 1980



- **Technological Innovation:** Manufacturing, steel, oil and electricity, telegraph, digital computer
- National railway networks of USA as the first big business
- **Entrepreneurship** focuses on:
 - Mass production of steel, car, etc
 - National and international market and trade
- Example: Andrew Carnegie (1835-1919) and Henry Ford

**Ref: Wren, Daniel, The History of Management Thought (5th Ed), Wiley, 2005*



2nd Industrial Revolution

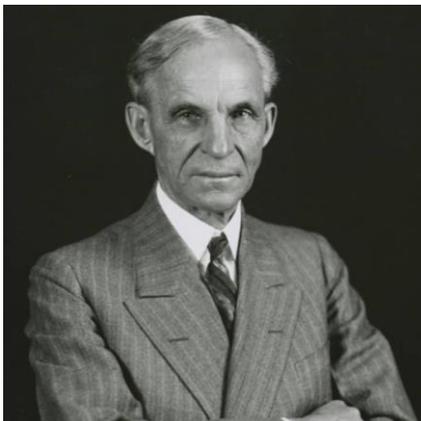
1915 – 1980



Andrew Carnegie

- Built an empire in steel industry (Wren 2005:97-9)
- As a telegrapher, then a manager for Pennsylvania road and learned how to measure performance, control costs, and assign authority and responsibility
- He wanted to become an entrepreneur rather than a salaried manager
- He integrated operations, cut out the intermediaries' profits, speeding up the volume of throughput, and sell aggressively to extend the market for steel products.
- He integrated vertically into iron and coal mines and other steel-related operations in order to ensure a flow of materials into the furnaces, forges, rolling mills, etc.

**Ref: Wikipedia retrieved on 17 July 2018*



Henry Ford

- Adviser to him: buy and sell faster horses.
- First attempt to launch a car company – Ford Company in 1901,
- Produced a few cars daily
- In 1908, Ford introduced the mass-produced Model T
- Innovation: Assembly lines of cars 1914- Fordism

**Ref: https://en.wikipedia.org/wiki/Ford_Motor_Company*

3rd Industrial Revolution

1980 - 2000



- **Technological Innovation:**
 - Information-centred systems: the Internet,
 - Digital systems: personal computer
- Business Innovation:
 - e-commerce, e-services, e-government
- **Entrepreneurship** focuses on digitalization, global companies,

Entrepreneurs and Enterprises in the 3rd IR

- SAP, Oracle
- IBM, Microsoft, DELL, Lenovo
- Apple, Samsung, Huawei, VIVO, Mi
- Facebook, WeChat (Tencent)
- Amazon, JD.com
- Google, Baidu
- Internet
- McKinsey, Goldman Sachs
- Boeing Company and Walmart: global procurement and provision
- Characteristics: Global market, business, management, manufacturing, automation.



4th Industrial Revolution

2011 – now

- **Technological Innovation:** cloud computing and services, blockchain, integrated e-commerce, big data, market-oriented AI
- Intelligence-centered systems, smart systems
- **Business Innovation:** sharing economy, the Internet of things (IoT), cybercurrency-driven blockchain, digital transformation.
- National innovation: Made in China 2025, German Industry 4.0
- **Entrepreneurship focuses** on interconnecting businesses, intelligent agents, smart automation, robots, drones, smart systems and tools.

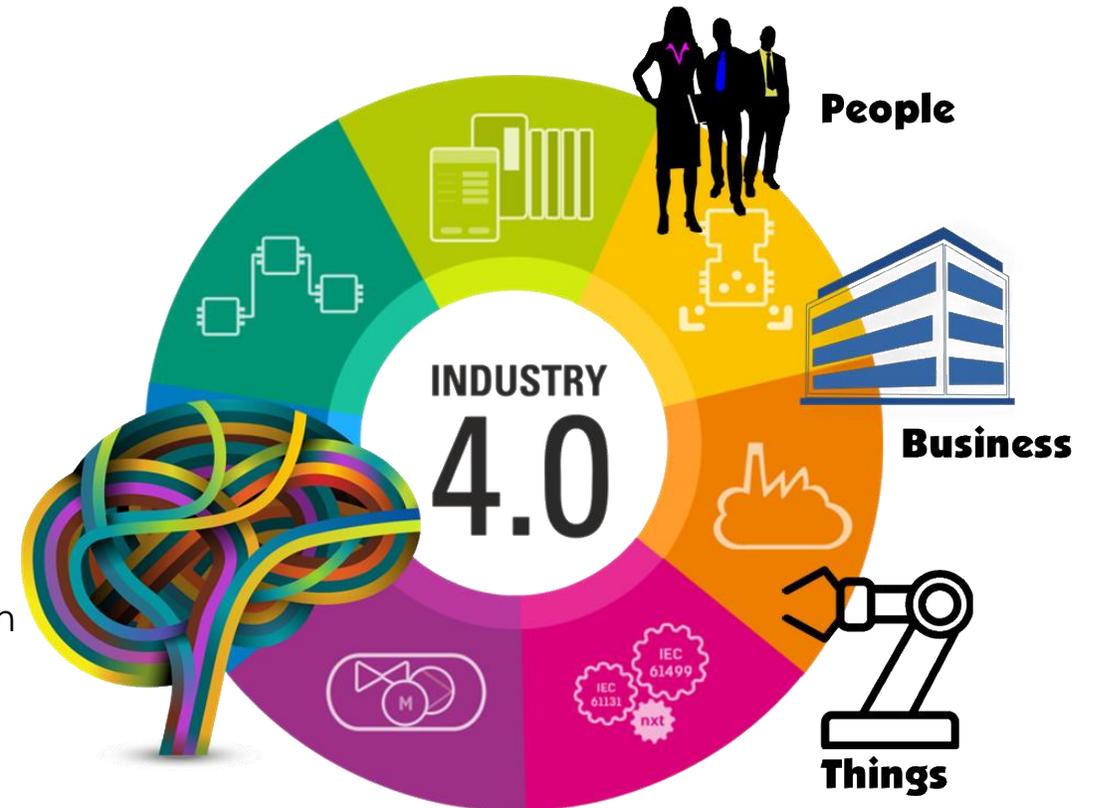


4th IR Entrepreneurs: examples

- Sharing economy:
- **Uber** is a peer-to-peer ridesharing, taxi cab, food delivery, and transportation network company headquartered in San Francisco, with operations in 633 cities worldwide
 - founded in 2009 by Garrett Camp and Travis Kalanick
 - The largest taxi company without taxi cars.
- **JD.com**
 - Founded by Mr Liu, Qiangdong, China
 - Integration of online and offline commerce,
 - Global human-machine-cloud hybrid intelligent systems (SCM, CRM)

IR4.0 Entrepreneurial Culture

- 1** Transformed, more demanding, and conscious customer expectations
- 2** Products routinely and quickly enhanced by data, which improves asset productivity
- 3** New partnerships being build as companies learn the importance of new forms of collaborative innovation and the values of the circular economy
- 4** Novel operating models and organizational forms which are on one hand more automated, on the other flatter and more peer to peer.





Advantages

of IR4.0 in

Entrepreneurial

Context

1 Increase economic efficiency



2 Increase labor productivity



3 Reduce manufacturing cost



4 Flexibility and intelligence



5 Creation of new jobs, and there will be new production areas.



6 Increase returns on investment (ROI)





Disadvantages

of IR4.0 in

Entrepreneurial

Context

- 1** The reduction of creativity can occur due to the automation of machines and the disappearance of human capital from the production technology.
- 2** Increment of unemployment rate in some areas, may result to negative effect.
- 3** The duration for implementing Industry 4.0 is relatively large and requires efforts throughout the industry. Initial costs are high.
- 4** Training with employees is required for new technologies. Apart from the maintenance provided to the production technologies of Industry 4.0, human capital must be trained in order to implement, operate, and maintain the automated systems properly and to ensure their continuous operation.





Disadvantages

of IR4.0 in

Entrepreneurial

Context

- 5** The complexity of the tasks reduces its abilities. Although the production technologies of Industry 4.0 lead to an increase in product quality, they have yet unable to solve the sophisticated production problem.

- 6** Specific technologies and equipment that are incorporated in the production facilities of Industry 4.0 have a substantial effect on the environment.

- 7** The automation of manufacturing technologies, and job computerization have dislocated much of the human capital, causing a new reconfiguration of it

Changing The Agility Of Entrepreneurs

Industry 4.0 is a name for the current trend of automation and data exchange in manufacturing technologies.

It includes;

- cyber-physical systems,
- the Internet of things,
- cloud computing, and

Emerging technology breakthroughs in various fields, including;

- robotics, and artificial intelligence,
- blockchain,
- nanotechnology,
- quantum computing, biotechnology,
- The Internet of Things,
- 3D printing and autonomous vehicles
- Big data and big data analytics



9 Pillars of Industry 4.0

Product Adaptation

In IR4.0 Era

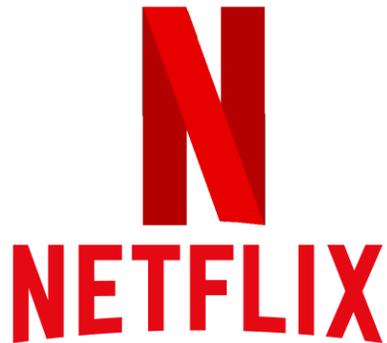


- Uber capitalizes the widespread adoption of smartphones and utilizes a business model that allow them to maintain relatively low capital assets.
- A traditional taxi company must own and maintain vehicles, as well as contribute overhead to recruiting and managing employees; a digital business version would allow customers to schedule a taxi online and perhaps view past trips, but the essential experience would remain the same.
- Uber cements its place as a digital business because it is, at its core, a platform that connects people and drivers at a massive scale through the internet, while creating an experience that improves on what was previously available to people.



Product Adaptation

In IR4.0 Era



- Netflix is a good example of a company that switched from e-business to digital business.
- Originally, Netflix used technology to manage an inventory system and mail people DVDs, providing an experience that was more convenient, but ultimately fairly similar to movie rental stores.
- However, once it gave customers the option to stream video on demand, it disrupted itself and transformed the way that people view film and television media.
- The ability to consume movies and TV shows at any time or place is impossible without the widespread internet access that most consumers have today.



Product Adaptation

In IR4.0 Era



- Disney is one traditional business that has embraced digital technology in order to enhance experiences in its theme parks.
- The [goal of its MagicBand](#), a wristband that uses RFID and radio to connect with sensors in the park, is to improve five key elements that are part of every Park experience: going to an attraction, staying in a hotel, dining at a restaurant, taking a photo and sending it to friends or family, and buying merchandise as a souvenir.
- Guests receive the MagicBand a few weeks before the visit and can use it to enter the park, buy food or merchandise, reserve attractions, and watch real time data on wait times.
- At the end of the day, guests have the experience that move fluidly between digital and physical.





Student ACTIVITY

ACTIVITY 1

Read the article and watch the video given. Present the summary of both content in class.

1. Article:

What Is IR4.0 & how has it impacted Malaysian businesses

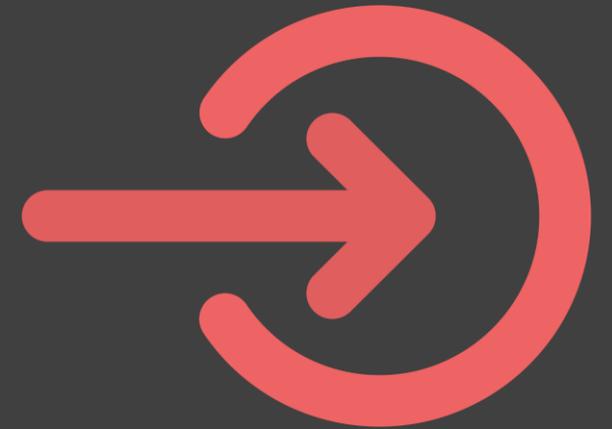
<https://ringgitplus.com/en/blog/sponsored/what-is-ir4-0-how-has-it-impacted-malaysian-businesses.html>

2. Video:

Digital Transformation

<https://youtu.be/508CR1fd8ws>

1.2 Digital Entrepreneurship



What is

Digital Entrepreneurship?

- Digital entrepreneurship is a term that describes **how entrepreneurship will change, as business and society continue to be transformed by digital technology.**
- Digital entrepreneurship highlights changes in entrepreneurial practice, theory, and education.

Digital entrepreneurship includes everything that is **new and different** about **entrepreneurship in a digital world**, including:

- ✓ New ways of finding customers for entrepreneurial ventures.
- ✓ New ways of designing and offering products, and services
- ✓ New ways of generating revenue, and reducing cost
- ✓ New opportunities to collaborate with platforms and partners
- ✓ New sources of opportunity, risk, and competitive advantage

Digital Business

- Digital business focuses more on **how technology allows companies to create new value** and experiences that differentiate companies and give them a competitive edge over their peers.



Vs.

eBusiness

- e-business typically **leaves existing business models**, merely using **technology to gain efficiency or eliminate redundancies**
- Having customers fill out a credit card application form online reduces the inefficiencies of a paper application process, but it doesn't provide an experience that is new or different



Digital Entrepreneurship

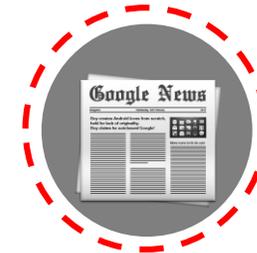
Trends

Traditional Marketing

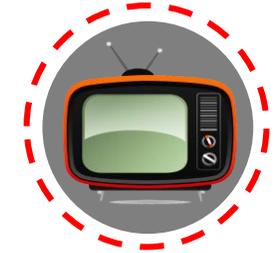
- Conventional mode of marketing
- Semi-targeted audience
- Various offline advertising methods



Magazine



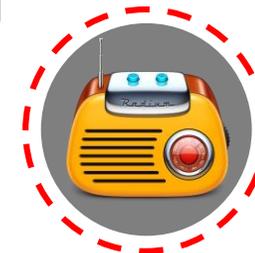
Newspaper



Television

Advantages Of Traditional Marketing

- ✓ High success rate
- ✓ Measuring success
- ✓ Long-standing that public already understand



Radio



Telephone

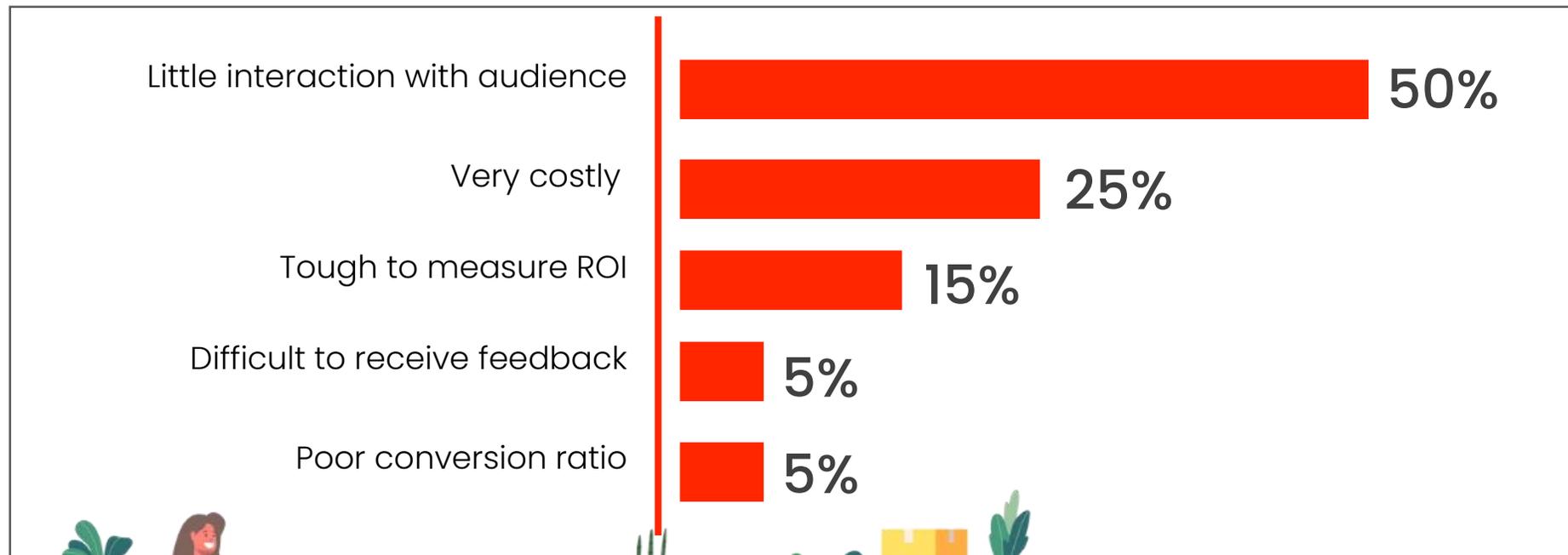


Billboard



The Drawbacks Of Traditional Marketing

Marketers state **the biggest Drawbacks** of Traditional Marketing





As technology grows and the new digital ideas are brought to life, **the digital marketing world grows with it**

Digital Marketing



What is Digital Marketing?

“Using digital channels to promote, or market, products and services to consumers and businesses.”

Digital Marketing Institute, 2016

The marketed related work that a business does through the Internet or an electronic device like Mobile phone



JAN 2020

DIGITAL AROUND THE WORLD IN 2020

THE ESSENTIAL HEADLINE DATA YOU NEED TO UNDERSTAND MOBILE, INTERNET, AND SOCIAL MEDIA USE

TOTAL POPULATION



7.75 BILLION

URBANISATION: 55%

UNIQUE MOBILE PHONE USERS



5.19 BILLION

PENETRATION: 67%

INTERNET USERS



4.54 BILLION

PENETRATION: 59%

ACTIVE SOCIAL MEDIA USERS



3.80 BILLION

PENETRATION: 49%



we are social



8

SOURCES: POPULATION: UNITED NATIONS; LOCAL GOVERNMENT BODIES; MOBILE: GSMA INTELLIGENCE; INTERNET: ITU; GLOBALWEBINDEX; GSMA INTELLIGENCE; LOCAL TELECOMS REGULATORY AUTHORITIES AND GOVERNMENT BODIES; APJII; KEPIOS ANALYSIS; SOCIAL MEDIA: PLATFORMS' SELF-SERVICE ADVERTISING TOOLS; COMPANY ANNOUNCEMENTS AND EARNINGS REPORTS; CAFEBAZAAR; KEPIOS ANALYSIS. ALL LATEST AVAILABLE DATA IN JANUARY 2020. ♦ COMPARABILITY ADVISORY: SOURCE AND BASE CHANGES.



**JAN
2020**

SHARE OF TIME SPENT IN MOBILE APPS BY CATEGORY

AVERAGE TIME SPENT USING MOBILE DEVICES EACH DAY WORLDWIDE, WITH SHARE OF TIME SPENT IN TOP MOBILE APP CATEGORIES

AVERAGE TIME SPENT USING MOBILE DEVICES EACH DAY



3H 40M



SHARE OF MOBILE TIME SPENT IN SOCIAL & COMMUNICATIONS APPS



50%



SHARE OF MOBILE TIME SPENT IN VIDEO & ENTERTAINMENT APPS



21%



SHARE OF MOBILE TIME SPENT PLAYING GAMES (ANY GAME KIND)



9%



SHARE OF MOBILE TIME SPENT USING OTHER KINDS OF APPS

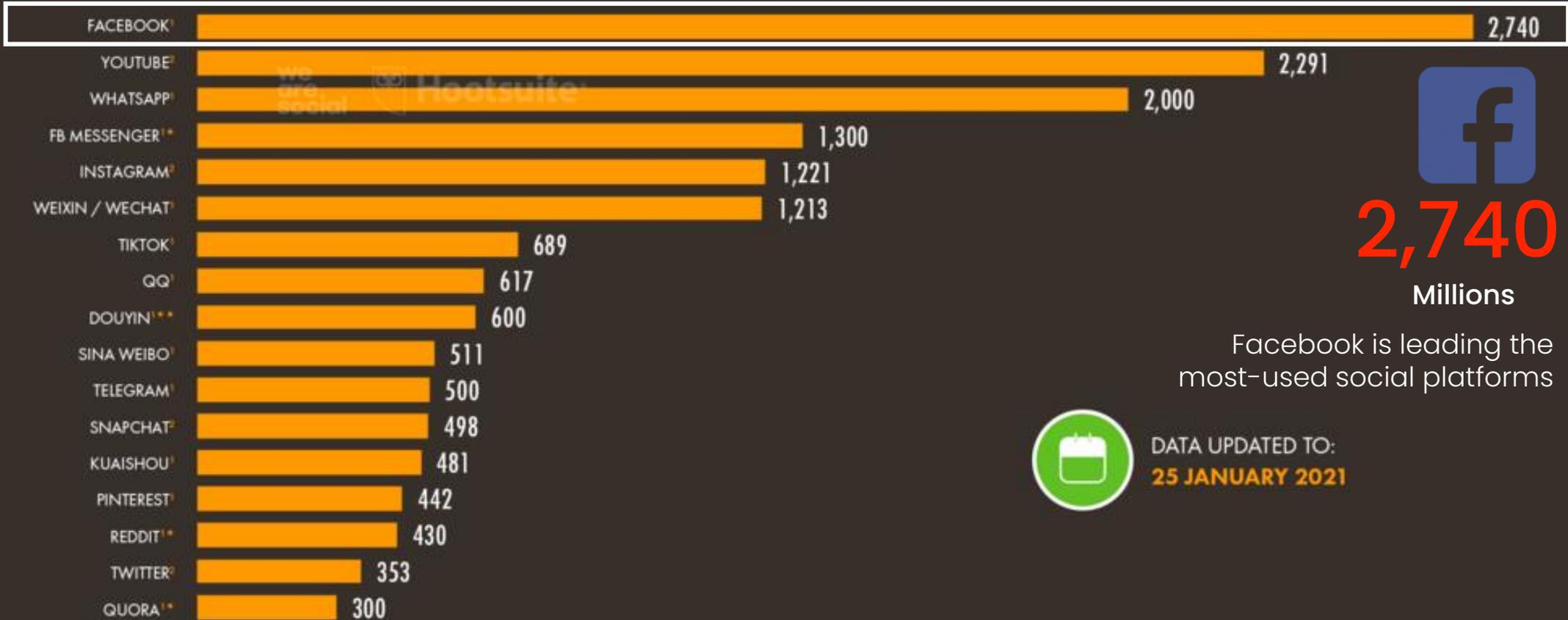


19%

**JAN
2021**

THE WORLD'S MOST-USED SOCIAL PLATFORMS

THE LATEST GLOBAL ACTIVE USER FIGURES (IN MILLIONS) FOR A SELECTION OF THE WORLD'S TOP SOCIAL MEDIA PLATFORMS*



2,740
Millions

Facebook is leading the most-used social platforms



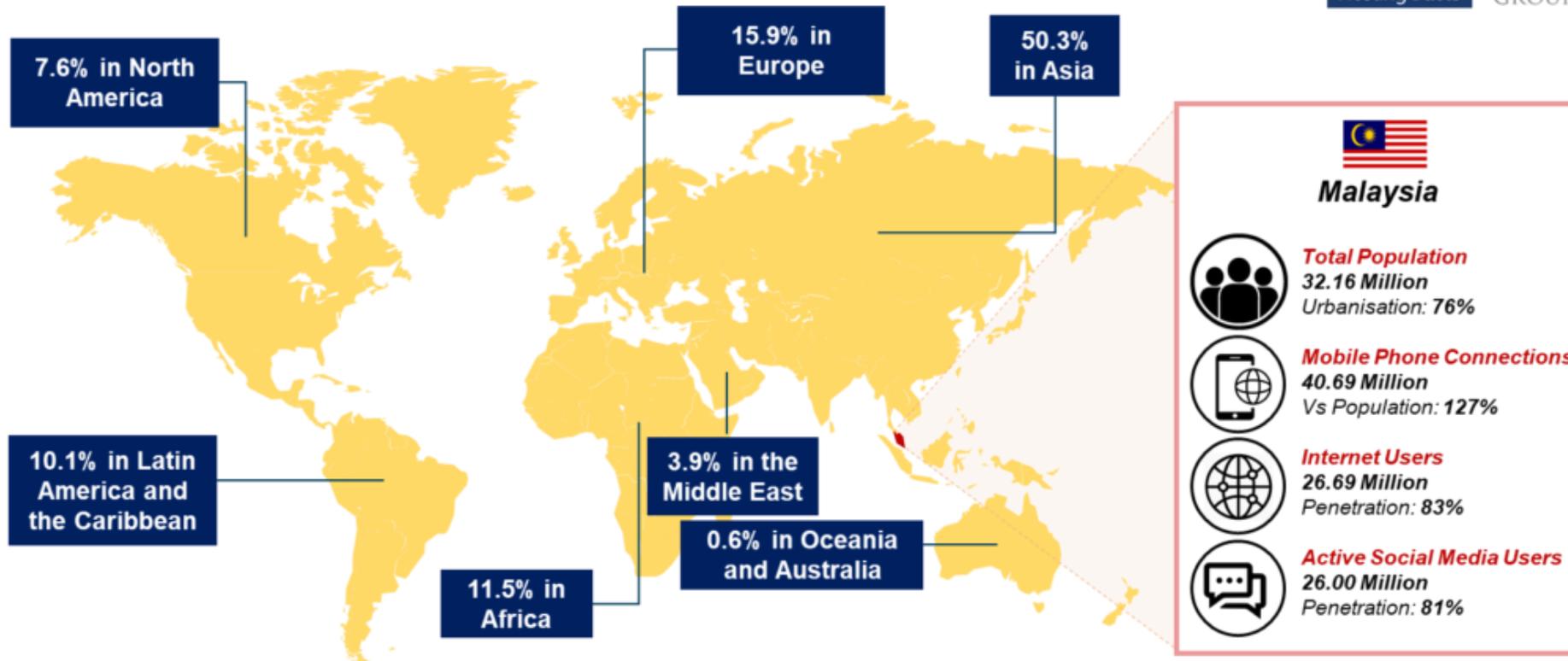
DATA UPDATED TO:
25 JANUARY 2021

SOURCES: KEPIOS ANALYSIS (JAN 2021), BASED ON DATA PUBLISHED IN: [1] COMPANY STATEMENTS AND EARNINGS ANNOUNCEMENTS; [2] PLATFORMS' SELF-SERVICE AD TOOLS.
NOTES:** PLATFORMS IDENTIFIED BY (*) HAVE NOT PUBLISHED UPDATED USER NUMBERS IN THE PAST 12 MONTHS, SO FIGURES WILL BE LESS RELIABLE. () FIGURE FOR DOUYIN USES THE REPORTED DAILY ACTIVE USER FIGURE, SO MONTHLY ACTIVE USER FIGURE IS LIKELY HIGHER.



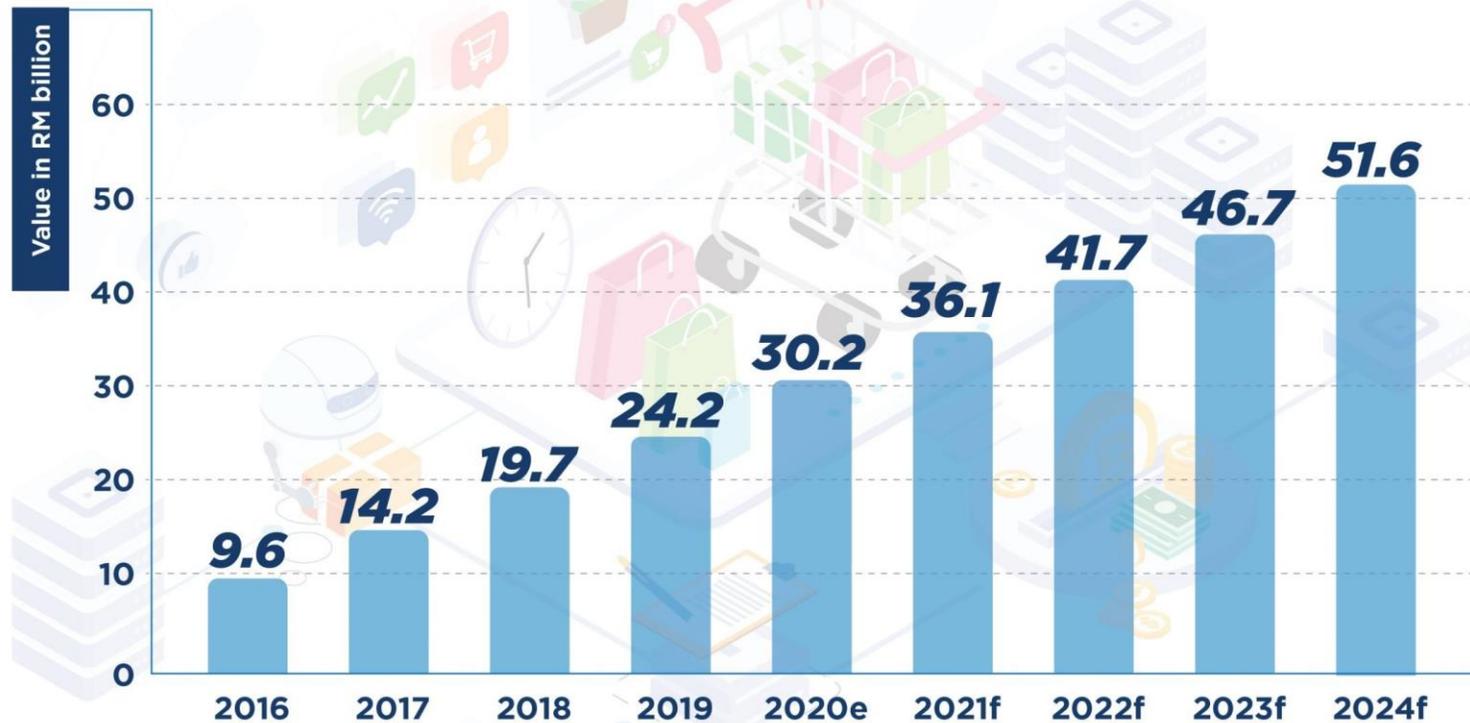
Asia has the largest percentage of Internet Users

A Quick Assessment of Malaysia's State of Internet Jan 2020



Sources: Hootsuite and We Are Social Internet Statistics 2020, 27Group Analysis

E-commerce in Malaysia



**JAN
2021**

ECOMMERCE GROWTH BY CATEGORY

YEAR-ON-YEAR CHANGE IN THE TOTAL AMOUNT SPENT IN CONSUMER ECOMMERCE CATEGORIES IN 2020 vs. 2019

 CHANGES TO CATEGORY DEFINITIONS AND REVISIONS TO HISTORICAL DATA MEAN VALUES ARE NOT COMPARABLE WITH PREVIOUS REPORTS



MALAYSIA

TRAVEL, MOBILITY, & ACCOMMODATION*



-50.9%

statista

FASHION & BEAUTY



+43.7%



ELECTRONICS & PHYSICAL MEDIA



+35.1%

we are social

FOOD & PERSONAL CARE



+38.4%

FURNITURE & APPLIANCES



+37.0%



TOYS, DIY & HOBBIES



+30.4%

we are social

DIGITAL MUSIC



+32.4%

statista

VIDEO GAMES



+22.2%

SOURCES: STATISTA MARKET OUTLOOKS FOR E-COMMERCE, TRAVEL, MOBILITY, AND DIGITAL MEDIA (ACCESSED JAN 2021). FIGURES BASED ON COMPARISONS OF ESTIMATES OF FULL-YEAR ONLINE CONSUMER SPEND IN 2020 AND 2019, EXCLUDING B2B SPEND. SEE [STATISTA.COM/OUTLOOK/DIGITAL-MARKETS](https://www.statista.com/outlook/digital-markets) FOR MORE DETAILS. **NOTES:** DATA FOR DIGITAL MUSIC AND VIDEO GAMES INCLUDE STREAMING. **COMPARABILITY ADVISORY:** SOME BASE CHANGES. DATA MAY NOT BE DIRECTLY COMPARABLE WITH FIGURES PUBLISHED IN PREVIOUS REPORTS.

**JAN
2021**

OVERVIEW: CONSUMER GOODS ECOMMERCE

SIZE AND GROWTH OF THE B2C CONSUMER GOODS* ECOMMERCE MARKET (IN U.S. DOLLARS)



MALAYSIA

NUMBER OF PEOPLE
PURCHASING CONSUMER
GOODS VIA THE INTERNET*



statista

13.10
MILLION

TOTAL VALUE OF THE
CONSUMER GOODS
ECOMMERCE MARKET



we are social

\$4.46
BILLION

ANNUAL GROWTH IN THE TOTAL
VALUE OF THE CONSUMER
GOODS ECOMMERCE MARKET



we are social

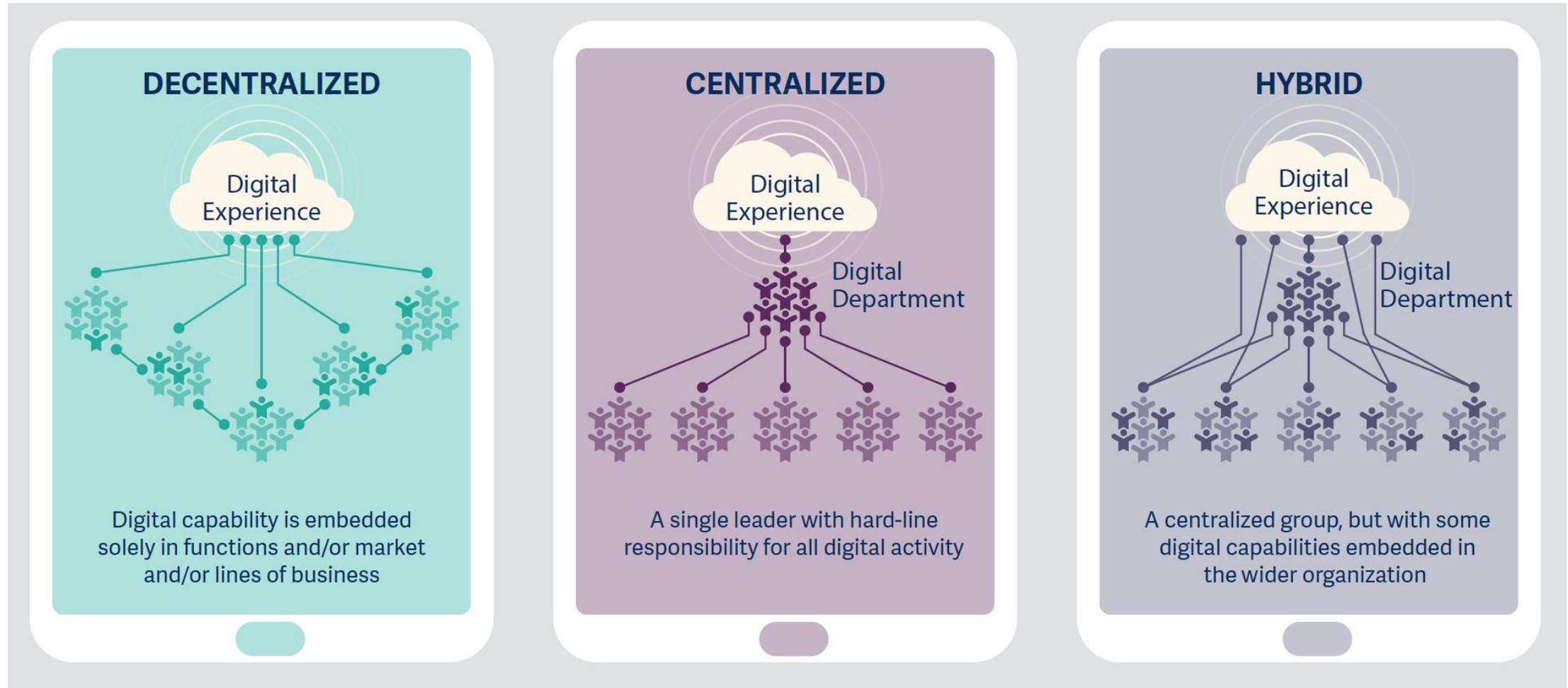
+37.3%

ONLINE CONSUMER GOODS
PURCHASES: AVERAGE
ANNUAL SPEND PER USER



\$341

Digital Business Structure



Advantages of Internet Business

**1**

Potential Access to a Global Market

- The internet is an excellent tool for increasing the visibility of your business.
- The internet overlooks physical borders, thereby giving your products and services heightened exposure to a global audience.
- This can lead to increased sales, as your business offer reaches new markets that would otherwise be beyond your physical reach, especially if you are a small business owner.

2

Reduce Building Overhead

- Many jobs and business functions can be performed online.
- This means that incorporating the internet into your business functions could open up an opportunity to have remote staff who can work from home, thereby reducing the cost of having an office building.

Advantages of Internet Business



3



Reduce Marketing Cost

- With the rise of the internet, there has been a huge increase in various social media platforms.
- These platforms that are designed to connect people with one another become powerful, relatively low-cost marketing channels.
- The internet means that you can put your products and services right in front of your target market without using the help of a formal marketing agency to do it for you, but at a much greater cost.

4



Automated Systems and Resource Sharing

- You can do your bookkeeping and customer service care online, and get bespoke solutions that automate how customers purchase your goods and services.
- In short, it can streamline processes while saving valuable work hours from performing tedious tasks.
- In addition, the internet enables you to share knowledge and information quickly and easily.

Disadvantages of Internet Business

1

Negative Reviews

- People now take to social media to voice their concerns and their viewpoints about a business.
- People are more likely to complain than they are to compliment a business, and this can damage the reputation of a company.
- That have forced businesses to change their strategies resulting in a loss of revenue

2



Potentially Lower Profit Margins

- The internet has upped the market for many different types of businesses. Although this has made it easier for customers to access your products and services, the internet has also made it easy for customers to access the products and services of your competitors, as well.
- To be at the forefront of customers' minds, businesses have resorted to slashing prices drastically, which has also drastically reduced profit margins.

3



Reduced Physical Interactions

- Some of the most creative ideas are borne out of the face-to-face interactions that people have with one another.
- While the internet has succeeded in connecting people to one another in a superficial way, it cannot adequately replicate the human interactions of interacting face-to-face with colleagues and customers



Student ACTIVITY

ACTIVITY 2

Read the article and watch the video given. Present the summary of both content in class.

1. Article:

83% of Malaysia's population to go digital by year-end
<https://www.businesstoday.com.my/2020/09/11/83-of-malaysias-population-to-go-digital-by-year-end/>

2. Video:

Digital Marketing Trends in Malaysia
<https://youtu.be/bHzpUhQBDGk>



Student TEST

QUESTION

INSTRUCTION: Answer ALL questions.

QUESTION 1

Industry 4.0 refers to a new phase in the Industrial Revolution that focuses heavily on interconnectivity, automation, machine learning and real-time data.

Based on that statement, answer all the questions below;

- a. Describe the entrepreneurship focuses in the industry from the First Industrial Revolution to Industry 4.0 [8 Marks]
- b. Determine the NINE (9) Pillars of Industrial 4.0. [9 Marks]
- c. Industry 4.0 will forever change the manufacturing and it is the basis concept of “smart anything” which will soon lead to smarter device, smart buildings, smart grids etc. What are the **FOUR (4)** advantages of Industry 4.0 solutions for businesses? [8 Marks]

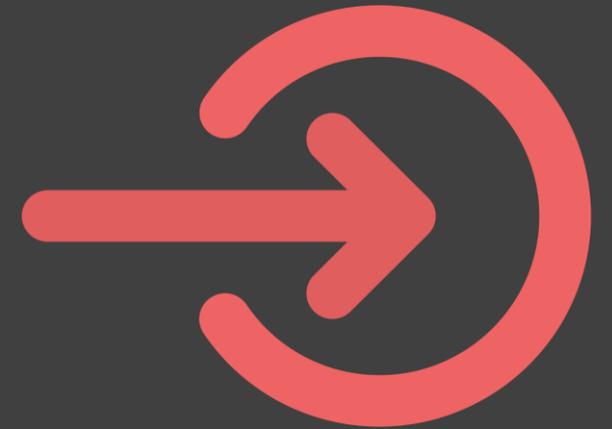


Chapter
02

BUSINESS MANAGEMENT

2.1 Business Plan

Based on analysis & research

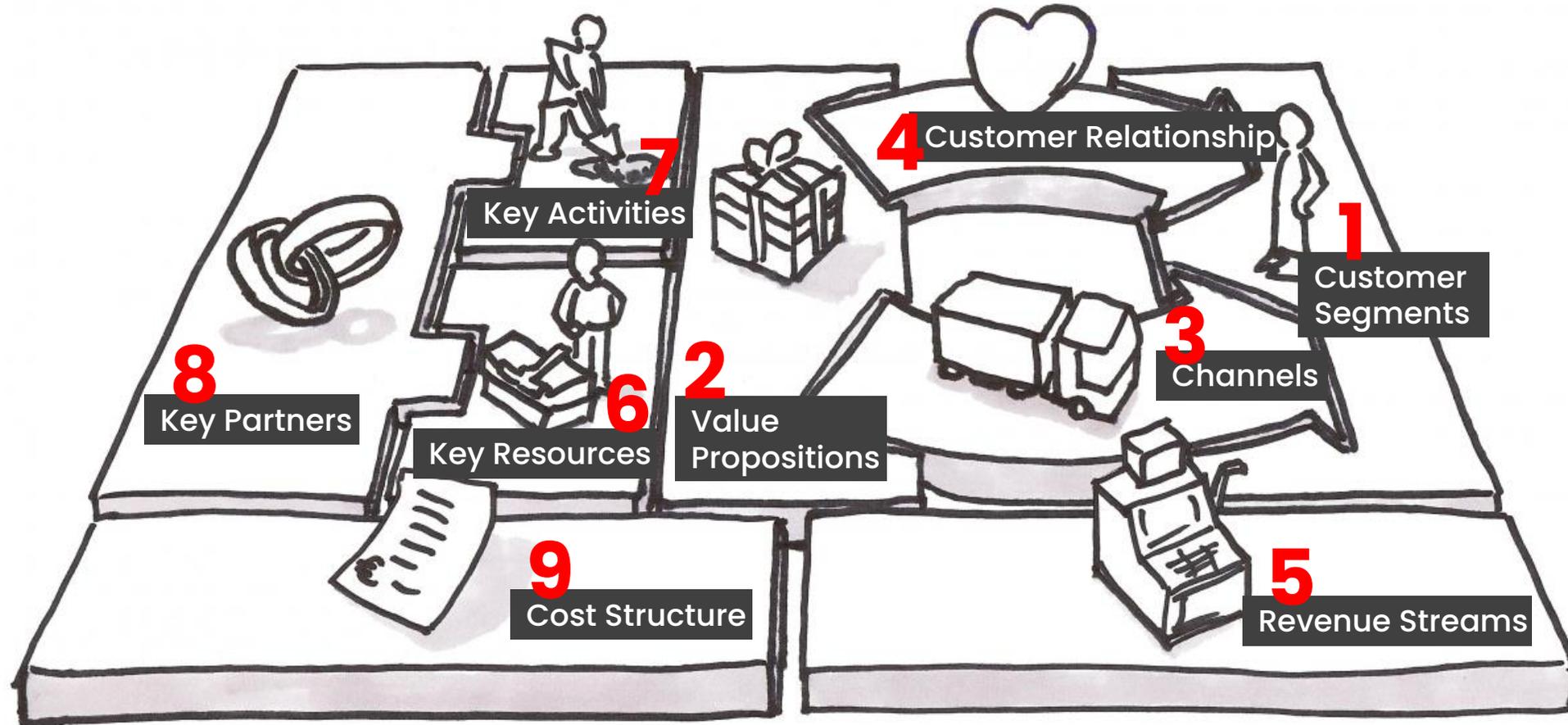


SWOT Analysis

A strategic planning tool that is utilized to ensure a clear objective defined for the project or venture, all factors related to the effort, both positive and negative, are identified and addressed.

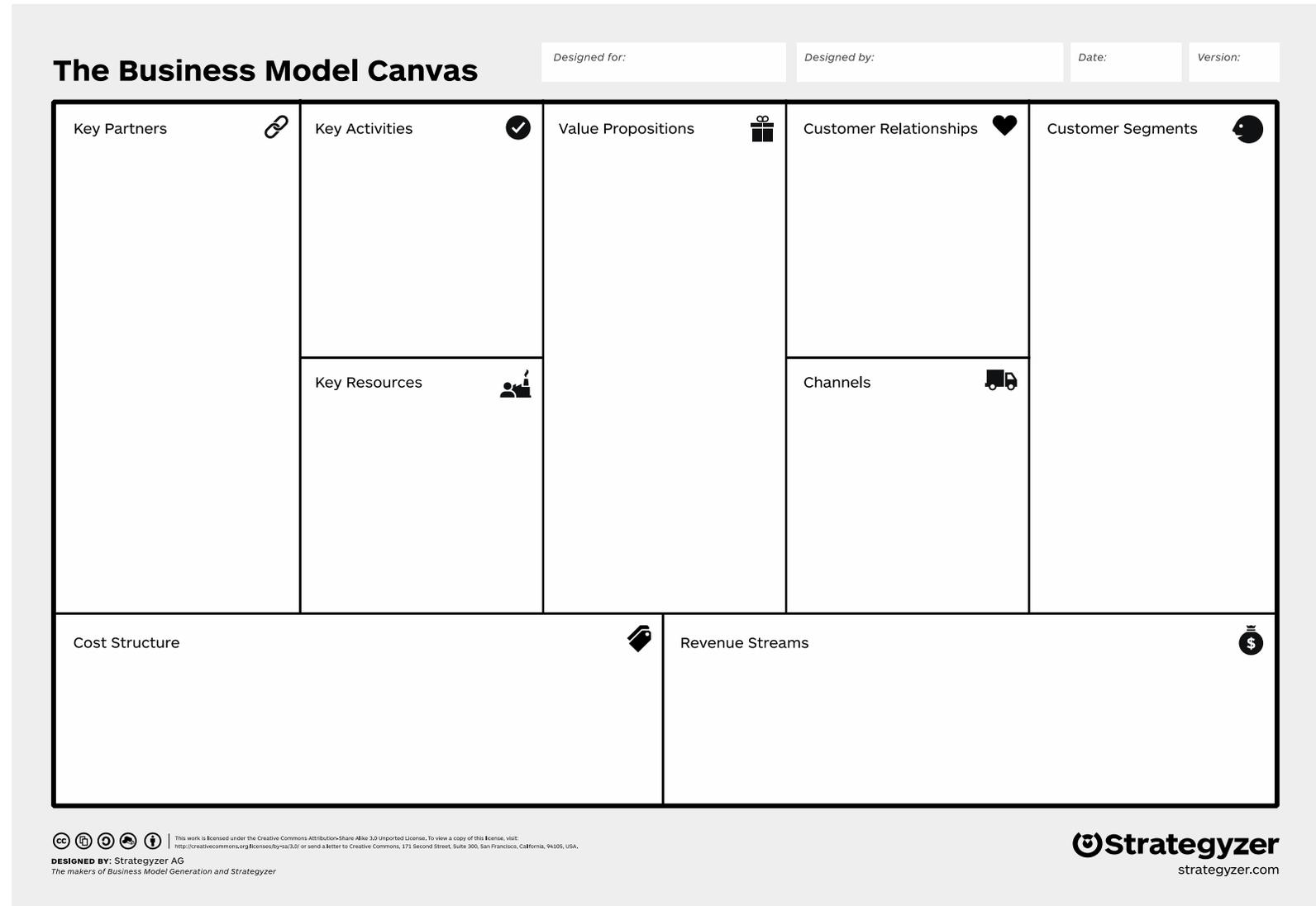


BMC Business Model Canvas

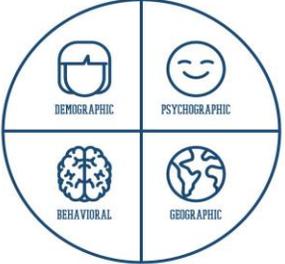


What Is Business Model Canvas

- The Business Model Canvas is a **strategic tool** used for visually **developing or displaying a business model**.
- A BMC template helps **determine and align the key business activities** and their relationship to business value proposition.
- The Business Model Canvas template, designed by **Alexander Osterwalder** and **Yves Pigneur**, provides a strategic and powerful way to understand a business

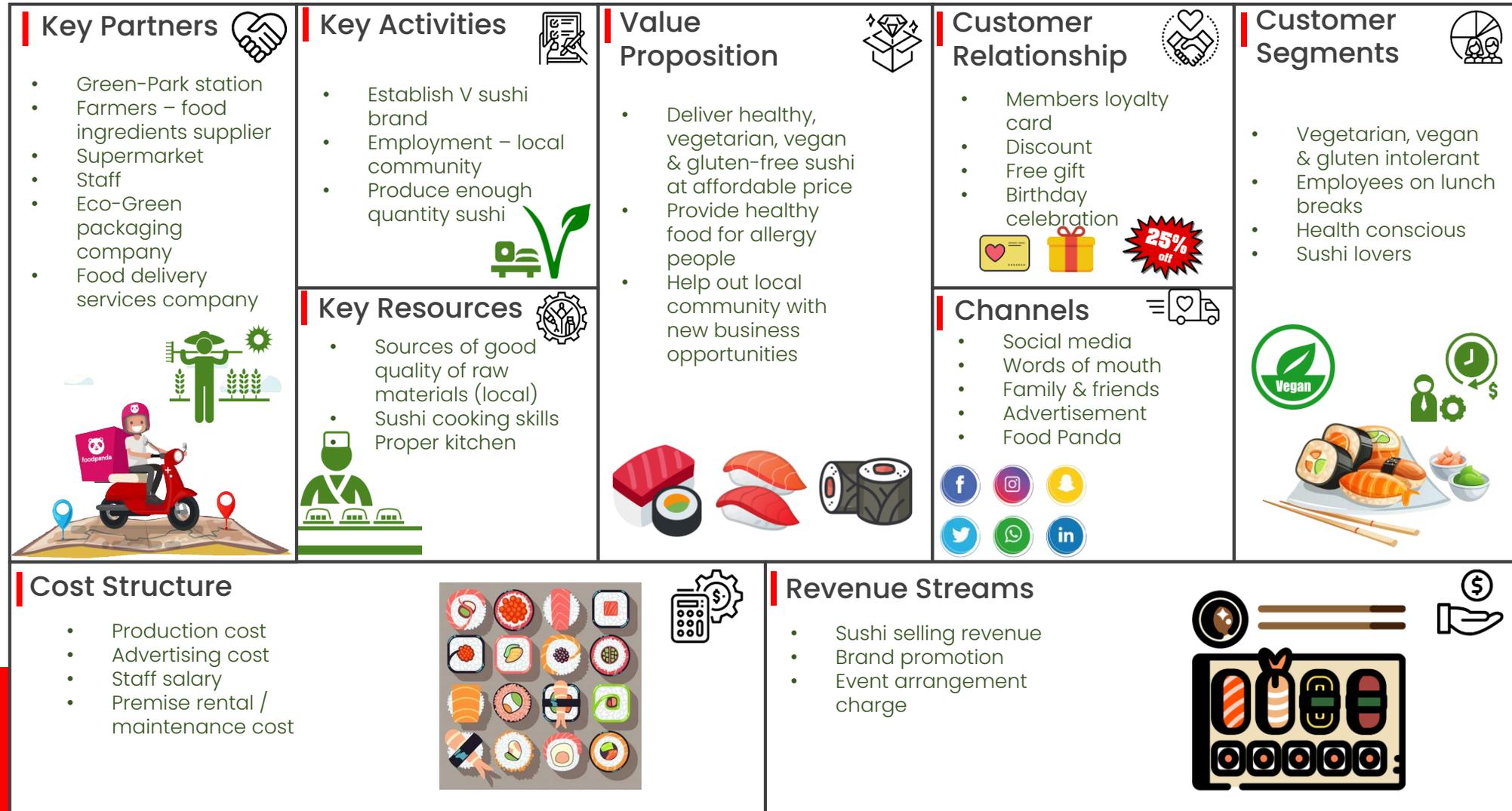


9 Blocks of Business Model Canvas

<p>Key Partners </p> <p>Who are your most important partners?</p> <p>Which key resources do your partners perform?</p> <p>   <i>—Express Your Online Business—</i></p>	<p>Key Activities </p> <p>What are the activities you perform every day to create and deliver your value proposition?</p> <p>Production? Repackaging?</p>	<p>Value Proposition </p> <p>What is the value you deliver to your customer?</p> <p>What is the customer's problems are you helping to solve?</p>	<p>Customer Relationship </p> <p>What relationship does each customer segment expect you to establish and maintain?</p> <p> FREE GIFT </p>	<p>Customer Segments </p> <p>For whom are we creating value?</p> <p>Who are our most important customer?</p> <p><i>4 Types of</i> MARKET SEGMENTATION</p> 
<p>Cost Structure </p> <p>What are the important cost you make to create and deliver your value proposition?</p> <p>Operation cost? Marketing cost? Administration cost? Stock purchasing cost? Packaging cost?</p>	<p>Revenue Streams </p> <p>How do customers reward you for the value you provide to them?</p> <p>Product selling? Side revenue other than main product? Service charge? Delivery charge?</p>			

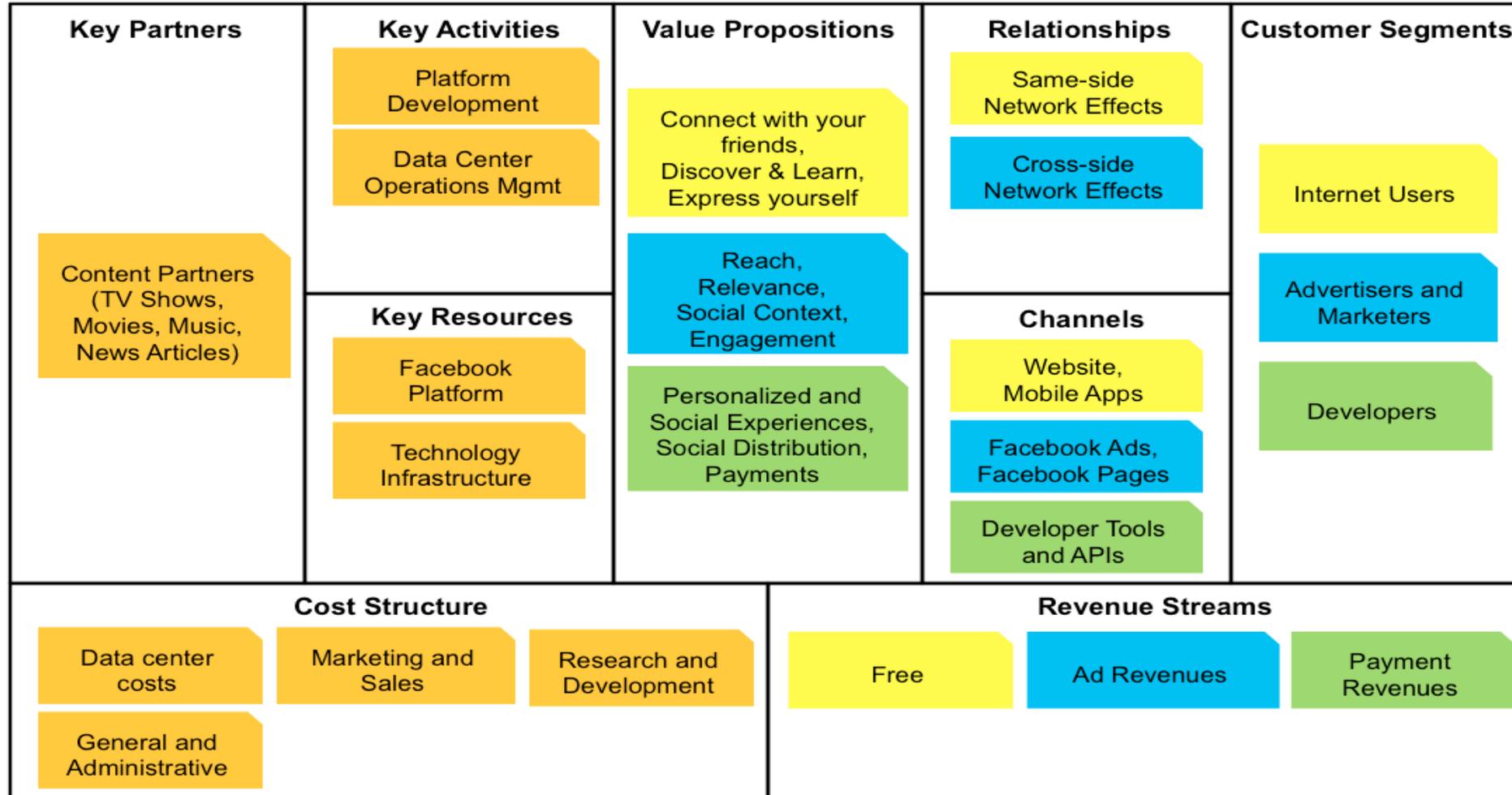
BMC – Example 1

VEGAN SUSHI

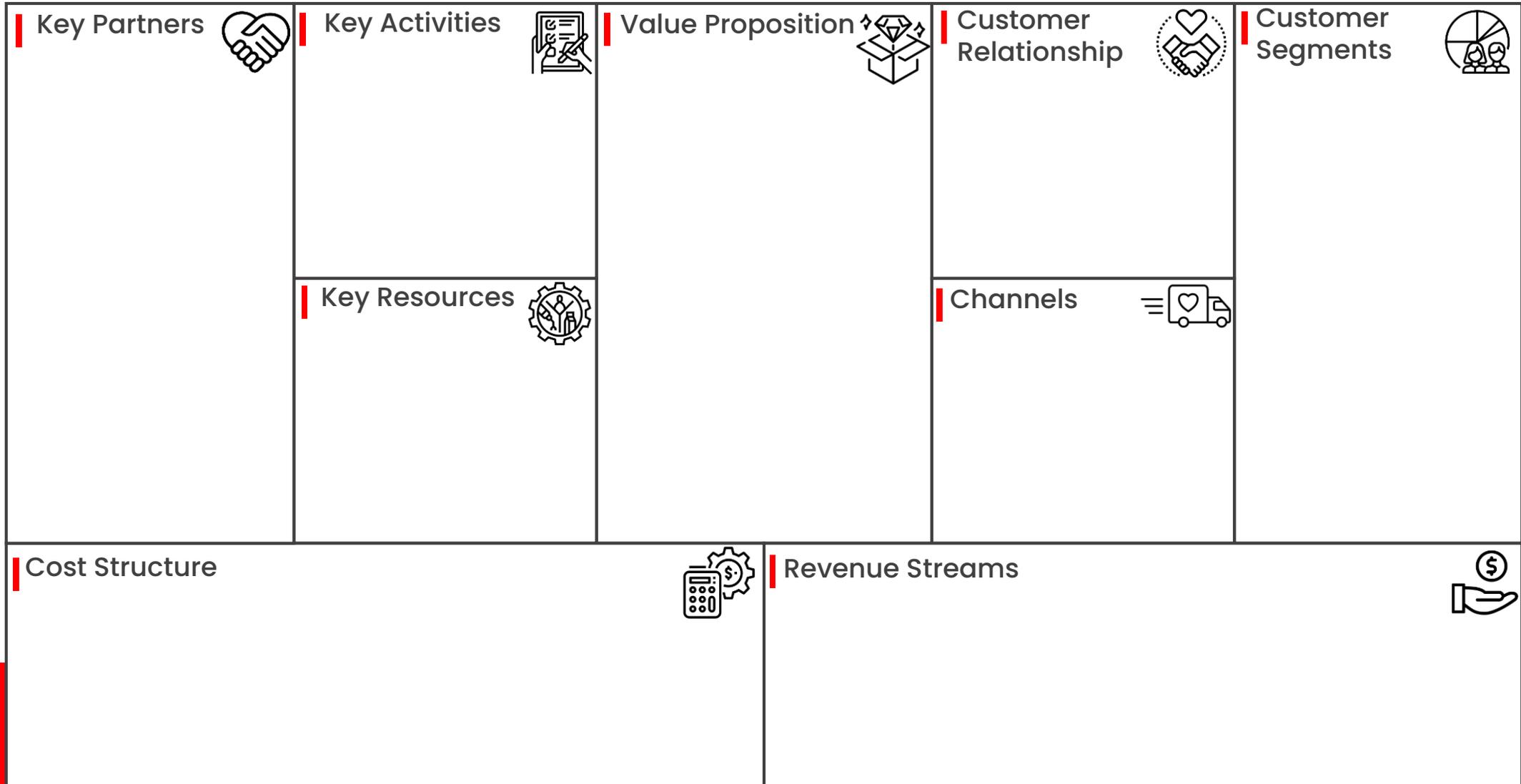


BMC – Example 2

Facebook – World’s leading Social Networking Site (SNS)



BMC – Activity





Student ACTIVITY

ACTIVITY 3

- Using Business Model Canvas (BMC), discuss in groups of 5 (FIVE) to generate business ideas for McDonald's
- Write your idea for each block of BMC
- Present your Business Model Canvas for McDonald's in class

Unique Selling Proposition

Sets you apart and differentiates your business from others

-USP- Characteristics

- Unique
- Differentiates you
- About the product
- Special benefits
- PLUS points vs. competitor
- Product surplus
- Description
- Value for customers
- Reason for purchase
- Limited time



✓ Developing Your USP

Unique Aspects

- Innovative features
- Quality & premium material
- Efficient & professional customer services

Understanding Customers

- Demography
- Psychography
- Consumer Behavior

Market Research

- Identify trends & issues in the business world to remain competitive

✓ Branding Your USP

It is important to brand your business to make it identifiable to customers. It is something relatable when a customer looks at a product, advertisement and social media. It includes;

- Name
- Logo
- Packaging
- Social Media & Website
- Premise



What is the **USP** of McDonald?



What is the **USP** of these companies?





Student ACTIVITY

ACTIVITY 4

- In groups of 5 (FIVE), discuss the Unique Selling Point (USP) and TAGLINE of the given company
- Each group will be given 5 minutes to discuss
- Team leader will present in class

Online Business Model

1 Retail



- Traditional/standard model
- Generate profit by selling to the customer at a markup cost

- ✓ Flexible pricing based on supply & demand conditions
- ✓ Responsible for the process of acquiring stock until product delivery



www.shopcakenis.com

2 Affiliate



- A company generate profit by engaging other company/individuals as middleman (affiliates)
- Affiliates promote product by putting advertisement / link to the business via their website / social media
- Affiliates earn commission

- ✓ Product ownership NOT required – just promote on their platform

- ✓ Bound by terms & conditions



[Lazada www.lazada.com](http://www.lazada.com)

3 Dropship



- Seller do not keep stocks/inventories
- Seller promote and get order
- Product will be delivered by the dropshipping provider

- ✓ Stock keeping is NOT required. Dropshipper provider will handle packaging & delivery

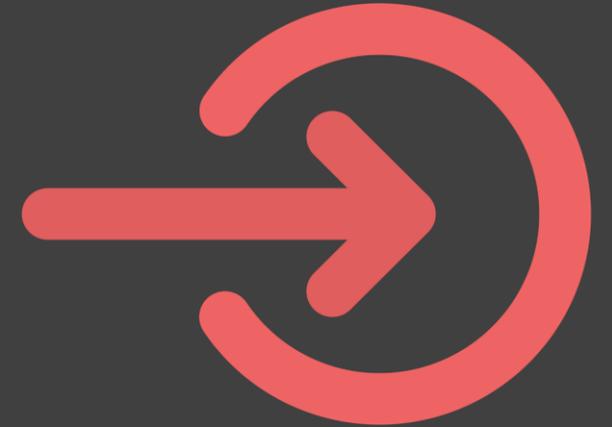
- ✓ Product limited & less control on packaging & delivery



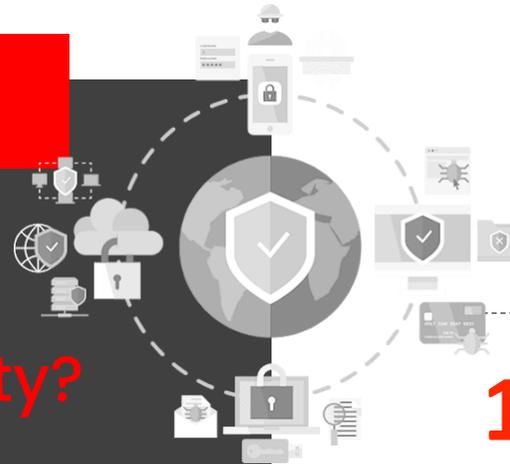
www.savevalue2u.com.my

2.2 Issues & Risks

Related To Online Business



Cyber Security



What is Cyber Security?

- ✓ Cyber security is the practice of defending computers, servers, mobile devices, electronic systems, networks, and data from malicious attacks.
- ✓ It's also known as information technology security or electronic information security.

Types of Cyber Threats

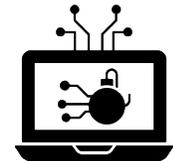
1 Cybercrime

includes single actors or groups targeting systems for financial gain or to cause disruption



2 Cyber-attack

often involves politically motivated information gathering



3 Cyberterrorism

is intended to undermine electronic systems to cause panic or fear



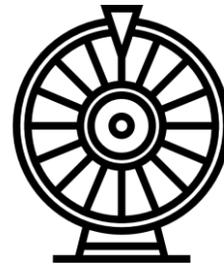
Online Scams

Basic Scams



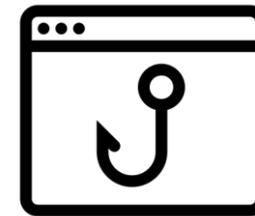
Release Letter

- Emails from parties who need to release funds
- Usually emails are sent from African or European countries



Lottery

- Emails or SMS to inform that an individual has won a lucrative prize and needs to redeem that prize at certain location

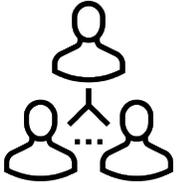


Data Phishing

- SMS or private messages from a well-known company (e.g: bank, telco) asking to update personal data as for system updates

Online Scams

Get Rich – Quick Schemes

	
<p>Internet Program Schemes</p>	<p>Internet Investment Schemes</p>
<ul style="list-style-type: none"> Multi-level-marketing (MLM) and get paid programs are most at risk as they are frequently misused to get downlines and access to customer's data 	<ul style="list-style-type: none"> This is a frequently used scam that promises wealth in return for a small investment

Counterfeit Items



Copyright Act

- Section 8, Commerce Act 2011: Any person found guilty of an offence shall be liable to fine not less than RM10,000(individuals) and RM500,000(companies)



Marketplace

- A number of marketplace such as eBay does not allow fake items to be sold on their platform

Safety Precautions

Cyber Safety Tips – protect yourself against cyber attacks



Update your software and operating system



Use anti-virus software



Use strong password



Do not open email attachments from unknown senders



Do not click on links in emails from unknown senders/website



Avoid using unsecure WiFi networks in public places

Safety Precautions

Tips To Sell Securely



Overall Precaution

- Provide clear, detailed descriptions
- Respond promptly to inquiries

Before Accepting Payment

- Beware of unusual requests
- Be extra cautious with high-priced items
- Know the buyer

Shipping Tips

- Track packages
- Insure packages
- Keep buyers up-to-date about delivery

Digital Security

Privacy Policy

- ✓ Any information or data that allows an individual to be identified is covered under the **Personal Data Protection Act**.
- ✓ Business cannot retain or process personal data of prospects or clients without their consent. Usage of personal data without authorization is an offence under the Personal data Protection Act 2010.



Name &
address



Identification
Card number



Email
address



Picture



Health
information



Passport
number



Image recorded by
CCTV



Information in
personal data

Digital Security

Payment Policy

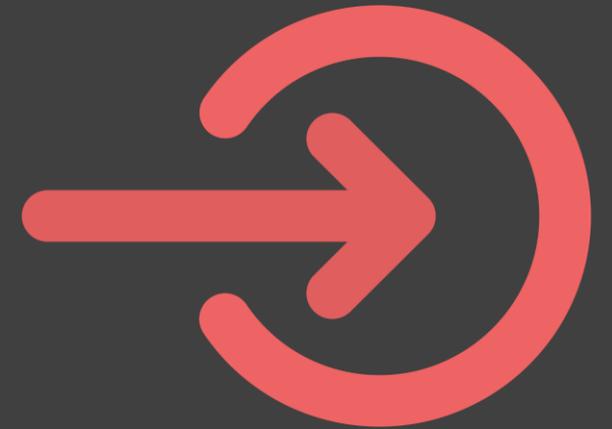
IS PAYPAL SAFE?
Tips for Buying, Selling, and Sending Online

- 1** Keep software up-to-date on your computer or mobile device.
- 2** Avoid public Wi-Fi for financial transactions.
- 3** Use a credit card as your funding method instead of a debit card or direct bank transactions.
- 4** Be wary of links in emails.

REF: <https://www.paypal.com/my/webapps/mpp/security/sell-tipsforsellers>

2.3 Intellectual Property

For Brand Protection



Intellectual Property

| What is Intellectual Property?

Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.

– *WIPO-World Intellectual Property Organization*

| Types of Intellectual Property



Copyright

- Copyright is a legal term used to describe the rights that creators have over their literary and artistic works. Works covered by copyright range from books, music, paintings, sculpture and films, to computer programs, databases, advertisements, maps and technical drawings.



Trademark

- A trademark is a sign capable of distinguishing the goods or services of one enterprise from those of other enterprises. Trademarks date back to ancient times when artisans used to put their signature or "mark" on their products. Includes words, logos, pictures, names, numbers or combination of these.



Patent

- A patent is an exclusive right granted for an invention. A patent provides the patent owner with the right to decide how – or whether – the invention can be used by others. In exchange for this right, the patent owner makes technical information about the invention publicly available in the published patent document..

MyIPO

IP Registration Body

<http://www.myipo.gov.my/en/home/>

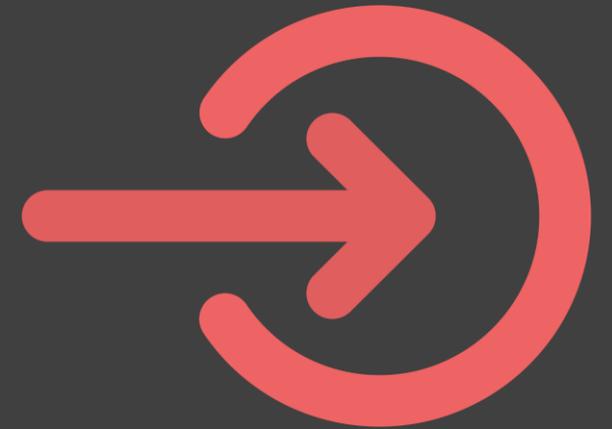


A screenshot of the MyIPO website's homepage. The browser address bar shows "myipo.gov.my/en/home/". The main navigation bar includes "MADRID THE INTERNATIONAL TRADEMARK SYSTEM", "IPR MARKETPLACE", and "IP ACADEMY". The central heading is "WHAT WOULD YOU LIKE TO PROTECT?". Below this, there are two columns of buttons representing different types of intellectual property protection. The left column includes: "My business name", "My name", "My copyright", "My artistic creation or artwork", and "My music". The right column includes: "A design", "A phrase, word's, brand, logo, acronym", "An Image / picture", "An innovation, invention or idea", and "A product". The "A design" button is highlighted in a lighter grey color. At the bottom of the screenshot, the URL "www.myipo.gov.my/en/a-design-main/" is visible.

www.myipo.gov.my/en/a-design-main/

2.4 Online Business

Ethics



Ethical Issues In Online Business



1 Business Representation

- **Avoid** using stock photographs of large office buildings, professional conference rooms or employees at work on business websites
- **Avoid** paying for social media “likes” or followers



2 Intellectual Property Violation

- **Avoid;**
 - Unoriginal logo
 - Image theft
 - Content theft
 - Selling counterfeit items
 - Unauthorized use of video and audio files



3 Information Security

- Companies that sell products and services online typically collect sensitive information from customers that includes credit card or bank account information, along with the customer's name, address, and phone number.




4

Product Quality

- Customer has to trust the merchant to sell her an item that matches the photographs and descriptions posted on the retailer's website
- Unfortunately, some companies take advantage of the distance between consumer and product to sell inferior goods



5

Vendor Compliance

- Obtaining permission to sell the product as an authorized retailer.
- Using approved content, such as photographs, company logos and descriptive copy in sales efforts.
- Respecting price points established by the vendor.
- Some e-retailers fail to honor these requirements



6

Customer Service

- Many retailers are committed to providing quality customer service and offer online chat, phone-based customer service as well as email assistance
- Unethical e-commerce companies can make it very difficult to get help



Online Business Regulation

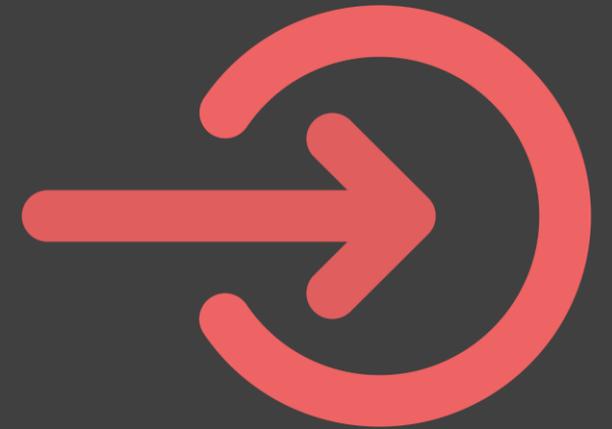
In order to build customer's trust and confidence, entrepreneurs should;

1	Disclose these information in website
	<ul style="list-style-type: none">• Online trader's name• Business registration number• Email address, telephone number, address• Description of products• Full price of products• Methods of payment• Terms & condition• Estimated delivery time

2	Provide appropriate platform
	<ul style="list-style-type: none">• Seller must provide appropriate platform / method to enable customers to rectify any errors / default prior to confirming orders
3	Acknowledge payment receipts
	<ul style="list-style-type: none">• Seller must acknowledge payment receipts to the customers without delay

2.5 Existing Cost

In Business



Business Cost

Capital Expenditure - CAPEX -

- Consist of the funds that companies use to purchase major physical goods or services that the company will use for more than one year
- Capital expenditures can include:
 - i. Plant and equipment purchases
 - ii. Building expansion and improvements
 - iii. Hardware purchases, such as computers
 - iv. Vehicles to transport goods

Operation Expenditure - OPEX -

- The ordinary and necessary expenses (O&NE) that a company spends to operate its business each day
- Operating expenditures can include:
 - i. Rent
 - ii. Utilities
 - iii. Salaries and pension plan contributions
 - iv. Any expense that falls under selling, general, and administrative expense (SG&A) on the income statement
 - v. Marketing
 - vi. Research and development (R&D)
 - vii. Property taxes
 - viii. Business travel

Cost of Good Sold - COGS -

- Direct costs of producing the goods sold by a company.
- This amount includes the cost of the materials and labor directly used to create the good.
- It excludes indirect expenses, such as distribution costs

FORMULA

$$\text{COGS} = \text{Beginning Inventory} + P - \text{Ending Inventory}$$

P = Purchase during the period

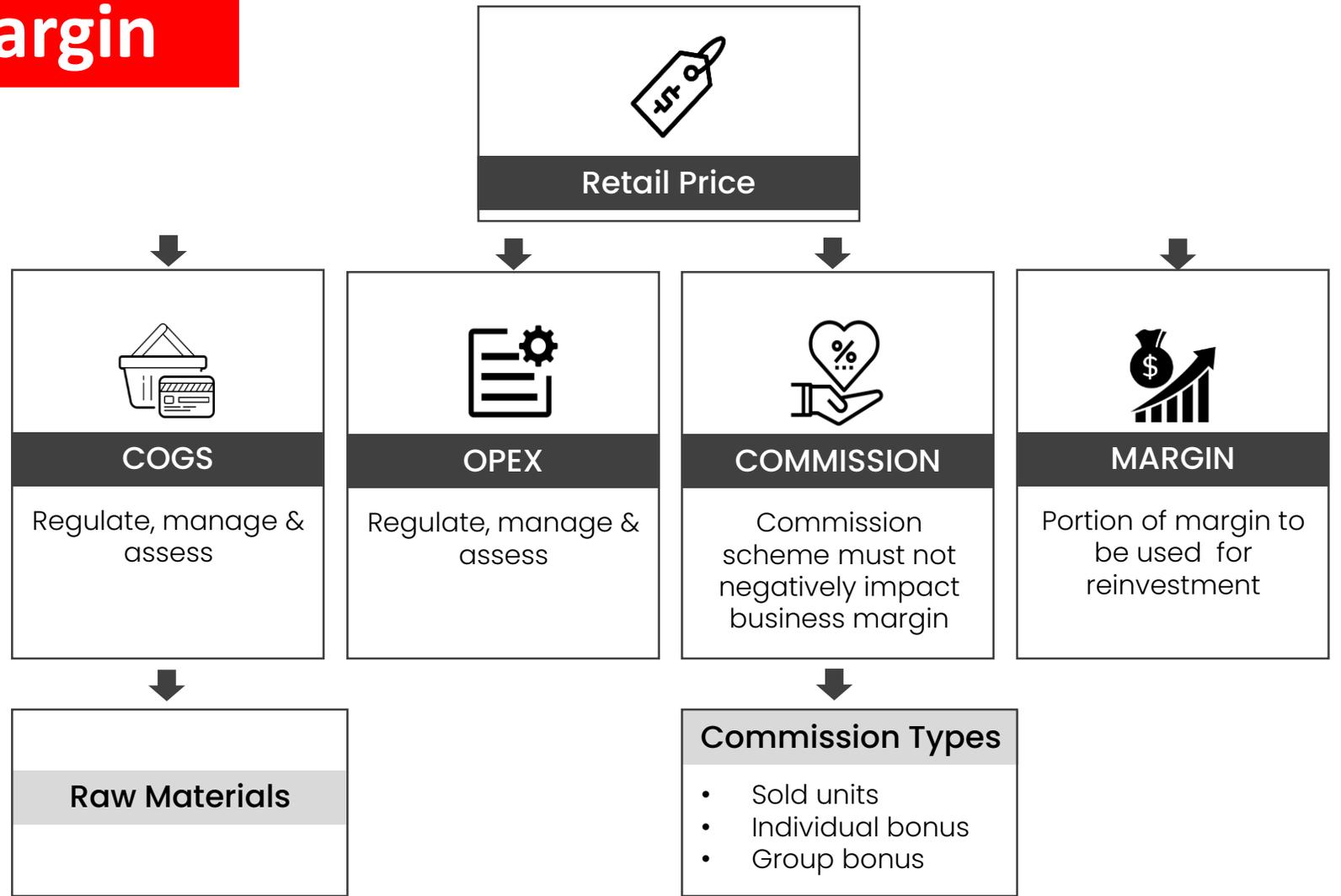
Business Margin

Profit & Loss

Sales	1000
- COGS	(200)
Gross Profit	800
- OPEX	(300)
Net Profit	500



Gross profit = Total Sales (revenue) - Total cost of goods sold



Sales Forecast

- Sales Forecasting is the process of estimating what your business’s sales are going to be in the future. A sales forecast period can be monthly, quarterly, half-annually, or annually.
- The process of preparing a sales forecast for a new business involves;
 - i. researching your target market,
 - ii. your trading area and your competition and
 - iii. analyzing your research to guesstimate your future sales.

How to Create a Sales Forecast

	Jan	Feb	Mar	Apr	May	Jun	Total
#Units Sold							
Widget 1	10	10	15	15	15	15	80
Widget 2	20	20	25	25	25	25	120
Unit Price \$							
Widget 1	\$50	\$50	\$50	\$50	\$50	\$50	
Widget 2	\$35	\$35	\$35	\$35	\$35	\$35	
Sales							
Widget 1	\$500	\$500	\$750	\$750	\$750	\$750	\$4000
Widget 2	\$700	\$700	\$875	\$875	\$875	\$875	\$4900
Total Sales	\$1200	\$1200	\$1625	\$1625	\$1625	\$1625	\$8900
Unit Cost							
Widget 1	\$25	\$25	\$25	\$25	\$25	\$25	
Widget 2	\$30	\$30	\$30	\$30	\$30	\$30	
Total Cost							
Widget 1	\$250	\$250	\$375	\$375	\$375	\$375	\$2000
Widget 2	\$600	\$600	\$750	\$750	\$750	\$750	\$4200
Profit							
Widget 1	\$250	\$250	\$375	\$375	\$375	\$375	\$2000
Widget 2	\$100	\$100	\$125	\$125	\$125	\$125	\$700
Total Profit	\$350	\$350	\$500	\$500	\$500	\$500	\$2700

Return On Investment

- Return on Investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments.

How to Calculate ROI

$$\text{ROI} = \frac{\text{Current Value of Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

Example 1 ;

Suppose Azlan invested RM1,000 in McDonald Corp. in 2019 and sold the shares for a total of RM1,200 one year later. Calculate ROI for Azlan;

$$\text{ROI} = \frac{\text{RM1,200} - \text{RM1,000}}{\text{RM1,000}} = \text{RM200} / \text{RM1,000}$$

$$= 20\%$$

Example 2 ;

Suppose Azlan invested RM2,000 in KFC Corp. in 2019 and sold the shares for a total of RM2,800 in 2020. Calculate ROI for Azlan;

$$\text{ROI} = \frac{\text{RM2,800} - \text{RM2,000}}{\text{RM2,000}} = \text{RM800} / \text{RM2,000}$$

$$= 40\%$$

Which investment gave a higher return to Azlan?



Student

ACTIVITY

ACTIVITY 5

- Calculate your Business Margin
- Prepare your 3 Month Sales Forecast
- Calculate your Return On Investment

Reference

Explore Digital Entrepreneurship with MDEC (2021) eUsahawan Learning Guidebook Volume 1

Explore Digital Entrepreneurship with MDEC (2021) eUsahawan Learning Guidebook Volume 2

Innovation and Entrepreneurship in the 4th Industrial Revolution. Prof. Dr Zhaohao Sun, PhD, Director and HoD Centre of Big Data Analytics and Intelligent Systems Department of Business Studies PNG University of Technology zhaohao.sun@png.ac.pg; zhaohao.sun@gmail.com

Sarimah Hanim Aman Shah, Nurul Syamshida Mokhtar, Sharida Zaina Shafie, Mastura Mohamad dan Cecilia Soon Teik Lan (2018), Entrepreneurship 5th Edition. Oxford Fajar.

Wan Nong Muzafar (2018), Kuasai Perniagaan Internet. Alaf 21.

Wren, Daniel, Wiley (2005), The History of Management Thought (5th Ed)

What is Digital Business? <https://www.liferay.com/resources/1/digital-business>

Wikipedia retrieved on 17 July 2018 https://en.wikipedia.org/wiki/Ford_Motor_Company

<https://www.learn.digitalentrepreneurship.com/2019/02/16/what-is-digital-entrepreneurship/>

<https://smallbusiness.chron.com/advantages-internet-business-317.html>

<https://www.paypal.com/my/webapps/mpp/security/sell-tipsforsellers>

THANK YOU

To be continue with Part 2...

Meet The Authors

Rabi'ah Seman

- Head of Entrepreneurship Unit
- Senior Lecturer in Digital Entrepreneurship
- 18 Years Teaching Experience



Academic Qualification;

- Master in Technical & Vocational Education – UTHM
- Degree in Management (Banking)(Hons)– UUM

Professional Qualification;

- Certified Digital Marketing Professional – DMI
- Professional Diploma in Digital Entrepreneurship – LRN
- Certified Digital Entrepreneurship Trainer – ABE UK
- Digital Entrepreneurship Master Trainer – MDEC
- eUsahawan Subject Matter Expert – MDEC
- Social Entrepreneurship Social Innovation Trainer (SESI) – MaGIC

Rusmaini Ramly

- Senior Lecturer in Accounting & Digital Entrepreneurship
- 19 Years Teaching Experience



Academic Qualification;

- Master in Accounting – UKM
- Degree in Accounting (Hons) – UUM
- Diploma in Education – MPPP

Professional Qualification;

- Professional Certificate For Entrepreneurial Educators (3EP) – KPT
- Certified Digital Entrepreneurship Trainer – ABE UK
- Digital Entrepreneurship Master Trainer – MDEC
- eUsahawan Subject Matter Expert – MDEC
- Social Entrepreneurship Social Innovation Trainer (SESI) – MaGIC



Digital Entrepreneurship

POLITEKNIK MERLIMAU