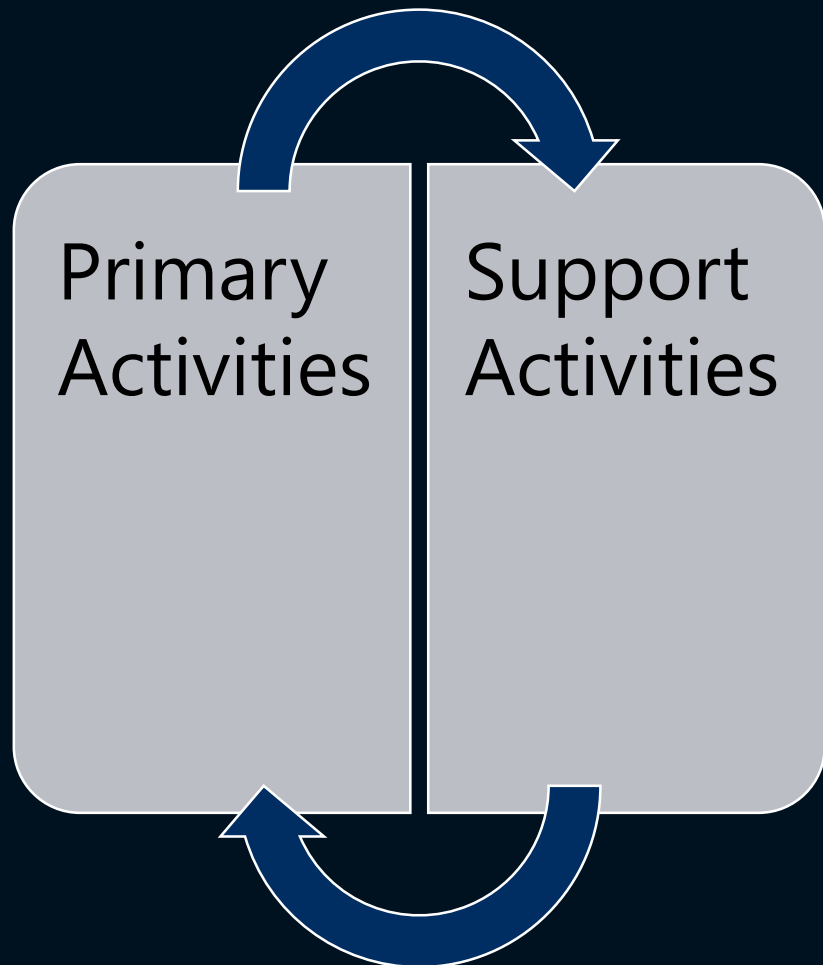# Unit II & III

Value Chain in E-Commerce

It is a way of organizing the activities of a business so that each activity adds value or productivity to the total operation of the business.

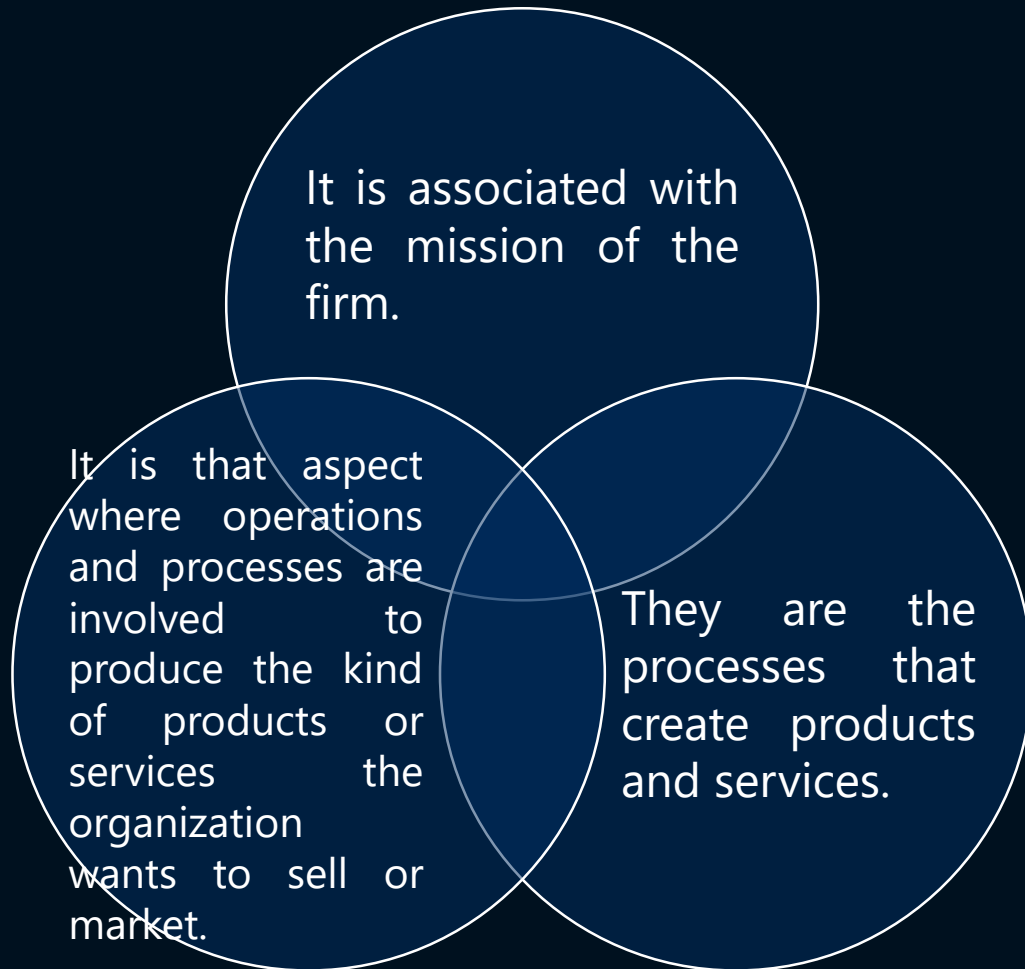In 1985, Porter introduced the term value chain.

He introduced value chain as a strategic tool to identify how the critical components of business tie together to deliver value for the business across the value chain process.

In a business, the raw material is received as input and value is added to them through various processes.

4

Components of Value Chain

Primary Activities

Support Activities

Primary Activities

It is associated with the mission of the firm.

It is that aspect where operations and processes are involved to produce the kind of products or services the organization wants to sell or market.

They are the processes that create products and services.

Support Activities

Support Activities are represented by the firm's infrastructure.

These activities include tasks or activities indirectly associated with the actual production of goods and services.

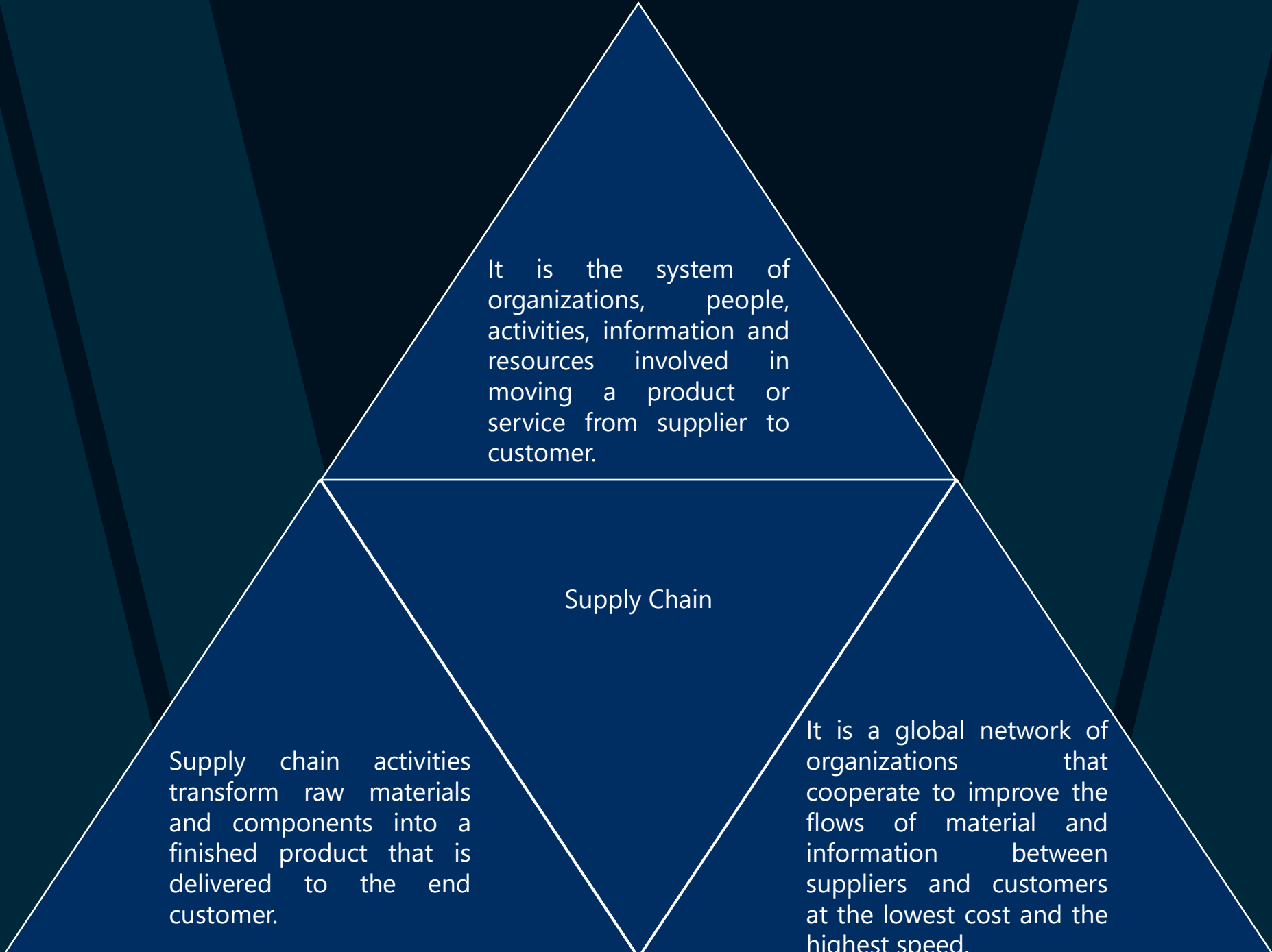• These activities support primary activities and each other.

It is the system of organizations, people, activities, information and resources involved in moving a product or service from supplier to customer.

Supply Chain

Supply chain activities transform raw materials and components into a finished product that is delivered to the end customer.

It is a global network of organizations that cooperate to improve the flows of material and information between suppliers and customers at the lowest cost and the highest speed.

Example of Supply Chain for E-commerce company

Refers to the management Of an interconnected network of businesses involved in the ultimate delivery of goods and services to customers.
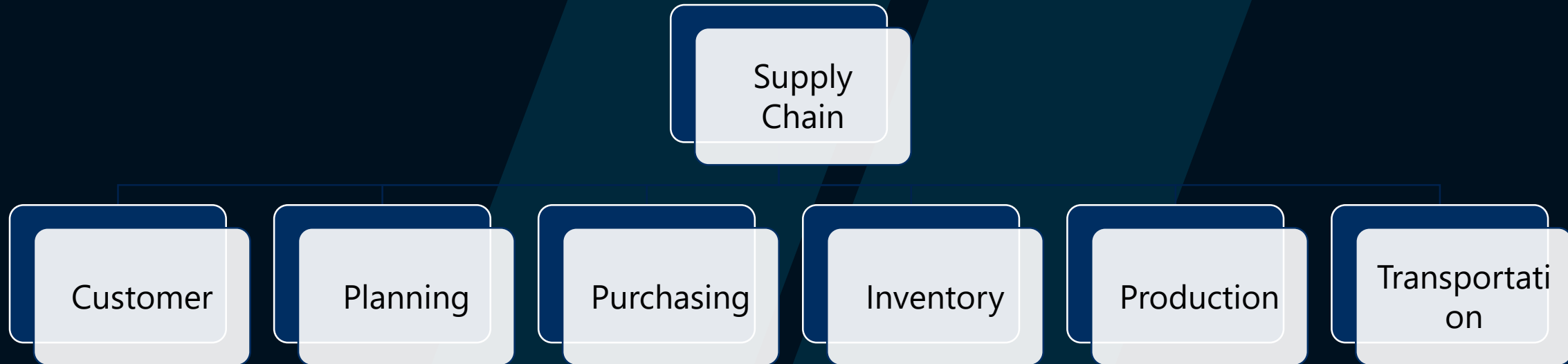
+

It entails the storage and transport of raw materials, the process of inventory and the storage and transportation of the final goods from the point of manufacture to the point of consumption.

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Supply Chain Management

Components/ Links in the Supply Chain

Supply Chain

Customer

Planning

Purchasing

Inventory

Production

Transportation

Cost

Time

Goals of
Supply Chain

Quality

Service Level

Porter's Value Chain Model

It was developed by Michael Porter in 1985.

It serves as a basic tool for diagnosing competitive advantage and finding ways to enhance.

• It identifies technologically and economically distinct activities called value activities that an organization performs in the course of doing business.

• The model is used to know, how optimally the organizational resources are used.

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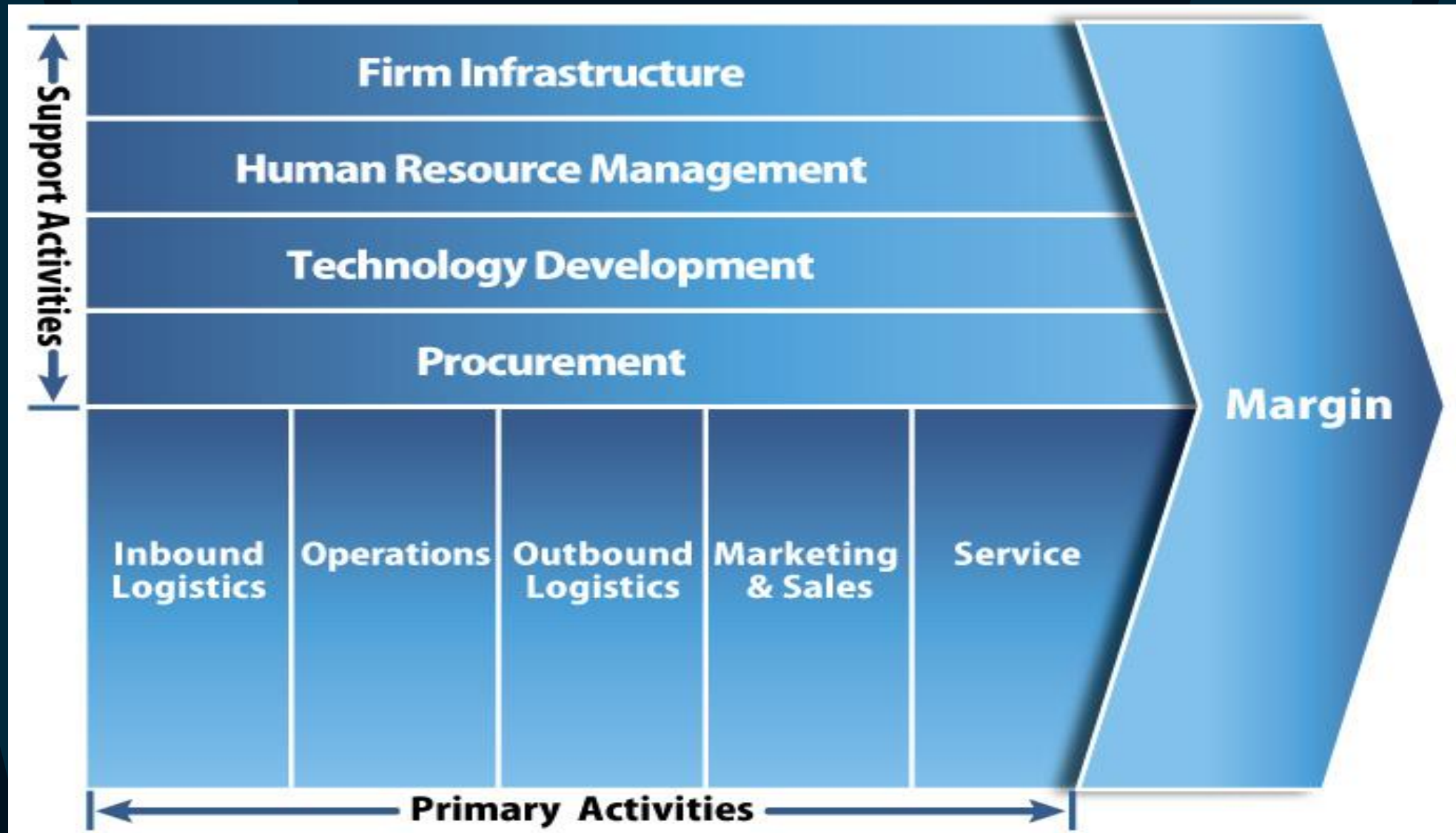
Inbound Logistics

Operations

Outbound
Logistics

Service

Marketing and Sales

The primary activities are

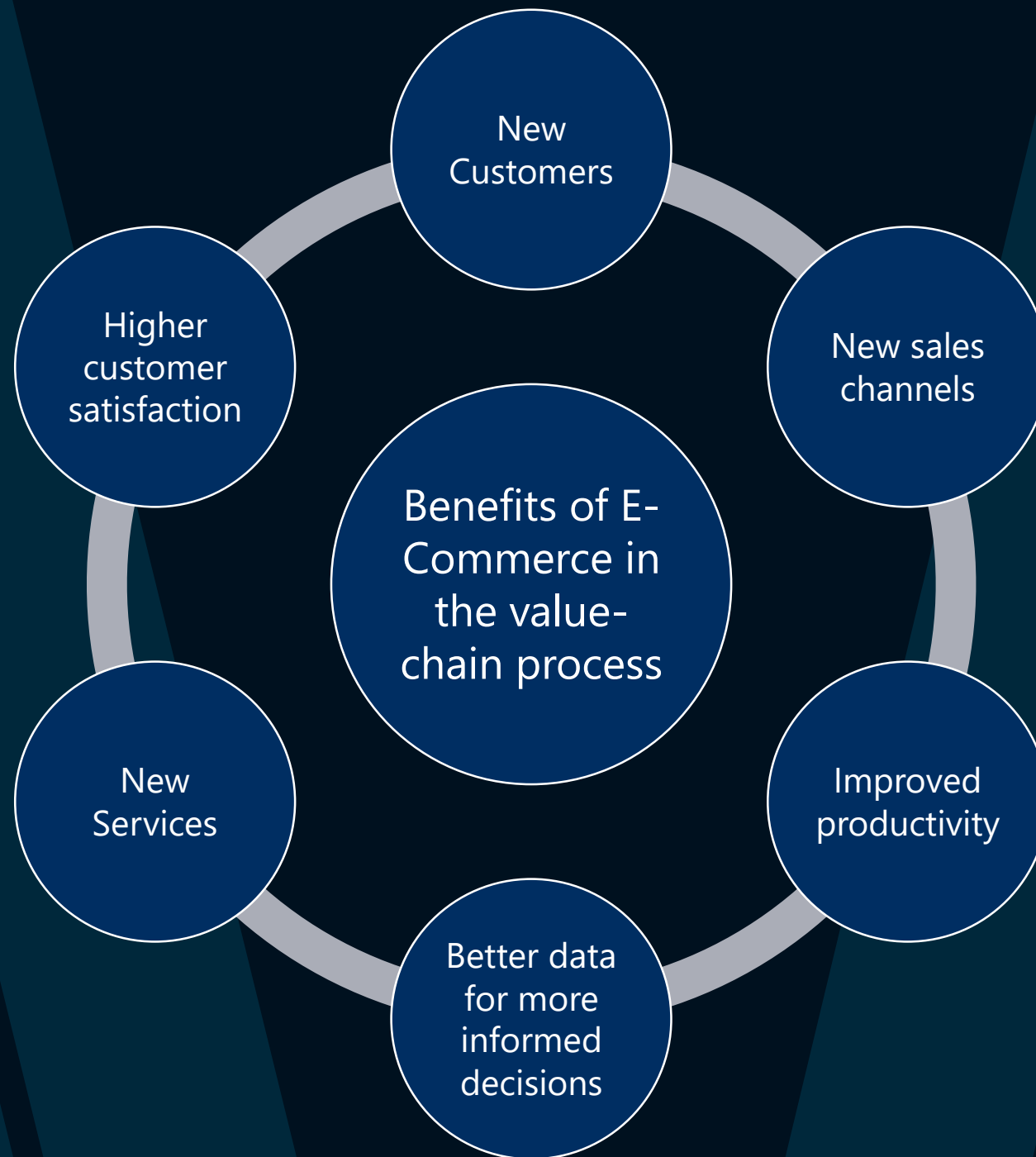Porter's Value Chain Model

Procurement

Human Resource management

Technological Development

Infrastructure

Secondary activities are

Porter's Value Chain Model

New Customers

New sales channels

Higher customer satisfaction

Benefits of E-Commerce in the value-chain process

New Services

Improved productivity

Better data for more informed decisions

Important Questions

| 1. Describe the porter's value chain model with diagram. | 2. What are the primary and secondary activities of porter's value chain model? |

Inter Organizational value chains

Strategic Business unit chains

Industry value chains.

Benefits of inter-organizational value chain

Features & Characteristics of Strategic Business unit chains

INTER-ORGANIZATIONAL VALUE CHAIN

It is a system between organizations. Inter-organizational system helps to better manage buyer-supplier relationships by encompassing the full depths of tasks associated with business processes company-wide.
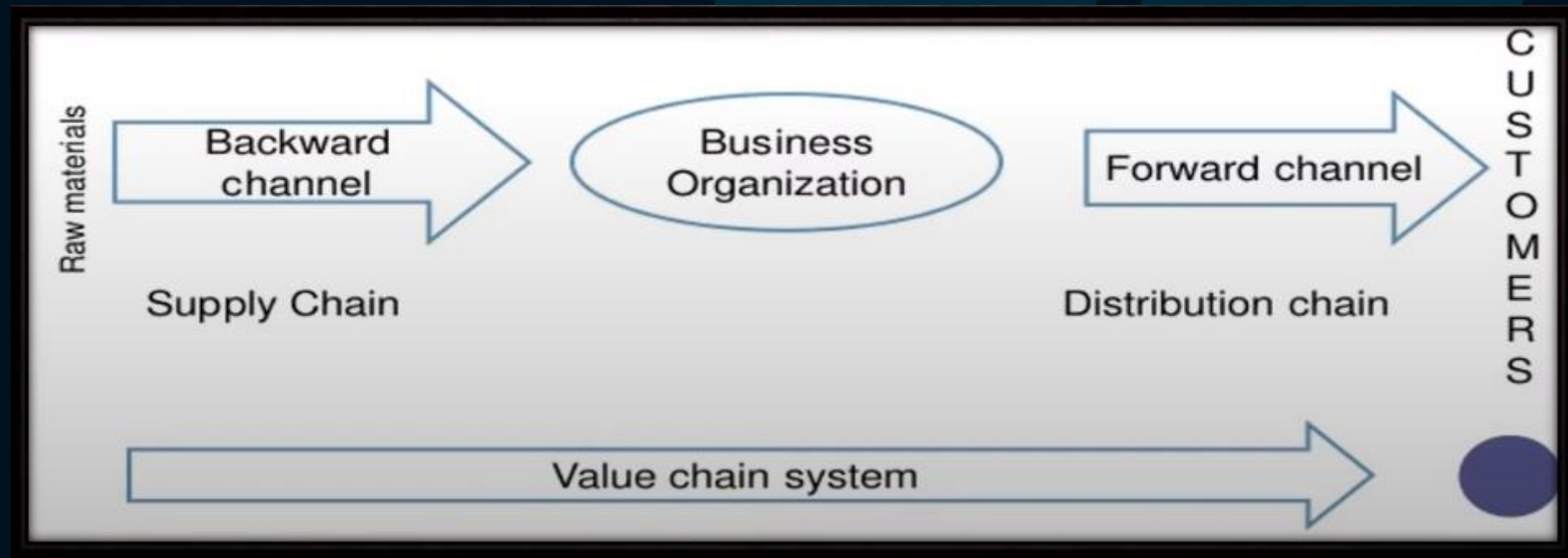
DIFFERENT PARTS OF THE VALUE CHAIN

Supplier

Firm

Channel
- l) Backward channel
- 2) Forward channel

Buyer

Distribution chain

Supply Chain

INTER-ORGANIZATIONAL VS INTRA-ORGANIZATIONAL

- Inter-organization means between two organizations. Therefore, inter-organizational procedures occur when two or more organizations join together and share information or collaborate.

- Intra-organizational means within an organization. This would mean that people or departments within an organization are working together or collaborating.

BENEFITS OF INTER-ORGANISATIONAL VALUE CHAIN

Reduce the risk in the organization

Benefit from the exchange of technologies

Increase competitiveness

Encourage global communication

Efficient SCM

STRATEGIC BUSINESS UNIT CHAINS

- A strategic business unit, popularly known as SBU, is a fully-functional unit of a business that has its own vision and direction.

- A strategic business unit operates as a separate unit, but it is also an important part of the company. It reports to the headquarters about its operational status.

- It operates independently and is focused on a target market. It is big enough to have its own support functions such as HR, training departments etc.

Structuur van Strategische Business Units
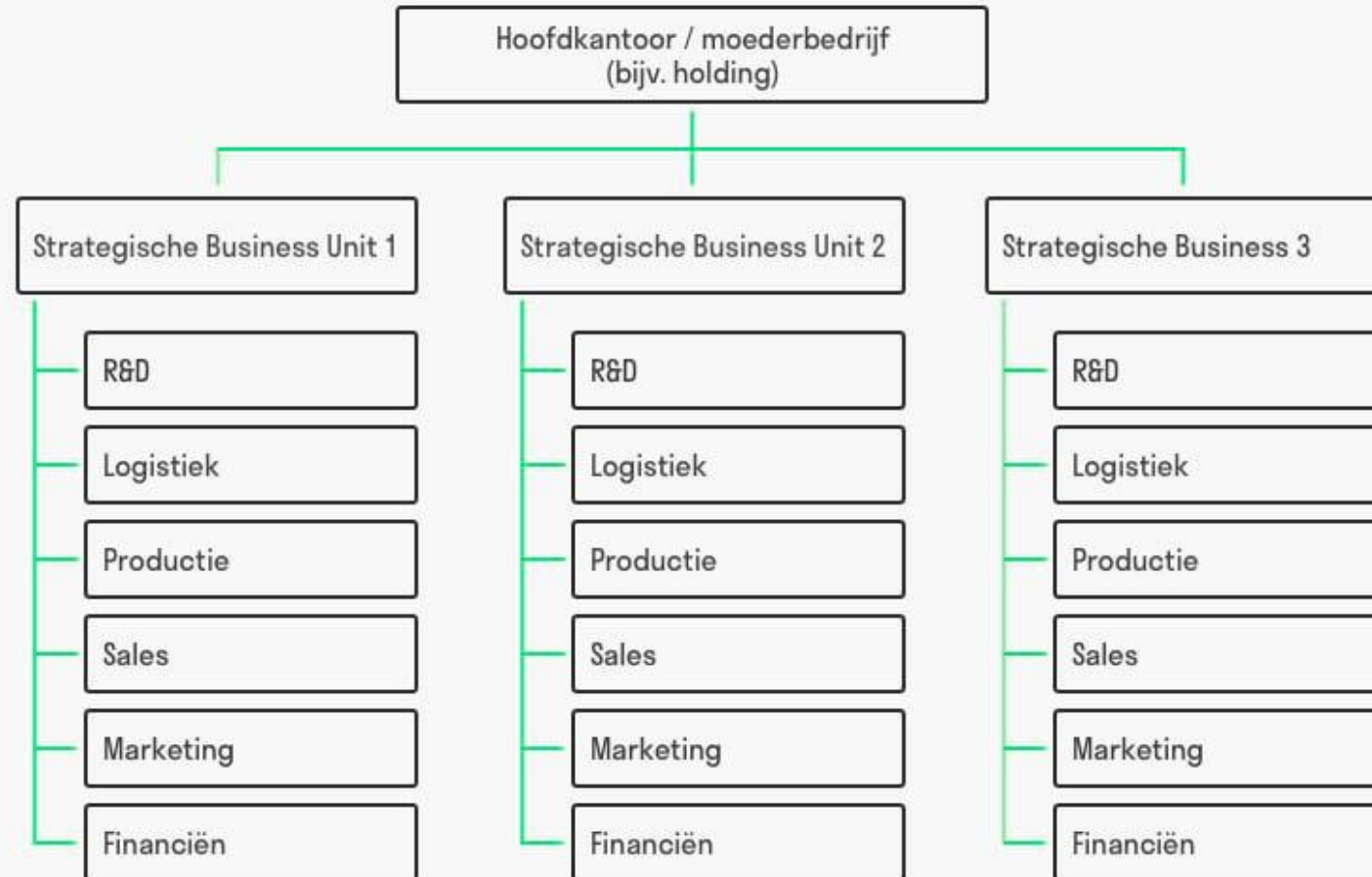
FEATURES

They are present in the organisational structure.

They are organizational units without separate legal personality.

They utilize "product-market" strategy.

Type of activity performed by them is of crucial and decisive importance for the whole company.
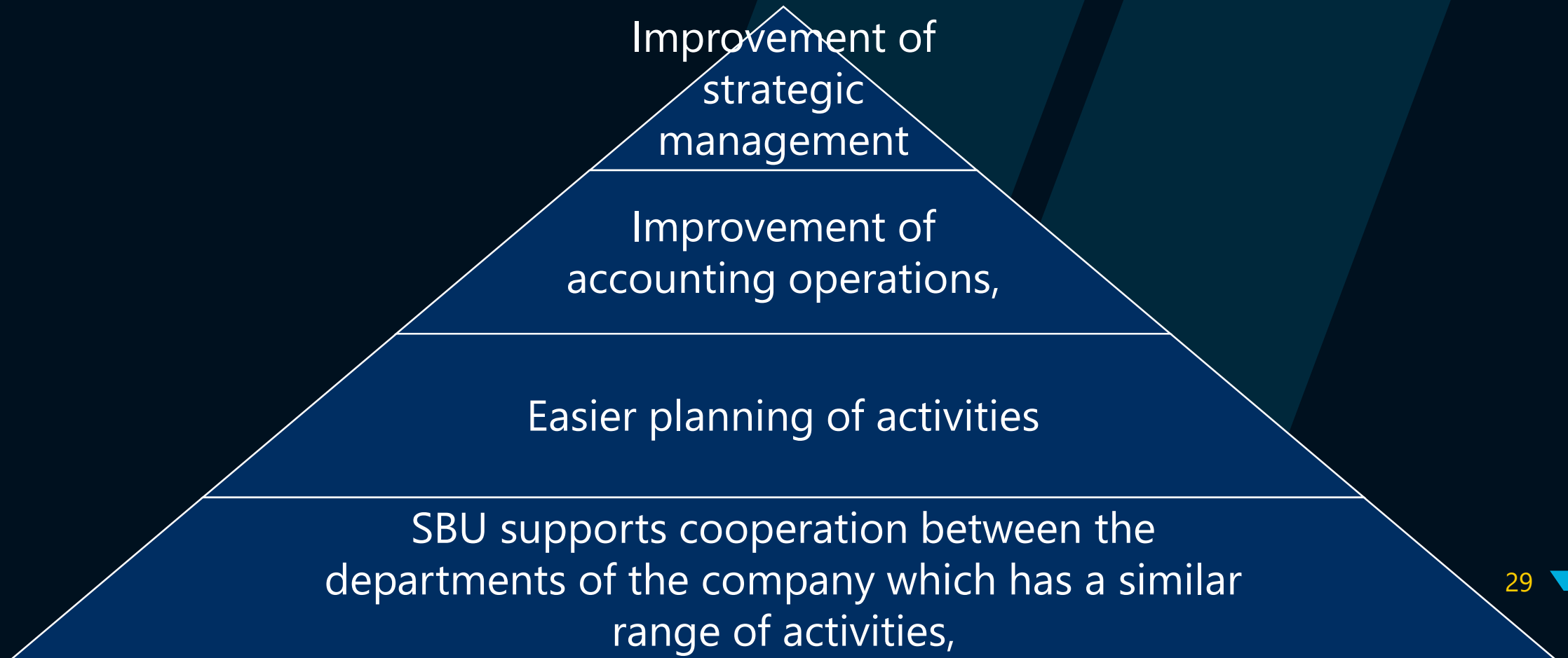
CHARACTERISTICS OF STRATEGIC BUSINESS UNIT

It is a single business or collection of businesses that can be planned separately from the rest of the company.

It has its own set of competitors

It has a manager responsible for strategic planning and profit performance

ADVANTAGES

Improvement of strategic management

Improvement of accounting operations,

Easier planning of activities

SBU supports cooperation between the departments of the company which has a similar range of activities,

DISADVANTAGES

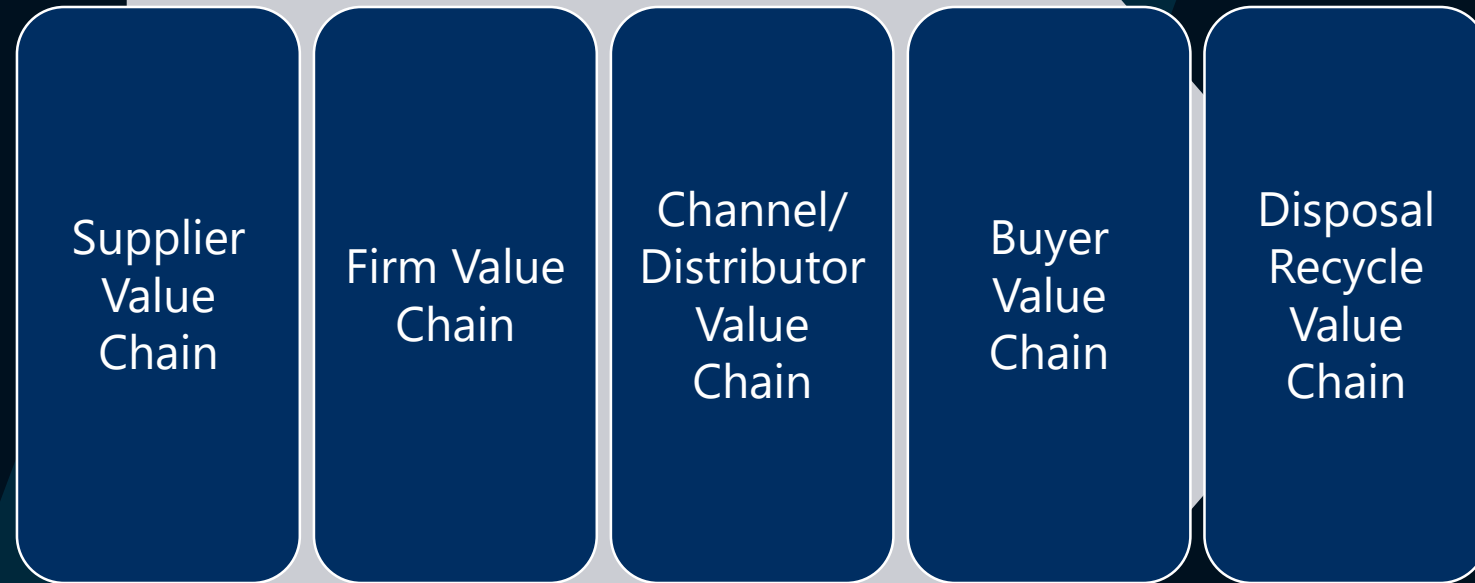Difficulty with contact with higher level of management.

May cause of internal tension due to difficult access to internal and external sources of funding.

May be the cause of the unclear situation with regard to the management activities.

INDUSTRY VALUE CHAINS

It is composed of all the value creating activities within the industry ending with the completed product delivered to the customer.

• It starts with the raw material manufacturer and finishes with the delivery of the final product to the customer.

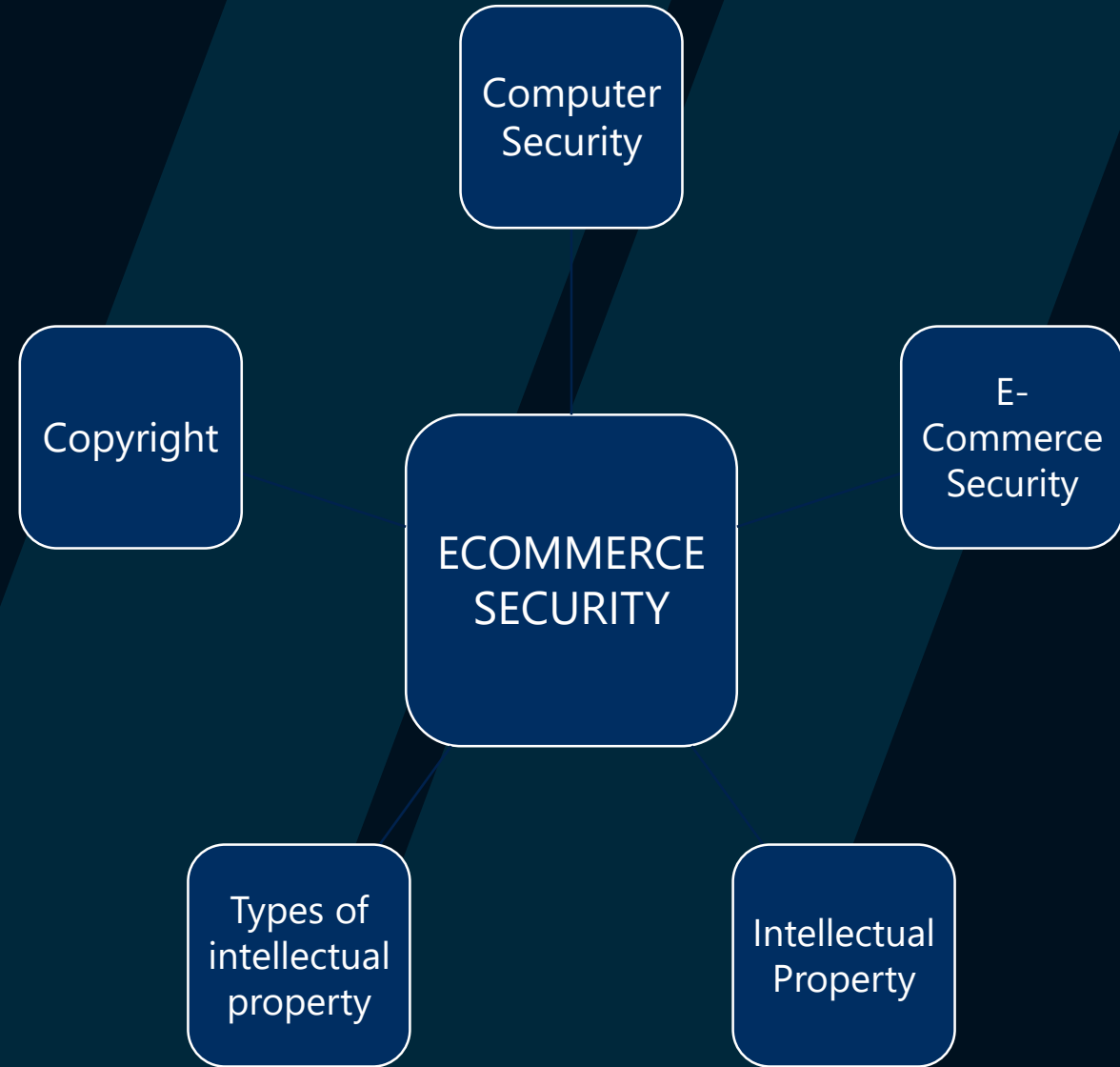| Supplier Value Chain | Firm Value Chain | Channel/ Distributor Value Chain | Buyer Value Chain | Disposal Recycle Value Chain |

IMPORTANT QUESTION

- What is strategic business unit chain? Explain its characteristics and advantages?

- How inter-organizational value chains are beneficial for various companies?
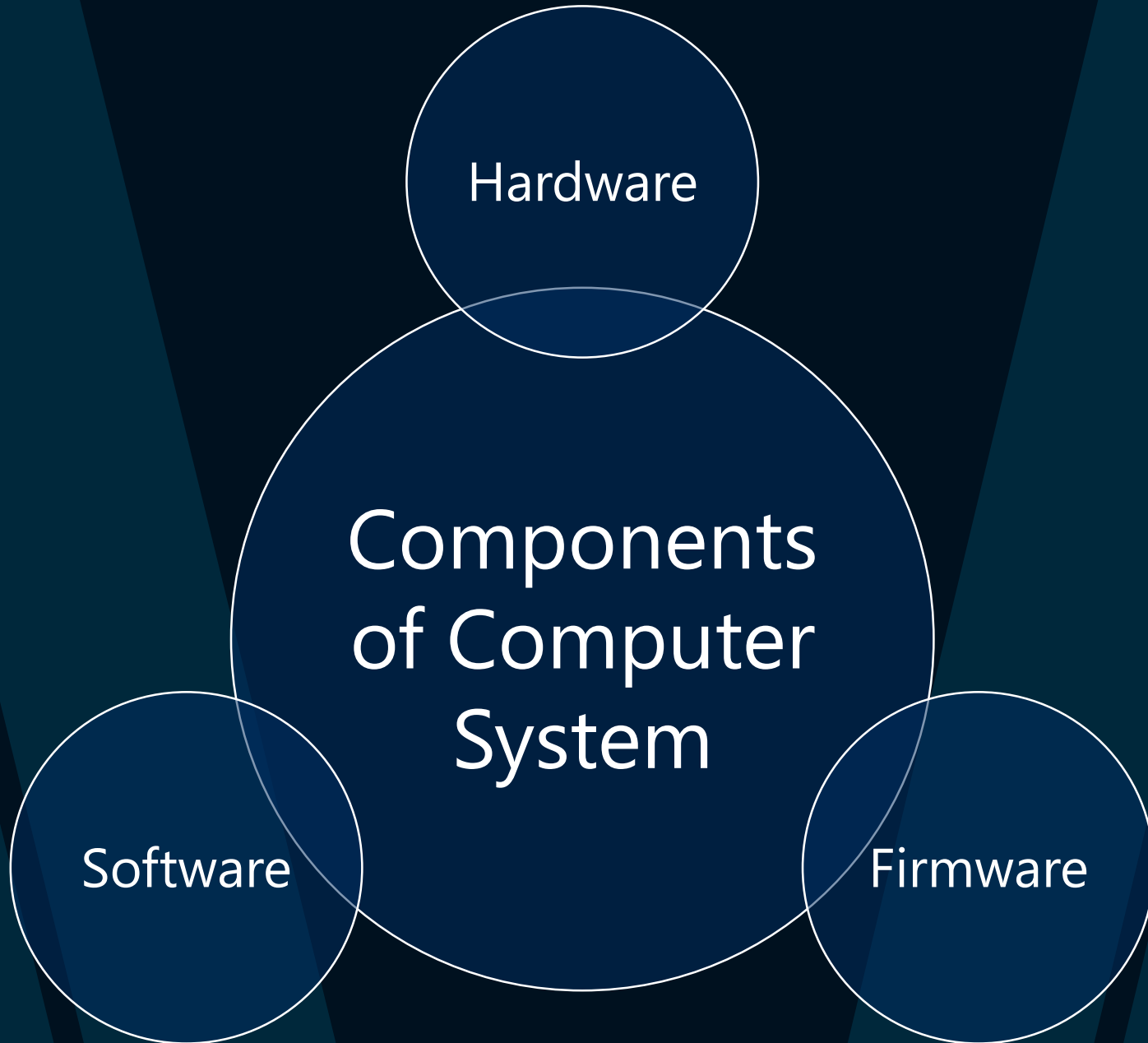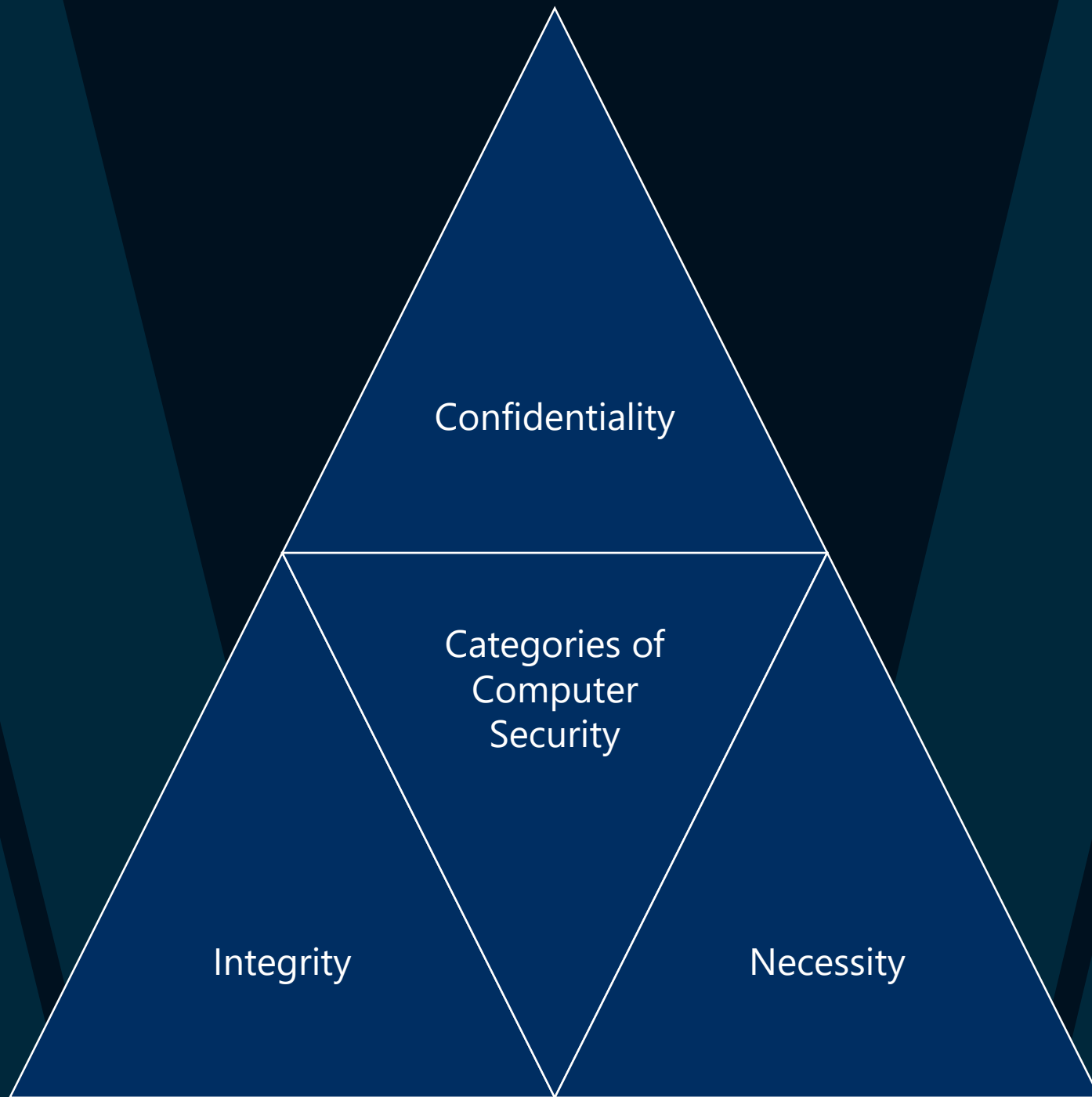
ECOMMERCE SECURITY

ECOMMERCE SECURITY

Computer Security

Copyright

ECOMMERCE SECURITY

E-Commerce Security

Types of intellectual property

Intellectual Property

Computer Security

It can be defined as controls that are put in place to provide confidentiality, integrity, and availability for all components of computer systems.	These components include data, software, hardware and firmware.	This is a complex definition.	It is the protection of assets from unauthorized access, use, alteration, or destruction.

Hardware

Components of Computer System

Software

Firmware

Confidentiality

Categories of Computer Security

Integrity

Necessity

It is an important managerial and technical issue.

E-commerce security is concerned with unauthorized access to important data resources.

E-Commerce Security

Some e-commerce threats are controllable, some are partially controllable and some are completely uncontrollable.

It protects hardware, software, procedures, customers, personnel and e-commerce resources to keep intruders and hackers at bay.

Secrecy

Aspects of E-Commerce Security

Accuracy

Availability
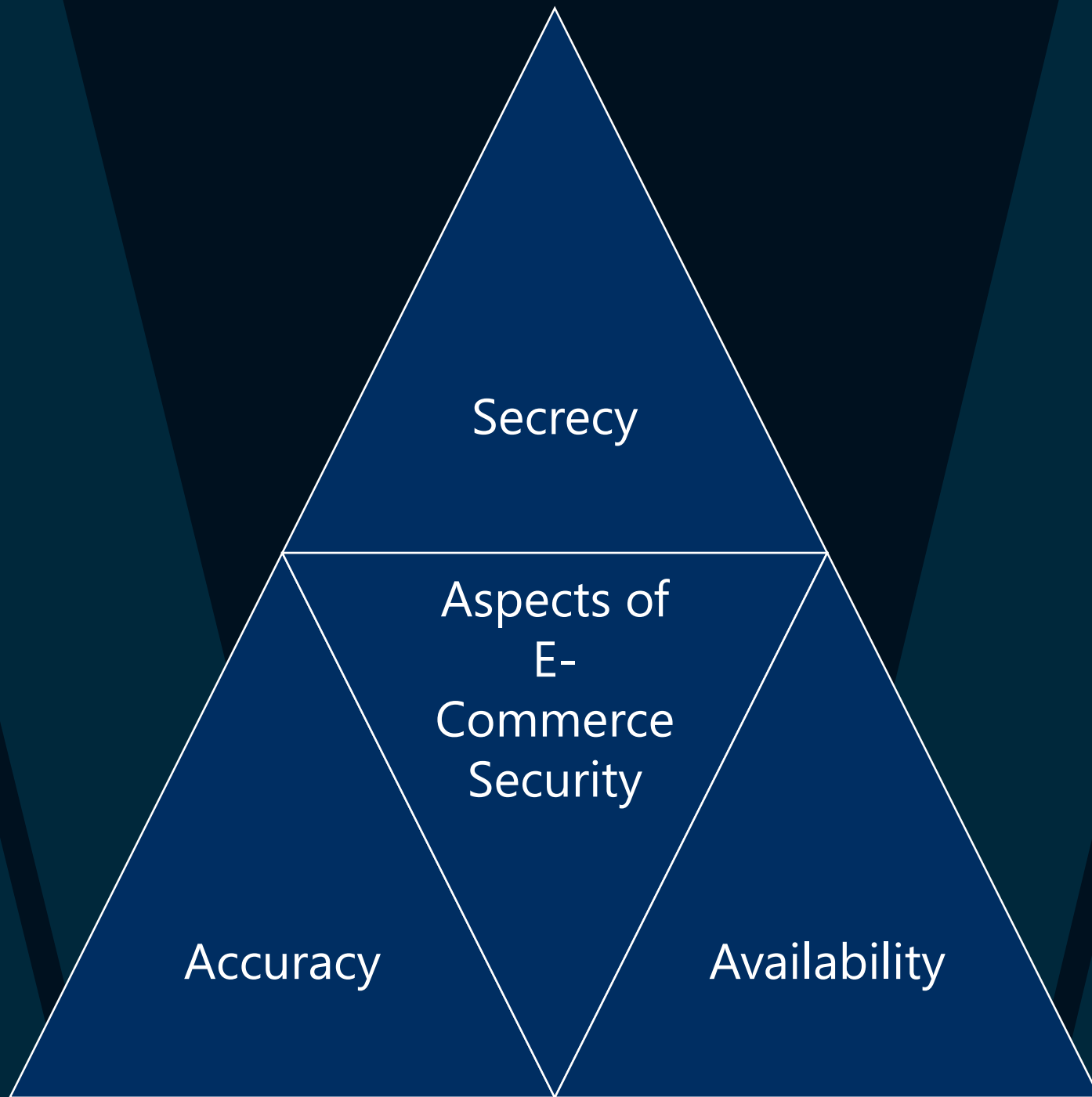
It encompasses all the tangible and intangible products of the human mind.

According to Intellectual Property Right (IPR) creative work is a kind of property.

Intellectual Property

The owner can use, rent and sell his rights over the property.

Intellectual Property is used in many sectors of the economy, priority has been given to the need to change legal and regulatory approaches

Copyright

Trade secrets

Types of intellectual property

Patent

Trademark
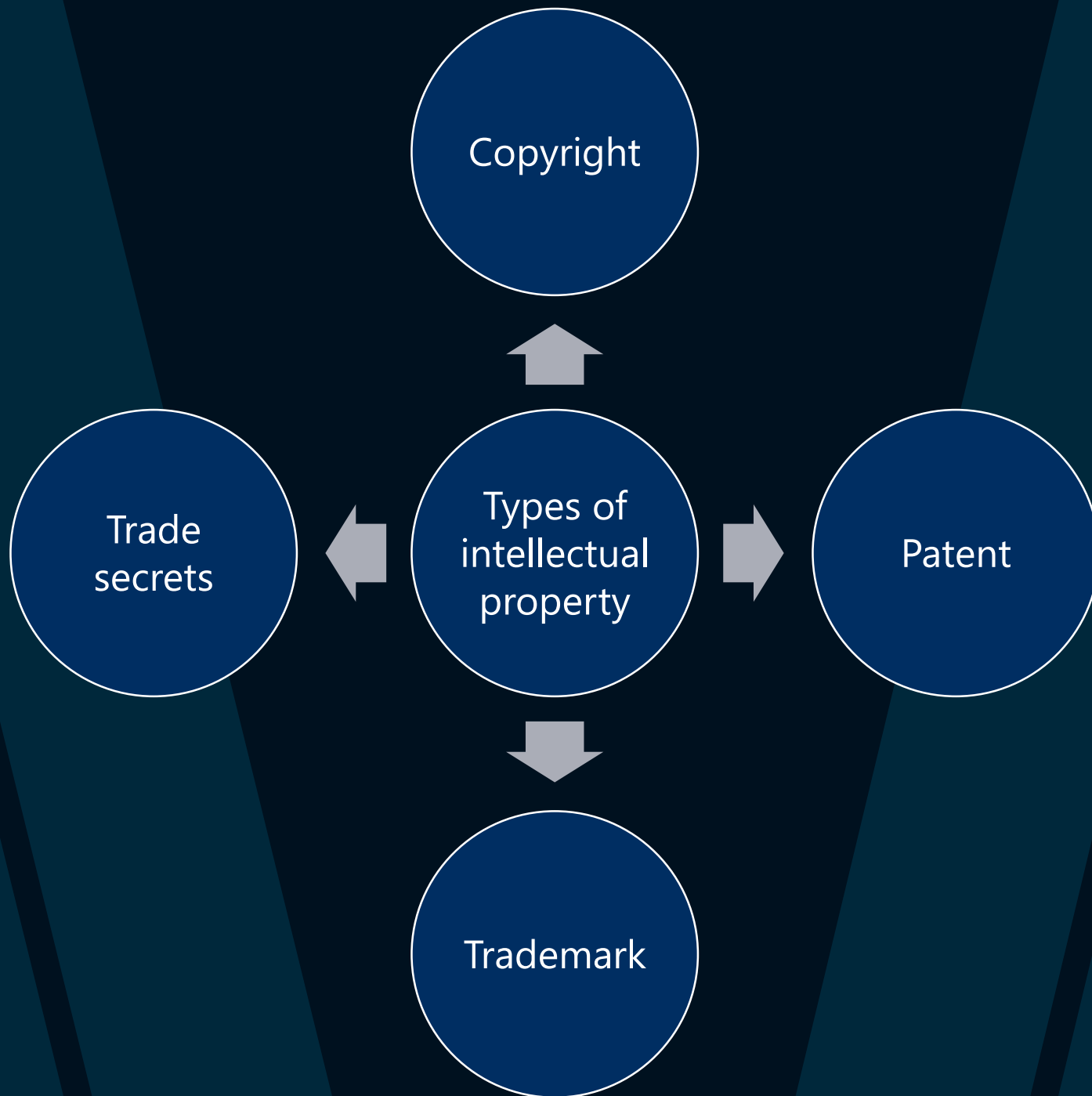
Copyright

It is a group of property rights granted to the creators of literacy, artistic, musical, dramatic and audio visual works.

It gives the creators of these works the exclusive right to reproduce and distribute copies of their works.

It also gives creators and authors the right to determine whether their work will be used as part of another work, including films, video programs and other audio visual productions.

It prohibits copying someone else's work without his permission.

Conflicts between services in e-commerce and traditionalcopyright.

Current status of database protection.

Copyright issues in E-Commerce

Online bookstores and copyright.

Copyright protection of database.

Important questions

1 .Explain why e-commerce security is required ?

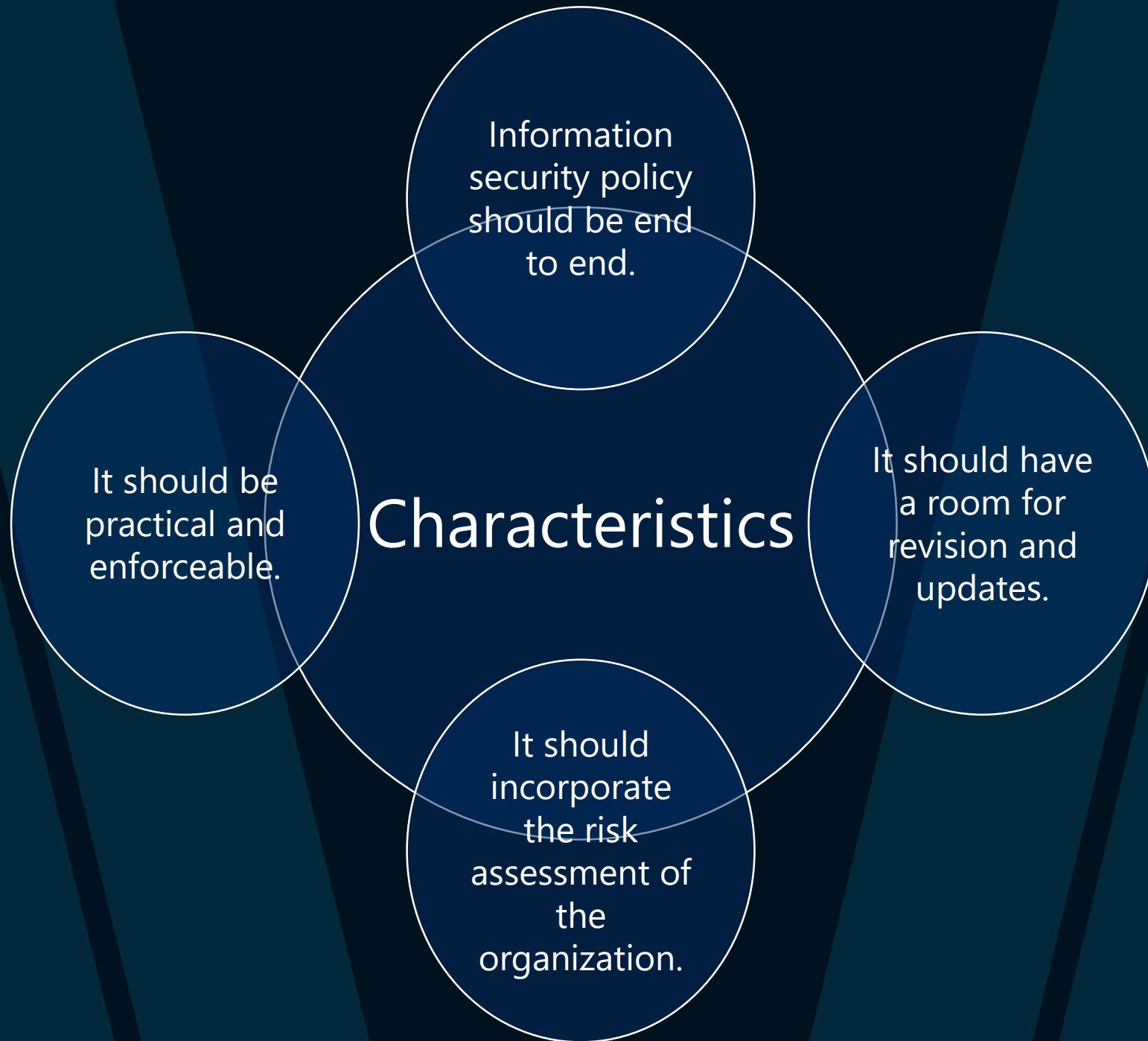2. What is the difference between intellectual property andcopyright?
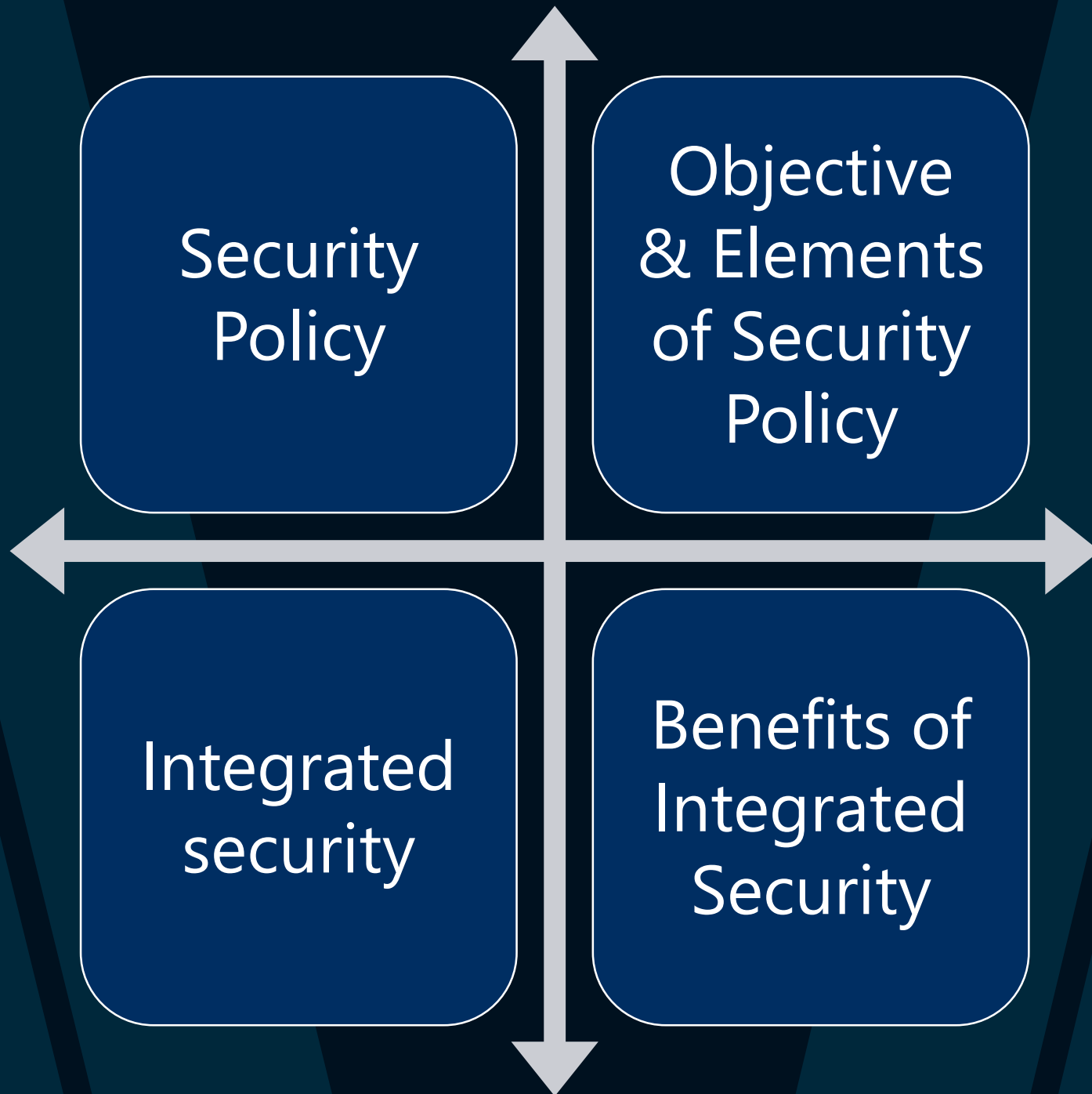
Security Policy

A security policy is a written statement describing:

It primarily addresses physical security, network security, access authorizations, virus protection and disaster recovery.

Which assets to protect and why they are being protected?

Who is responsible for that protection?

Which behaviours are acceptable and which are not?

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Characteristics

Information security policy should be end to end.

It should have a room for revision and updates.

It should incorporate the risk assessment of the organization.

It should be practical and enforceable.

Why security policy is required?

|			
A security policy helps to provide guidance for staff around acceptable use of devices and online material so that they understand the important role they play in protecting your business' security.	This is particularly important for businesses that carry out e-commerce or collect customer data online.	A security policy will also help give your customers confidence in your business and can be good to include	on your company's website for this reason.

Objective Of Security Policy

The objectives of a security policy is the preservation of confidentiality, integrity, and availability of systems and information used by an organization's members.

| Confidentiality | Integrity | Availability |

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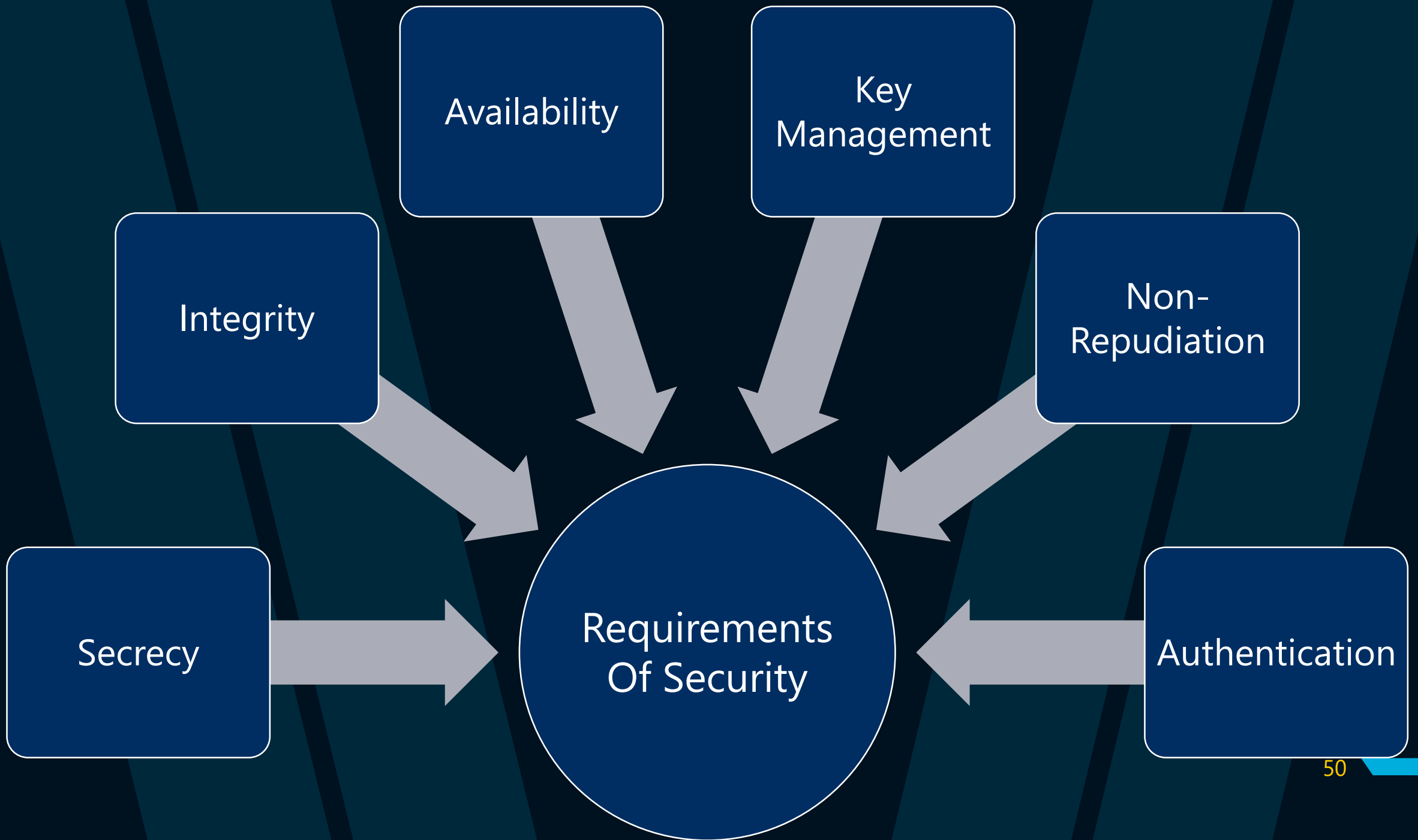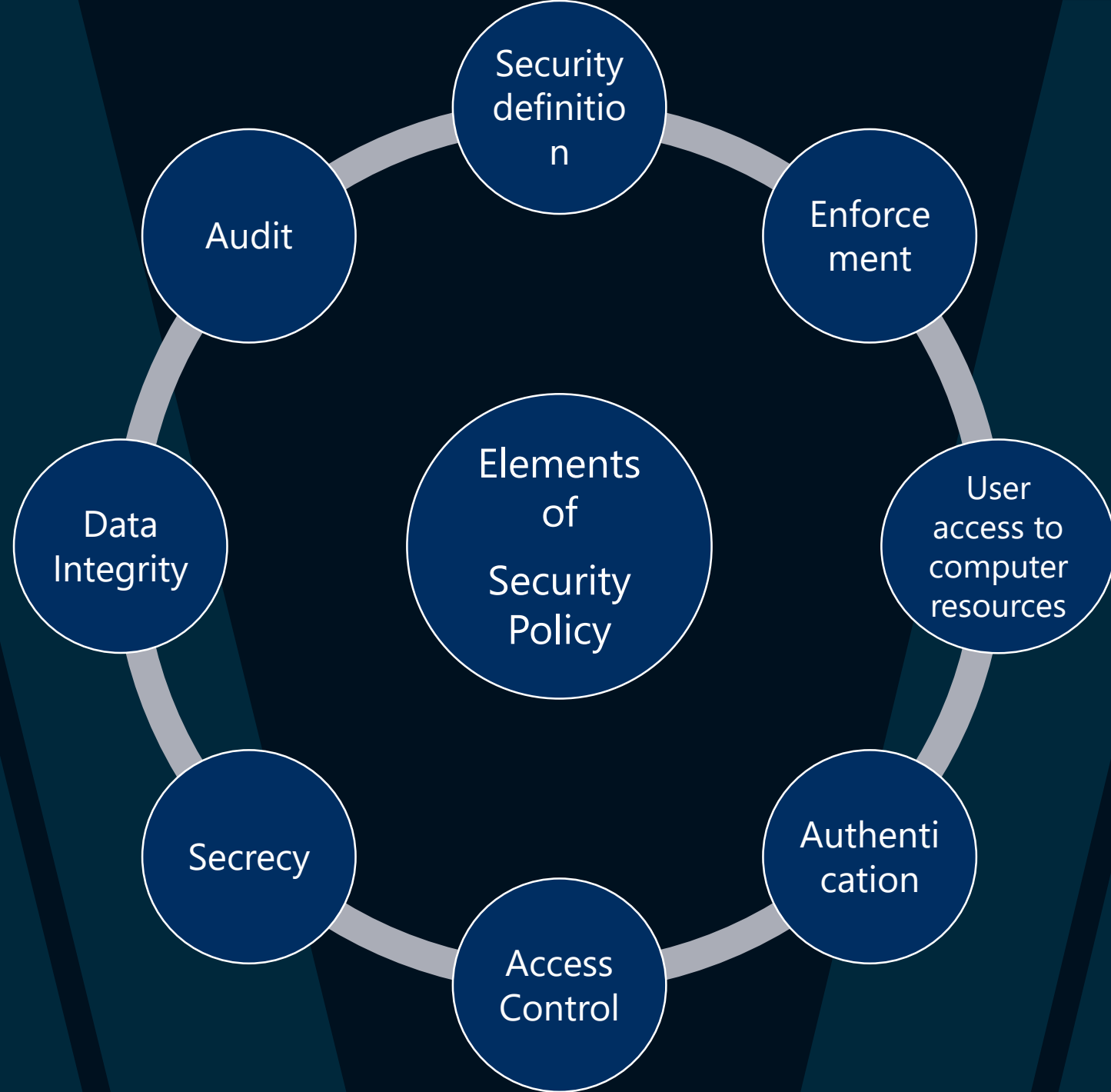
Integrated security is a security strategy that leverages a common set of configurations, rules, policies and practices to secure all of an organization's workloads.

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Integrated security provides a unified solution for every type of service.

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Integrated security

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Proactive identification of

The Benefits of Integrated Security

Time and money

Scalability
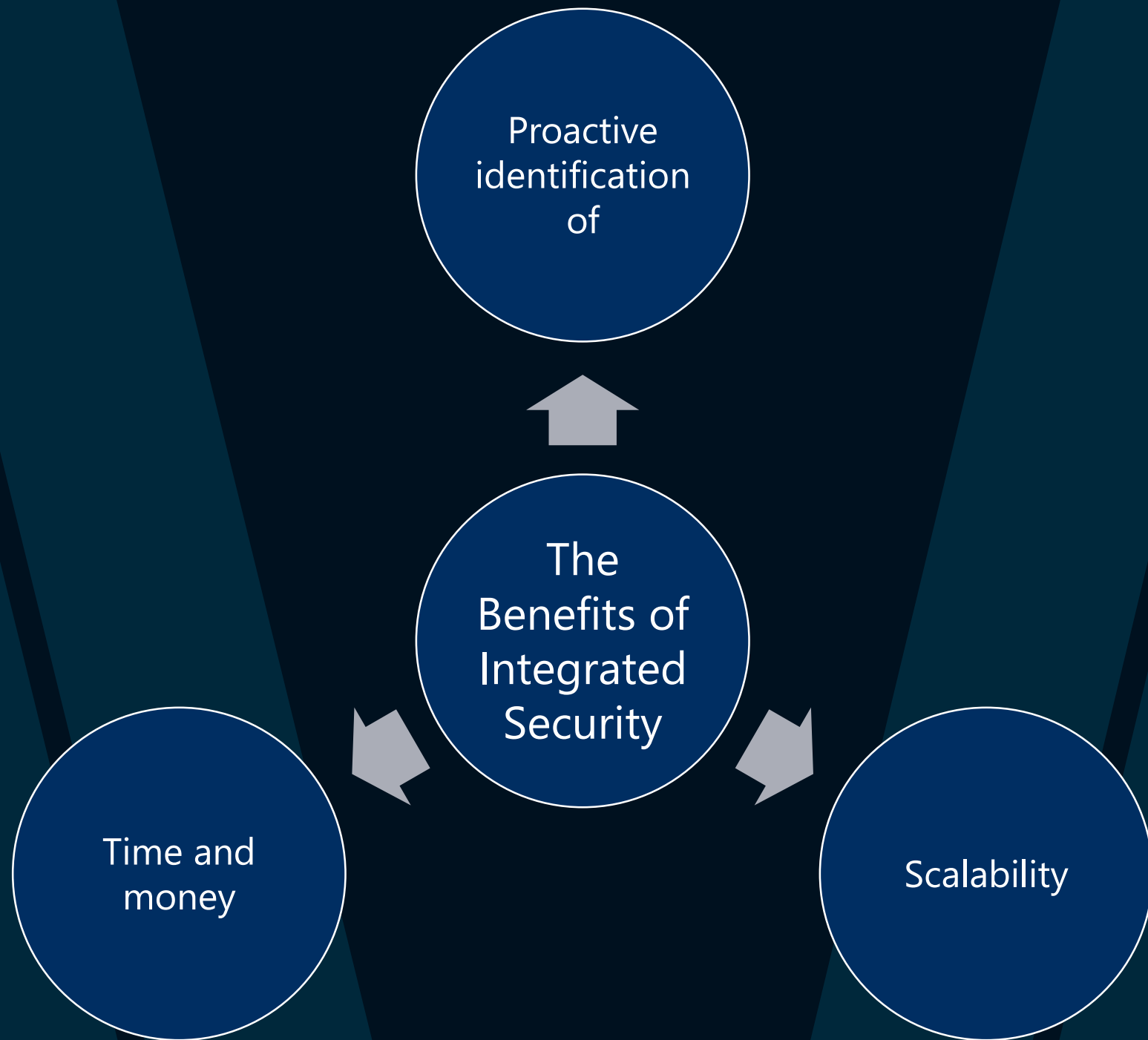
Important Questions

What is the need of security policy in a business?

What do you understand by integrated security? What are its benefits?

Intellectual Property Threats

Electronic Commerce Threats

Clients Threats

Communication Channel Threats

Server Threats.

INTELLECTUAL PROPERTY THREATS

Intellectual Property is a general term that includes all products of the human mind.

Intellectual Property Threats to intellectual property may come from the employee, a supplier or a competitor.

The internet presents a tempting target for intellectual property threats because:

It is very easy to reproduce an exact copy of anything found on the internet.

People are unaware of copyright restrictions.
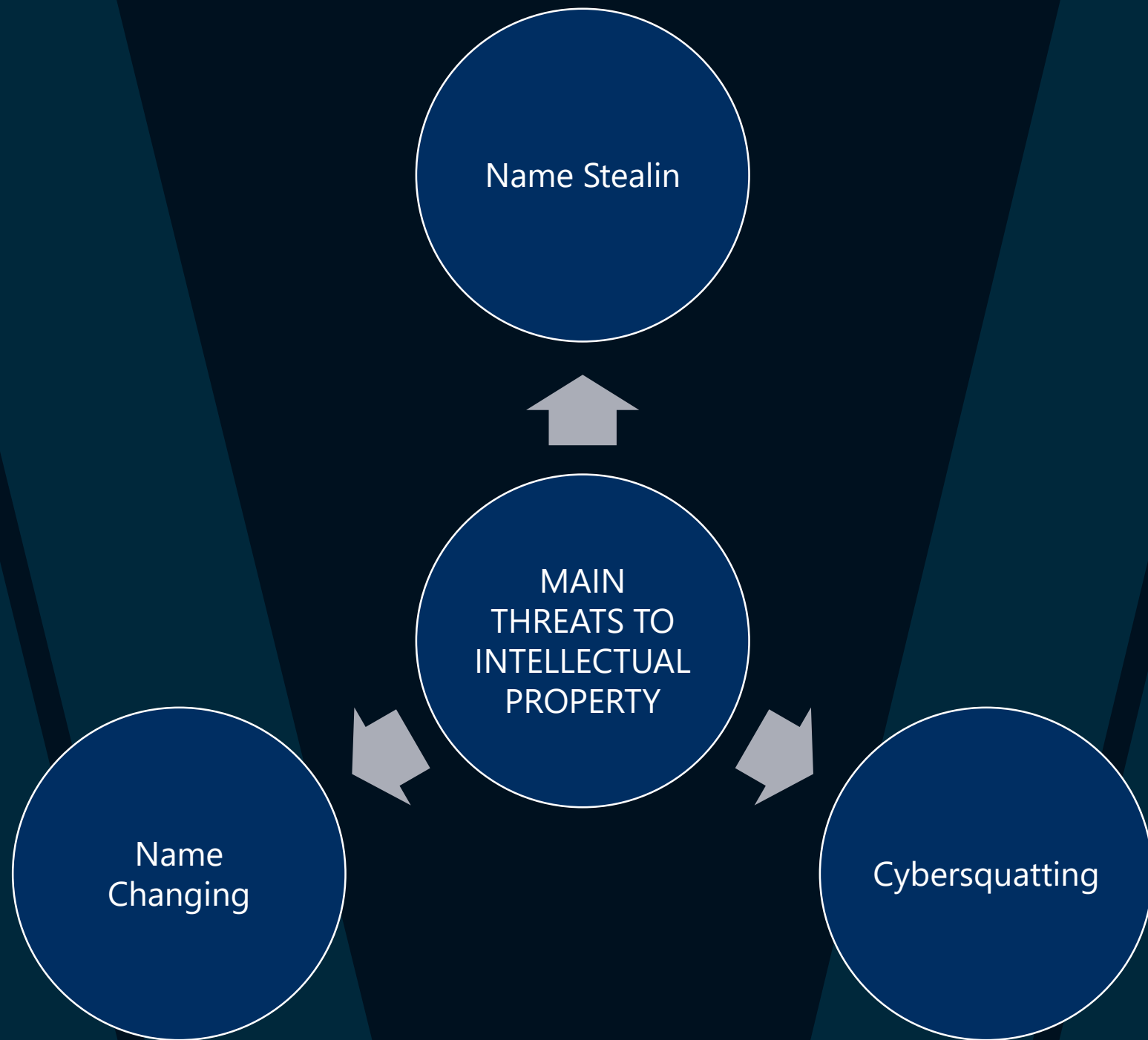
SECURITY THREATS TO E-COMMERCE

E-commerce utilizes internal networks that interface with the World Wide Web.

The nature of this kind of business, introduces internal and external risks to both the website and the business systems to which it is connected to.

E-commerce threat is occurring by using the internet for unfair means with the intention of stealing, fraud and security breach.

The most common security threats are phishing attacks, money thefts, data misuse, hacking, credit card frauds, and unprotected services.

Inaccurate managem ent

Wi-Fi Eavesdrop ping

REASONS OF E-COMMERCE THREATS.

Malicious code threats

Hacktivism

TYPES OF E-COMMERCE THREATS

Client Threats

Communication Channel Threats

Server Threats

CLIENT THREATS

It refers to the threats that a client/user is exposed to when it comes in contact with any activity given the nature of the web.
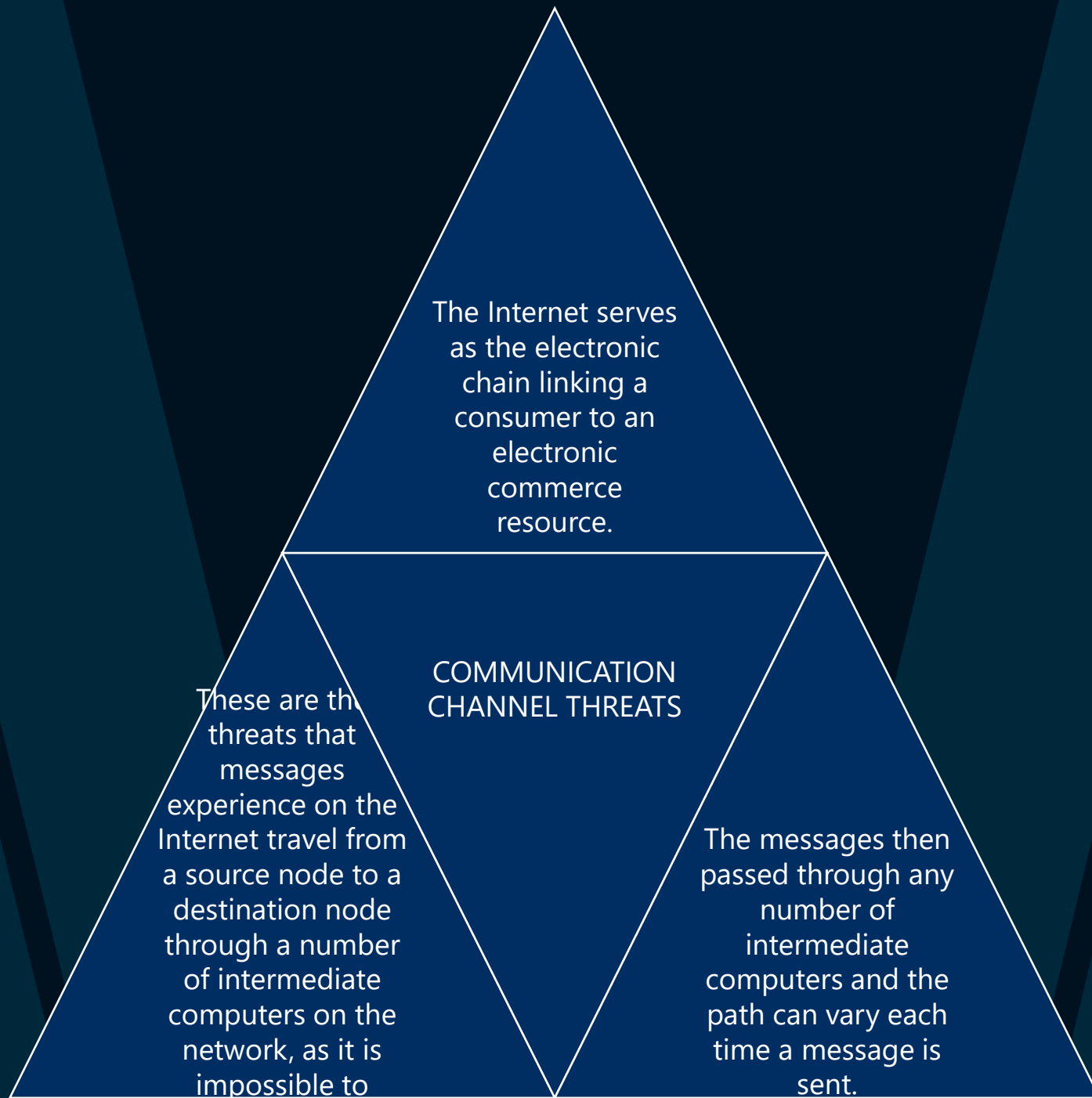
Client programs interpret data that are downloaded from arbitrary servers on the Internet.

Most client threats come from Active content, which are programs that are embedded transparently in web pages and that cause actions to occur.

Client threats mostly arise from malicious data or code, malicious code refers to viruses, worms, Trojan horses.
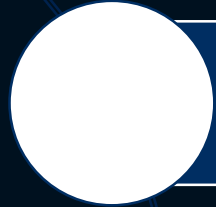
Virus

Trojan horse

Worms

VARIOUS TYPES OF CLIENT THREATS

The Internet serves as the electronic chain linking a consumer to an electronic commerce resource.

COMMUNICATION CHANNEL THREATS

These are the threats that messages experience on the Internet travel from a source node to a destination node through a number of intermediate computers on the network, as it is impossible to

The messages then passed through any number of intermediate computers and the path can vary each time a message is sent.

Secrecy Threats

Availability Threats

Password Hacking

VARIOUS TYPES OF COMMUNICATION THREATS
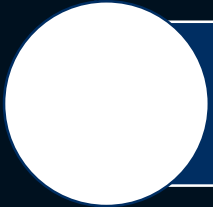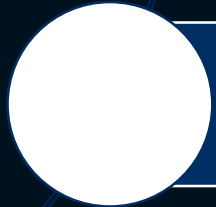
Necessity Threats
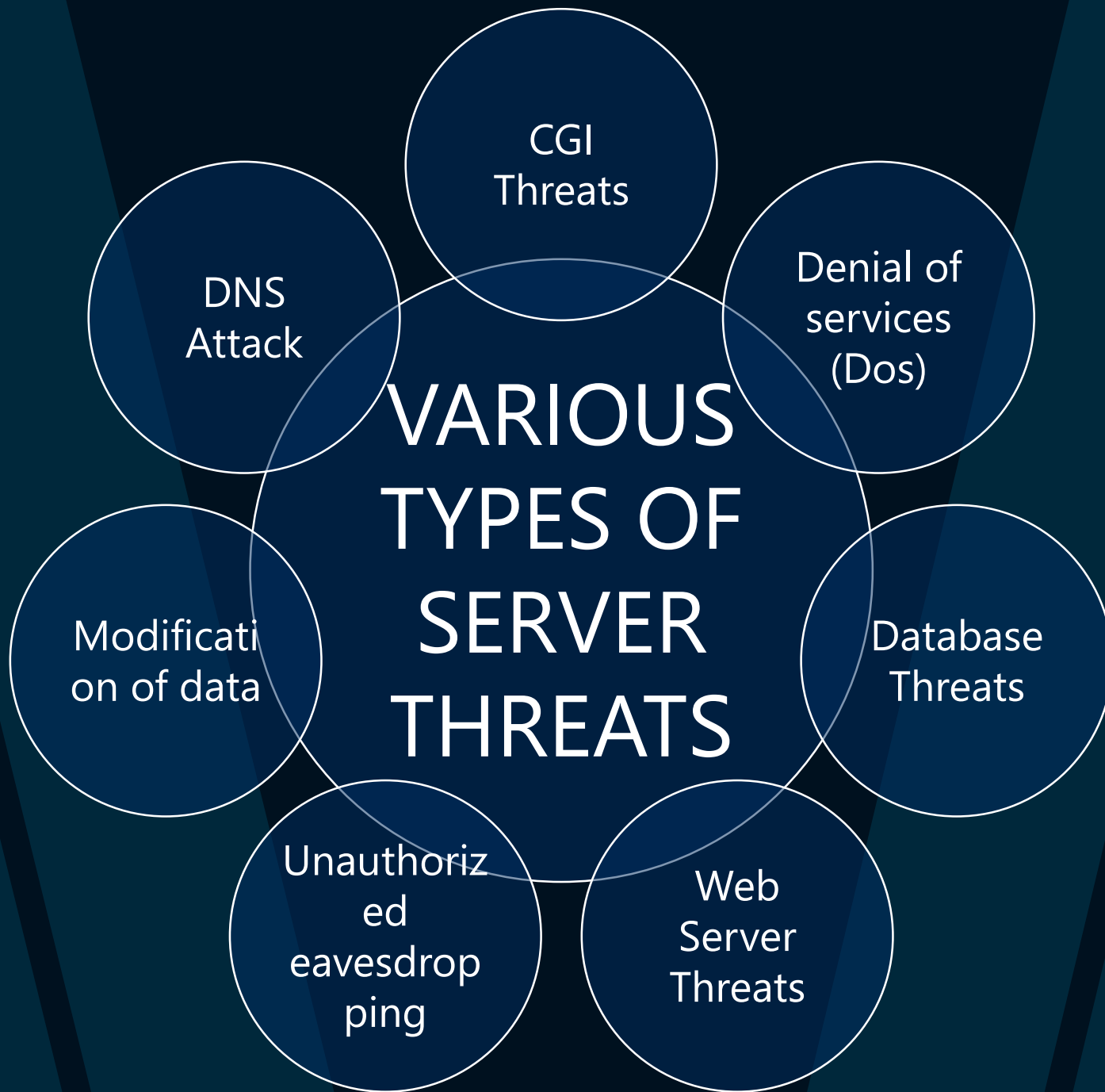
Integrity Threats

SERVER THREATS

The server is highly vulnerable and forms the threat link in the Client-Internet- Server Group serving the electronic commerce path between the commerce server and a user.
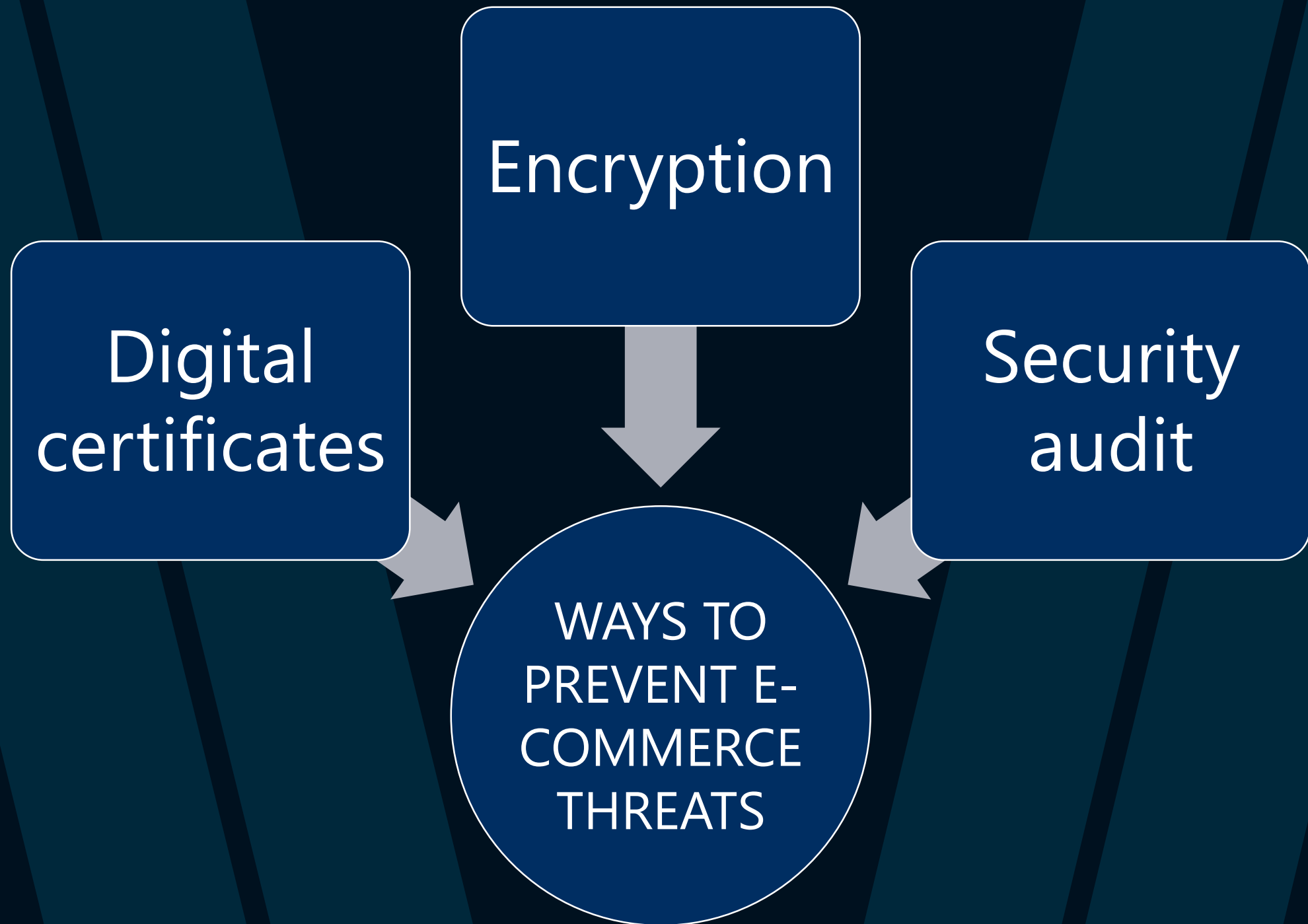
Servers can be exploited by anyone determined to cause destruction or to acquire information illegally.

It includes web server and its software, databases and CGI programs residing on the server

VARIOUS TYPES OF SERVER THREATS

- CGI Threats
- Denial of services (Dos)
- Database Threats
- Web Server Threats
- Unauthorized eavesdropping
- Modification of data
- DNS Attack

IMPORTANT QUESTIONS

Explain various types of intellectual Property threats.

What are the reasons of e-commerce security threats? Explain how they can be eradicated?

THANK YOU!