

# E-Commerce



BCA VI SEM

FEB  
2024

# **Infrastructure For EC**

## **Unit V**

Business to  
Business(B2B) E-  
Commerce

Features of B2B E-  
Commerce

Building Blocks /  
Key Components  
of B2B E-  
Commerce

InTer-  
Organizational  
Transactions

Credit Transaction  
Trade Cycle

Stages Of credit  
Trade Cycle

## BUSINESS TO BUSINESS(B2B) E-COMMERCE

It is the largest form of e-commerce.

It is the e-commerce between businesses i.e. the businesses focus on selling to other businesses in the B2B e-commerce.

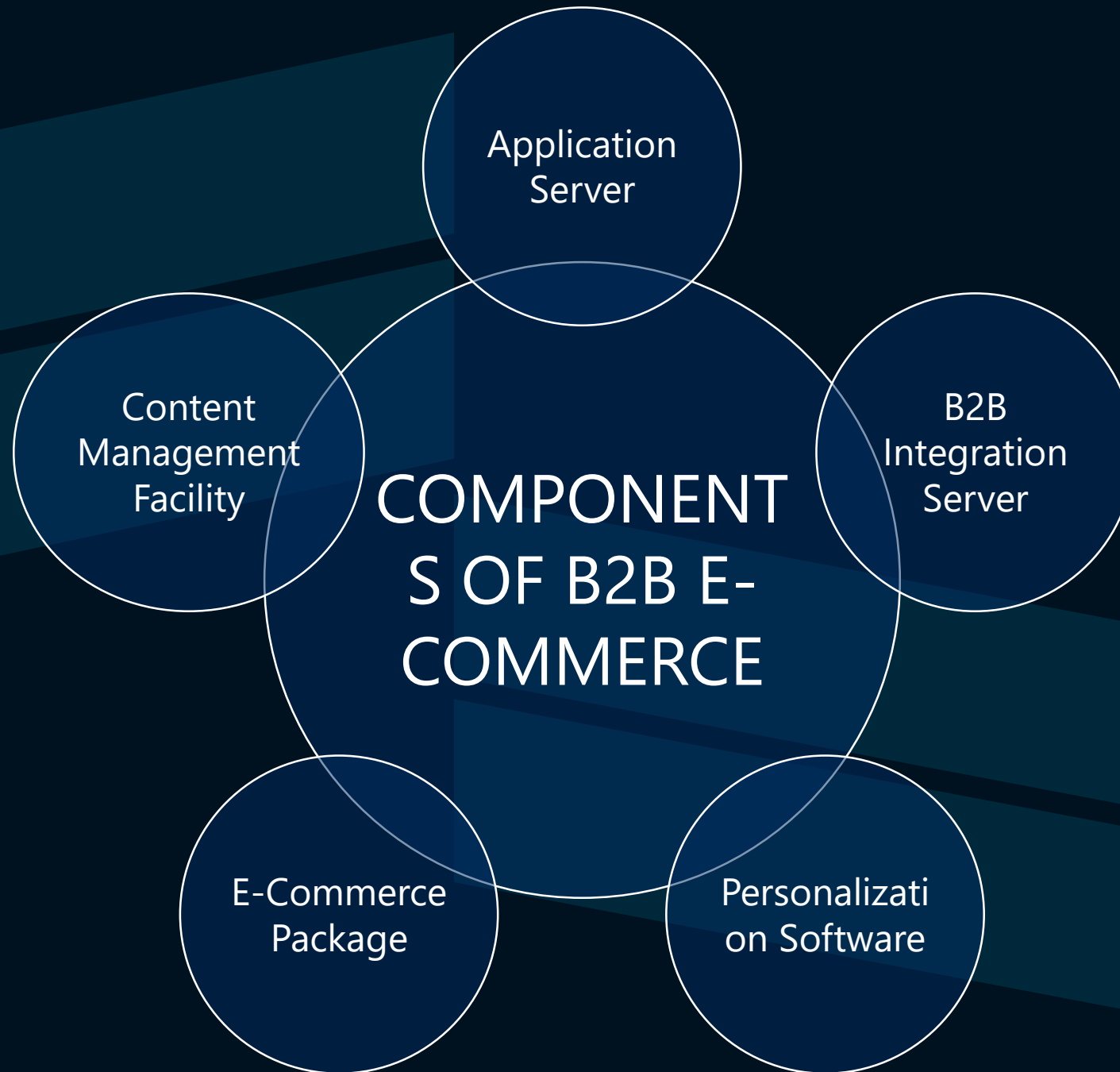
It includes companies doing business with one-another with a goal to save money on purchase that can be negotiated easily.

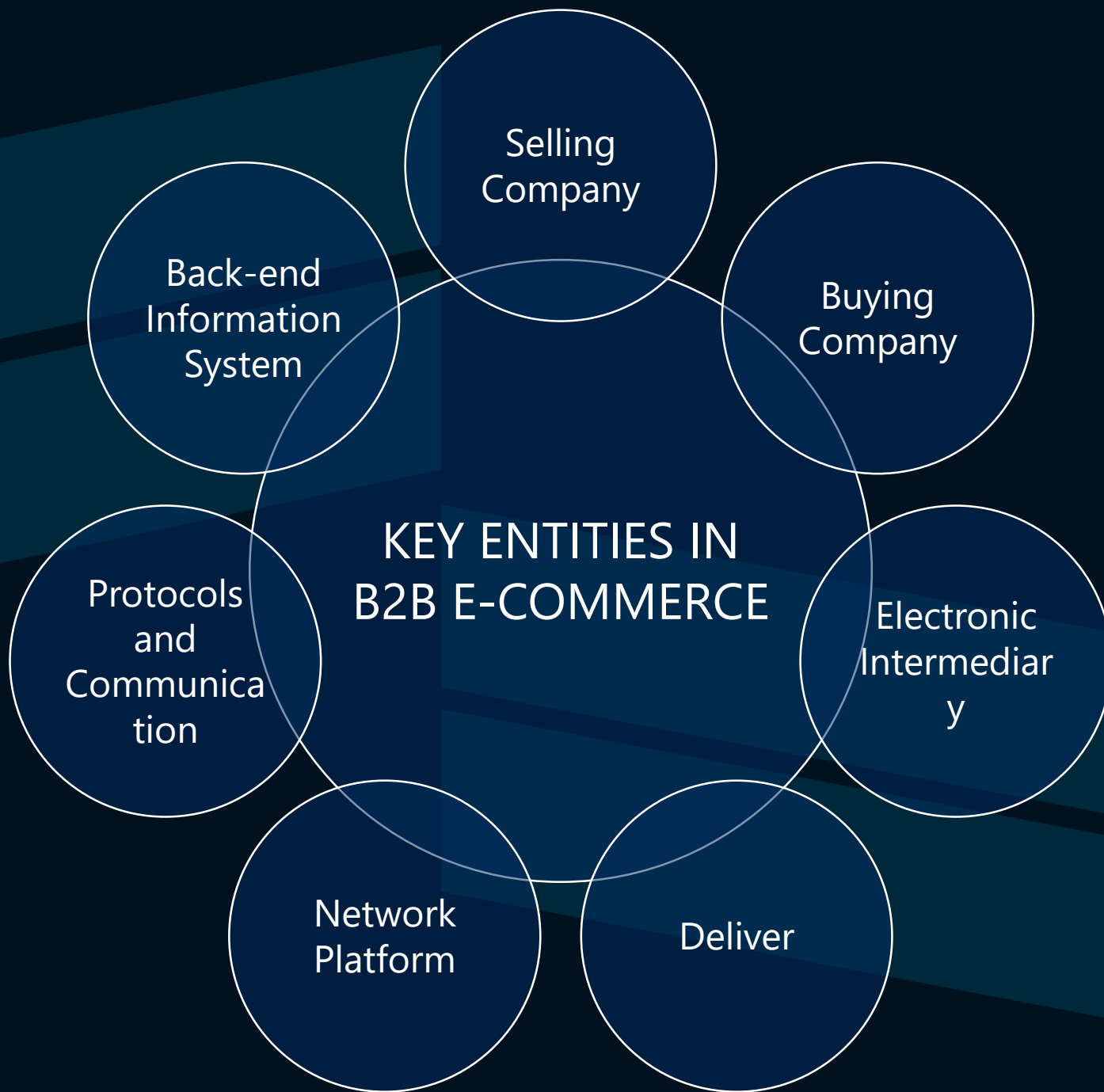
B2B activity refers to the full spectrum of e-commerce that can occur between two organizations.

It is also known as e-business and is experiencing an explosive growth rate on the internet.

## FEATURES OF B2B E-COMMERCE

<ul style="list-style-type: none"><li>• In B2B e-commerce, one business Uses a web browser to interact with a web server application of another business.</li></ul>	<ul style="list-style-type: none"><li>• The relationship focuses on online procurement, order-fulfilment, and work-in-progress tracking for high-volume transactions.</li></ul>	<ul style="list-style-type: none"><li>• With B2B e-commerce, supply-chain participants are directly connected.</li></ul>	<ul style="list-style-type: none"><li>• Multiple forms of electronic payment and other payment methods are permitted. Several banking instruments and internet payment schemes are permitted.</li></ul>	<ul style="list-style-type: none"><li>• There are prior agreements or contracts between the partners involved in the B2B Commerce.</li></ul>
---	---	--	---	--









# INTER-ORGANIZATIONAL TRANSACTIONS

It refers to the full spectrum of e-commerce that can occur between two organizations.

It includes companies doing business with one-another with a goal to save money on purchases that can be negotiated easily.

Inter-organizational e-commerce may reduce the transaction costs, increase the availability of products and suppliers and reduce dependencies on a few trading partners and products.

It allows better inventory management, quality control and supply chain processes.

For all businesses, there is a web of inter-organizational transactions.

This web of transactions forms a value chain.

# OCREDIT TRANSACTION CYCLE

Most organizational transactions take place as a part of an established, ongoing trade relationship.

The trade cycle for inter-organizational transactions is generally a credit trade cycle.

Many inter-organizational transactions will be repeated on a regular basis.

Each stage of the inter-organizational trade cycle is documented and both the customer and supplier have systems to trace the progress of the transaction.

Pre-sales

Execution

OSTAGES OF  
CREDIT TRADE  
CYCLE

Settlement

After-sales

# VARIETY OF TRANSACTIONS

There are many organizations and there is a variety of the transactions that takes place that range from a large supermarket chain down to a local corner shop.

The type of transaction that takes place and how it executed depends on the size of the business involved, the nature of the business and the norms of the particular trade sector.

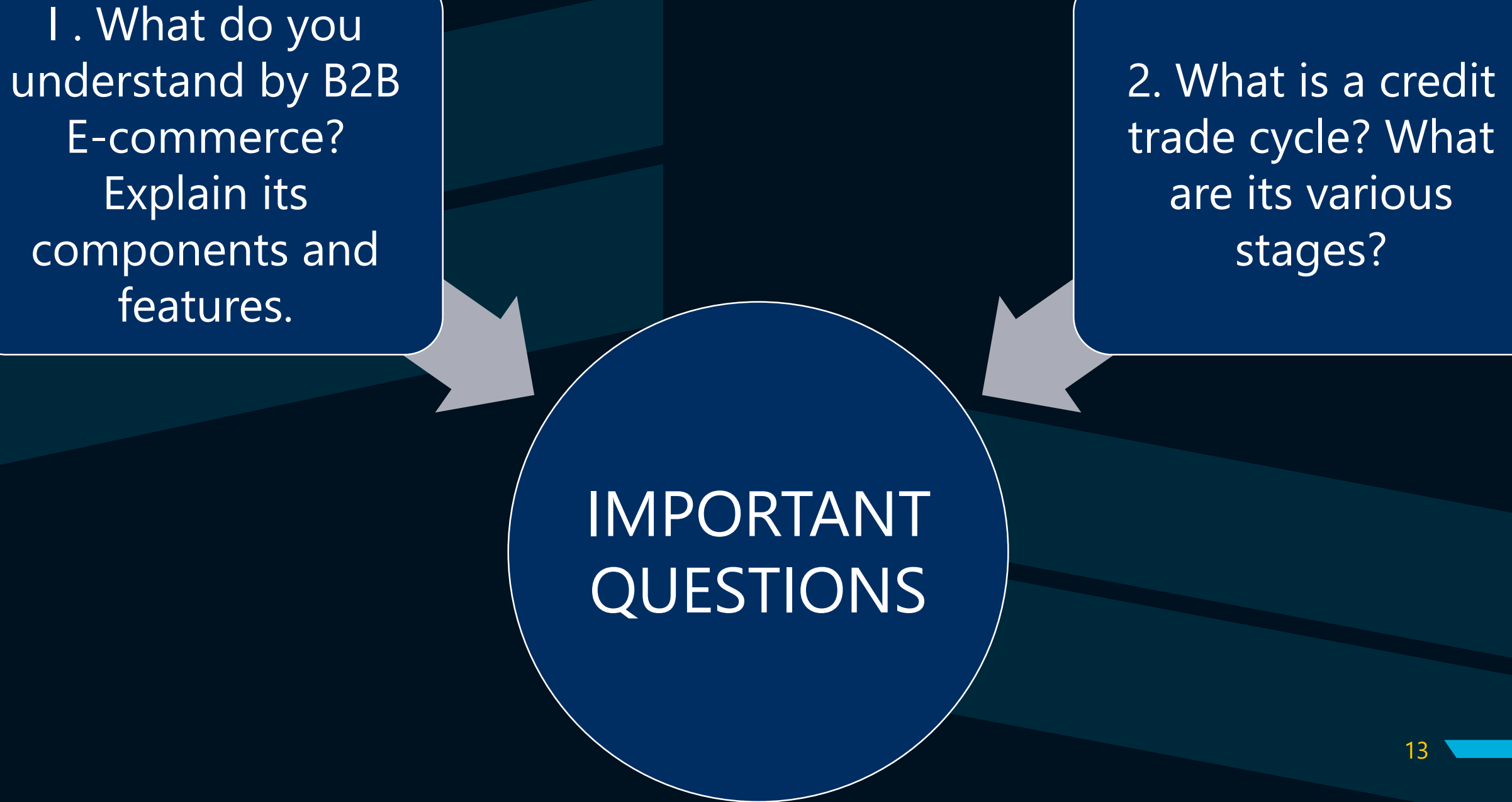
A variety of transactions that can take place are:

Discrete transactions of commodity items.

Repeat transactions of commodity items.

Discrete transactions of non-commodity items.

1. What do you understand by B2B E-commerce?  
Explain its components and features.



```
graph TD; Q1[1. What do you understand by B2B E-commerce? Explain its components and features.] --> C((IMPORTANT QUESTIONS)); Q2[2. What is a credit trade cycle? What are its various stages?] --> C;
```

2. What is a credit trade cycle? What are its various stages?

IMPORTANT  
QUESTIONS

```
graph LR; A[Electronic Data Interchange (EDI)] --> B[Benefits of EDI]; B --> C[Components of an EDI system]; C --> D[Essential Elements of EDI System]; D --> E[Cost of EDI]
```

Electronic  
Data  
Interchange  
(EDI)

Benefits of  
EDI

Components  
of an EDI  
system

Essential  
Elements of  
EDI System

Cost of EDI

## ELECTRONIC DATA INTERCHANGE (EDI)

- It is defined as the computer-to-computer exchange of business documents in a structured, pre-defined standard format.
- It is the electronic exchange of business documents in standard, computer-process able, and universally accepted format between the business partners.
- It may be defined as the transmission of business data in a structured, electronic format from a computer application in one business to a computer application in another.
- According to International Data Exchange Association (IDEA), EDI is defined as "The transfer of structured data, by agreed message standards, from one computer system to another, by electronic means."

# TRADITIONAL VS EDI

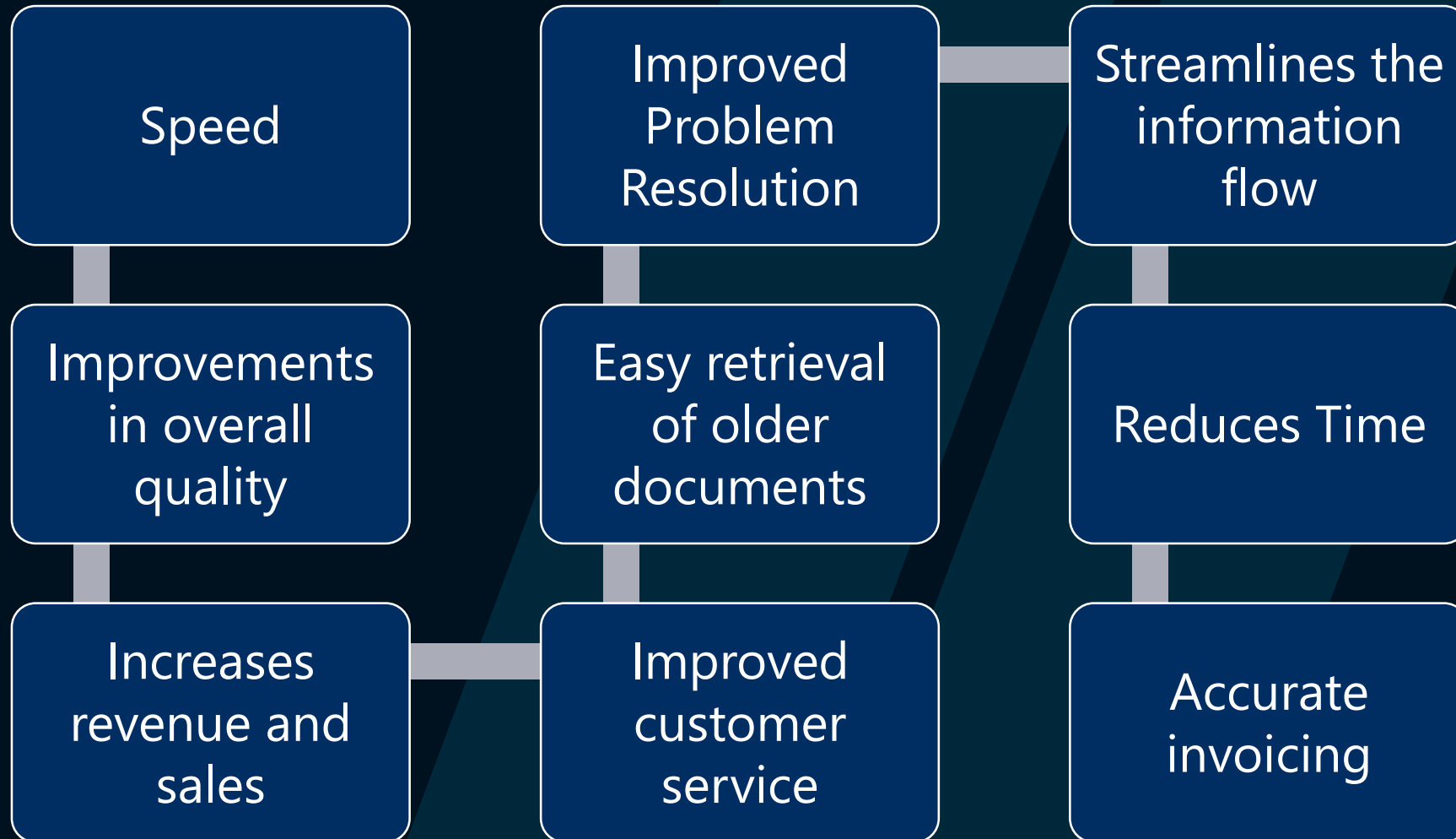
---

**Traditional**

**EDI**



# BENEFITS OF EDI

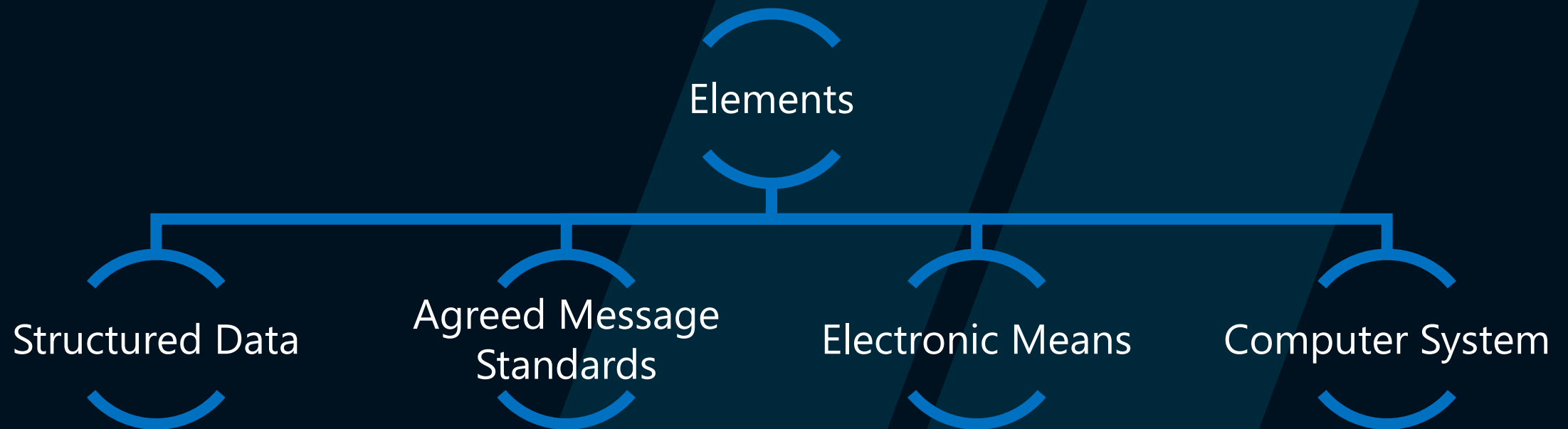


# COMPONENTS OF AN EDI SYSTEM

- Standard Document Format
- EDI Translation Management Software
- Communications Software
- VAN
- Point-to-Point
- Trade Agreement
- Modem

# ELEMENTS OF EDI SYSTEM

---



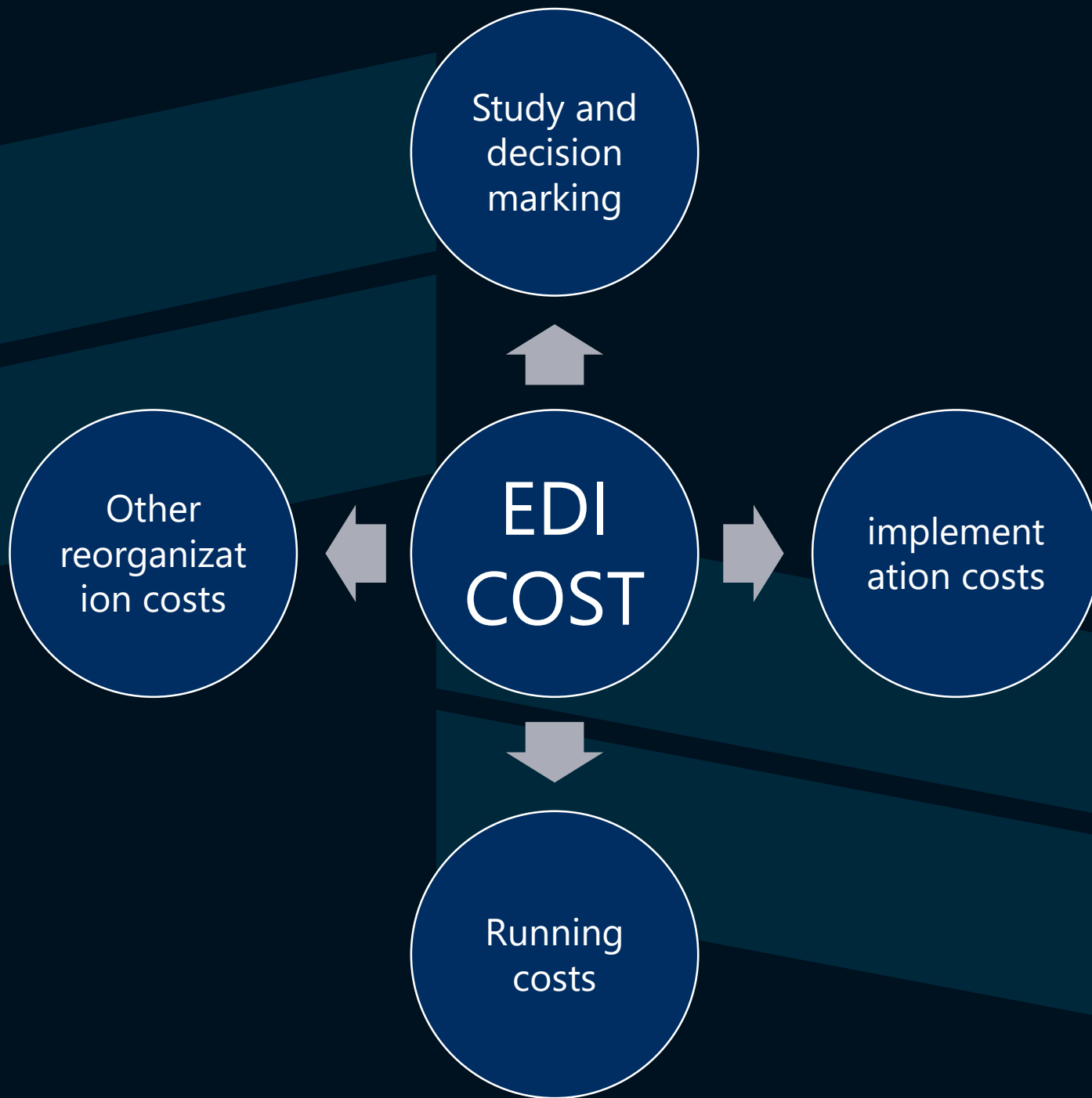
# PURPOSE OF EDI

---

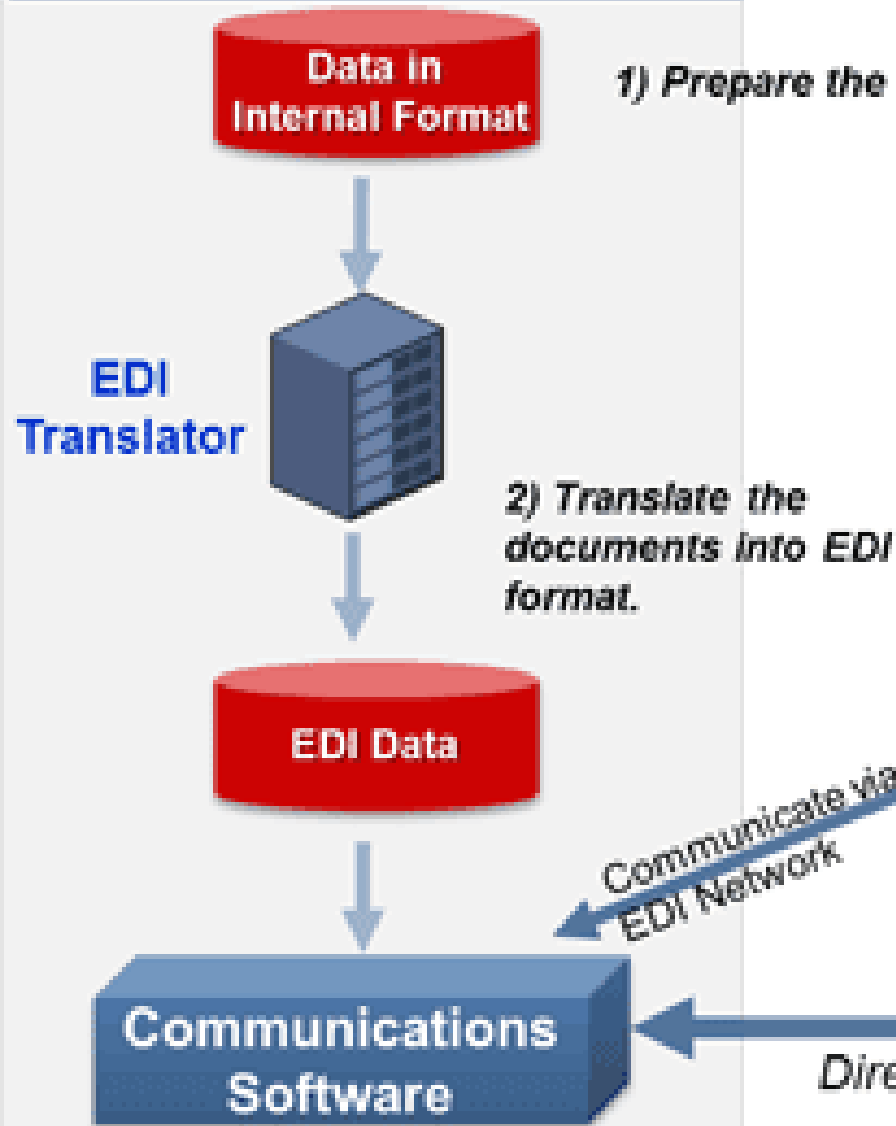
The purpose of EDI is to enable the exchange of the information for commercial transactions among information systems in different companies accurately, efficiently and economically

EDI techniques are aimed at improving the interchange of information between trading partners, suppliers and customers by bringing down the boundaries that restrict how they interact and do business with each other.

- To facilitate the easy exchange of business documents such as purchase orders, invoices, payments, shipping, schedules, delivery schedules etc. irrespective Of the computer application at either end of the communication.
- To enable the computer in one organization to communicate with a computer in another organization without producing any paper documents or human intervention.



## Sending Company

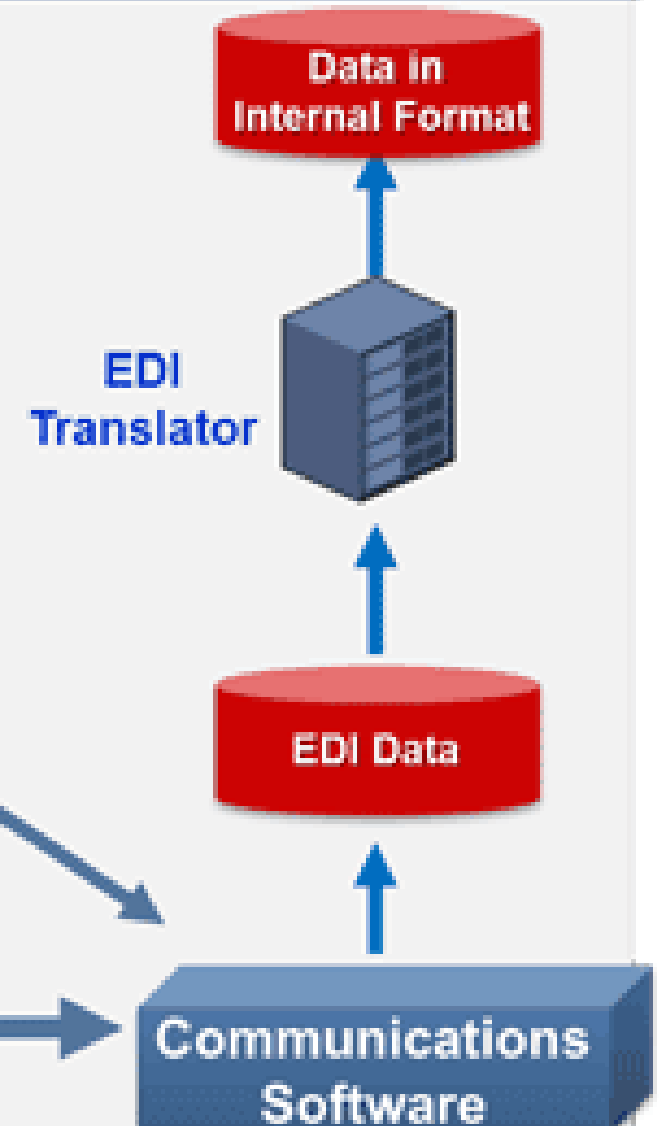


## EDI Network Service Provider

Communicate via  
EDI Network

Direct, Point-to-Point Communications

## Receiving Company



3) *Connect and transmit  
your documents to your  
business partner*

1. What is the use of EDI? Explain its various components and benefits.

2. Explain the working of EDI with the help of a labelled diagram.

## IMPORTANT QUESTIONS

EDI Agreement

EDI Standards

EDI Security

EDI  
Communication

ANSI X12 &  
EDIFACT

EDI  
Implementation



# EDI Agreement

EDI agreement is the abbreviation of Electronic Data Interchange agreement. It is an agreement that regulates through computer the transfer or exchange of data, such as purchase order between parties.

The electronic data transferred under an EDI agreement are arranged according to an agreed standard, such as the American National Standards Institute ANSI X12 standard or U.N. EDIFACT

It enables the computer in one organization to communicate with a computer in another organization without producing any paper documents or human intervention.

# EDI Communication

There are two kinds of communication reconciliation in the case of EDI implementation through a service provider.

One is between the company and the provider and involves the company's own file formats;

The other between the service provider and the company's partner

Buyer makes a buying decision, creates the purchase order but does not print it.

EDI software creates an electronic version of the purchase order and transmits it automatically to the supplier.

Supplier's order entry system receives the purchase order and updates the system immediately on receipt.

Supplier's order entry system creates an acknowledgment and transmits it back to confirm receipt.

# EDI Standards

When e-business started, the need for common standards was felt as there were many different types of computer systems and different ways of storing data.

---

Since, the sender and receiver in the EDI systems had to exchange business documents that could be interpreted by all parties, it became necessary to develop standards in EDI.

---

Two major EDI standards have evolved:

The first one is X 12 which was developed by the Accredited Standards XI 2 committee of the American National Standards Institute (ANSI).

---

The second international standard was developed by the United Nations EDI for Administration, Commerce and Trade (EDIFACT).



**THANK  
YOU!**

---