

## Unit 1 Introduction to E-business

### # 1.1 The Origin of E-Commerce:

In the 1960s, very early on in the history of Ecommerce, its purpose was to exchanging electronic data long distance. In these early days of Ecommerce, users consisted of only very large companies, such as banks and military departments, who used it for command control communication purposes. This was called EDI, and was used for electronic data interchange.

The first EDI messages were sent in 1965 when the Holland-American steamship line sent trans-Atlantic shipping manifests using telex messages, which could send a full page of information in roughly 2 minutes.

In 1982 Transmission Control Protocol and Internet Protocol known as TCP & IP was developed. This was the first system to send information in small packets along different routes using packet switching technology, like today's Internet! As opposed to sending the information streaming down one route. These were amongst the largest developments in the history of Ecommerce that set the stage for a revolution in the exchange of electronic data, but it was not for another quarter of a century that Ecommerce became accessible to everyday people like us.

In 1991, the birth of the **World Wide Web** was upon us! This opened up the door for everyday people to use this wonderful new technology, however it was not until 1994 that the first truly user friendly browser was developed with built in security protocol to protect people's personal information online. This made way for secure transactions to be conducted on the internet. A year later 3rd party credit card payment services became available to the still small online community. The stage was set, and the future of Ecommerce was about to take off.

In 1995, with the introduction of online payment methods, two companies that we all know of today took their first steps into the world of Ecommerce. Today Amazon and Ebay are both amongst the most successful companies on the Internet!

One month after selling his first book online, founder of Amazon Jeff Bezos was selling to every state in the U.S and over 40 other countries. Ecommerce allowed the easy processing of orders and shipping also enabling him to buy directly from the publishers. Ebay saw growth that was just as staggering. By allowing anyone to buy and sell online, in just a few short years the company became a household name with a turnover of hundreds of millions a year.

From its humble beginning in 1995 modern Ecommerce has become the fastest growing area of business, showing continued growth year after year. Technology has advanced further making it so much more accessible to people from all walks of life, and entire industries have been built around Ecommerce which are today, the who's who of the business world. Today virtually anything can be purchased online, from your pizza to the car.

# 1.2 Defination of Electronic Commerce and Electronic Business:

**Electronic commerce (e-Commerce)** is a process of buying and selling or exchanging products, services and information using electronic media. There are many definitions for e-Commerce that include elements of electronic transactions and the buying and selling of goods and services online. It is a modern business approach or methodology that needs of organization, merchants and consumers to cut costs while improving the quality of goods and services and increasing the speed of service delivery. E-commerce is associated with the buying and selling of information, products and services via computer network today and in the future via anyone of the myriad of the network that makes up the information highway (I-Way).

Some of the Nepalese e-Commerce sites are:

- [www.daraz.com](http://www.daraz.com)
- [www.muncha.com](http://www.muncha.com)
- [www.hamrobazaar.com](http://www.hamrobazaar.com)
- [www.sastodeal.com](http://www.sastodeal.com)

Electronic business (e-Business) is the process of performing business activities using electronic media mainly internet. It is more generic term than e-Commerce because it refers to not only buying and selling but also servicing customers and collaborating with business partners as well. It uses of Web-based technology to improve performance, create value and strengthen relationships with customers, suppliers, business partners, shareholders and employees. On the contrary e-Commerce stands for marketing, selling and buying of products and services on the internet.

E-Business thus, can be generalized as:

$\mathbf{e\text{-}Business = e\text{-}Commerce + SCM + CRM + BI + ERP + KM}$
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# 1.3 The scope of Electronic commerce

**Electronic Commerce** is more than just buying and selling products online. It also includes the entire online process of developing, marketing, selling, delivering, servicing and paying for products and services.

**Scope for electronic business comprises:**

- Selling can be focused to the global market.
- Pre sales and subcontracts is possible.
- Financing and Insurance
- Product service and Maintenance
- Cooperative product development
- Distributed cooperative working
- Business to administration
- Transport and Logistic
- Public Procurement
- Automatic trading of electronic goods
- Dispute resolution

# 1.4 Traditional commerce vs. electronic commerce

S. No.	Attributes	Traditional Commerce	Electronic Commerce
1	Defination	Exchange of product and service	Exchange of information or commercial transaction electronically on Internet
2	Processing of transaction	Manual	Automatic
3	Accessibility	Limited time	Any time (24X7)
4	Physical Inspection	Goods can be inspected physically before purchase	Cannot be inspected physically
5	Customer Interaction	Face to face	Screen to face
6	Scope of business	Limited to particular area	Worldwide reach
7	Information exchange	No uniform platform	Uniform platform for Information exchange
8	Resource Focus	Supply side	Demand side
9	Business relationship	linear	End to End
10	Marketing	One way marketing	One to one marketing
11	Payment	Cash, cheque, draft etc.	Credit Card, fund transfer.
12	Delivery of goods	Instantly	Tales time
13	Likelihood of fraud	Very less chances	Greater probability due to internet are used as media.

# 1.5 Difference between e-commerce and e-business

S. No.	Attributes	E-Commerce	E-Business
1	Definition	Trading merchandise over internet is e-commerce.	Running business using the internet is known as e-business.
2	Relationship	Subset	Superset
3	Limited to monetary transaction	Yes	No.
4	Approach	Extrovert	Introvert
5	Requirement	Website	Website, CRM, ERP etc.
6	Network type used	Internet	Internet, Intranet and Extranet.

# 1.6 Advantage and Disadvantage of E-Business.

- Pros of E-business:
  - Personalized service:  
With e-marketing a fifth 'P' is introduced along with product, Price, Promotion and Place. With the help of cookies and internet every consumer is treated differently.

- Speed and Efficiency:  
As all the transaction are handled automatically, the transaction processing speed is greater compared to Brick and Mortar Business.
- Anytime Availability:  
As the transaction is performed on Internet, anytime anywhere transactions are possible.
- World Wide Reach:  
As internet is used as medium E-Business can reach to world wide clients.
- Flexible Business Hour  
24X7 Business as all the operation are performed automatically.
- Low overhead Cost  
As, Transaction handling cost are reduced and E-Business model generally are paperless, the overall overhead cost is minimized.
- Cons of E-Business:
  - Security Issue:  
As internet is used as Medium for transaction and payment, E-Business are vulnerable to security threats.
  - Privacy:  
Privacy of the e-transaction is not guaranteed.
  - Physical Proximity:  
E-Business lacks in physical proximity of the goods/Products.
  - Delivery time:  
  
Purchase to delivery time is higher than traditional business
  - Technology Cost:  
The technology involved like CRM,BI, SCM etc may be higher for small organization.

# 1.7 Application of E-Business  
(Assignment)