

E-COMMERCE AT WORK TRENDS & PROJECTIONS

* Dr. Deepesh Jain

The objective of this paper is to analyze the evolutionary process of e-commerce-the way it is working, its distinction from traditional business, the Indian Scenario, the trends and projections and finally its limitations and precautions thereof.

Evolutionary Process-With the advent of information technology, every aspect of human life is transforming at a rapid pace. Geographical boundaries, which were pervasive for the earlier generation, are losing their identity. We can see and talk to people across the globe without any prejudice. New products are entering the market at a faster rate. Communication is no longer a barrier even for people living at remote places. Every type of information is available 24 hours a day. The internet has shrunk the world into a global village. Globalization of economies is resulting in intense business competition in products and services. Working of the corporate sector all over the world has become transparent and no place has left for traditional market.

E-commerce is the catchword today and the whole world is looking forward to the day when every work can be done through E-commerce technique. E-commerce can change the lifestyle of persons significantly. Banking, finance and shopping are the areas which will go under a radical change. It presents abundant opportunities for business. E-commerce can be helpful in purchasing products or services without having to deal with middlemen.

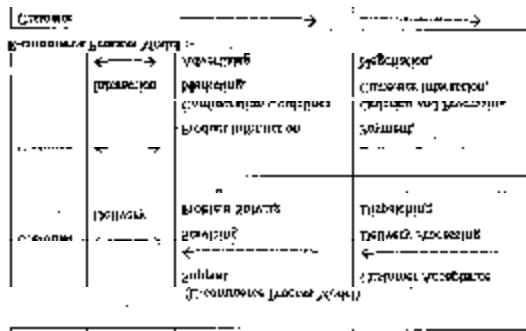
E-commerce at Work-E-commerce refers to financial and commercial transactions carried out electronically on open networks, such as the internet, or on so-called proprietary networks. It includes electronic data interchange (EDI); fund transfers, credit card and debit card transactions, as well as retail sales activities. According to the OECD, "e-commerce between businesses (Inter-company or business-to-business commerce) refers to a form of e-commerce that has existed for decades and which represents billions of dollars every day."

Commercial transactions over an electronic medium is known as e-commerce. In simple terms, electronic commerce is a process of two or more parties making business transactions on computer and some type of network. Zwass defines e-commerce as "the sharing of business information, maintaining business

relationships and conducting business transactions by means of telecommunication networks." He points out that e-commerce includes not only the buying and selling of goods but also the various processes within individual organizations which support the goal. Applegate L.M. views that e-commerce is more than simply buying and selling goods electronically. It involves using network communications technology to engage a range of activities up and down the value added chain, both within and outside the organization.

The operation of e-commerce involves five steps as per details given below- 1. When a customer enters a merchant's web site, selects the product to be purchased and enters the shipping instructions, the merchant's server then returns a summary of the selected product, its price and transaction identity (ID) code. 2. After the selection of the product from the merchant's web site, the customer has to click the pay button. Then the Cyber Cash wallet appears. The next step is to indicate the credit card number and click "ok" to forward the order and the encrypted payment information to the merchant. 3. On receiving the order from the customer, the merchant forwards the encrypted payment information digitally signed and encrypted with his private key to the Cyber Cash server. In the process, the merchant cannot see the consumer's credit card information. 4. The Cyber Cash server receives the information, takes the transaction behind its firewall and off the internet, unwraps the data within a hardware based crypto box, reformats the transaction, and forwards it to the merchant's bank over dedicated lines. The merchant's bank forwards an authorization request to the issuing bank via card associations or directly. The approval or denial code is sent back to the Cyber Cash. 5. The Cyber Cash returns the approval or denial code to the merchant who passes it on to the customer. All these steps hardly will take 15 to 20 seconds on a computer. The entire model successfully works on web platform and uses Internet technology. E-commerce process has two participants, namely buyer and seller, like in traditional business model. In E-commerce there is one more participant known as 'Merchant Server'. Merchant server in E-commerce ensure secured payment to seller by authorization and authentication of commercial transactions.

* HOD. Department of EAFM, S.S. Jain Subodh PG Collage, Jaipur (Raj.)



E-commerce process model can be viewed in four ways and categories. * B2C : Business Organization to Customer * B2B : Business Organization to Business * C2B : Customer to Business Organization * C2C : Customer to Customer.

In B2C model, business organization uses websites or portals to offer information about product, through multimedia clippings, catalogs, product configuration guidelines, customer histories and so on. A new customer interacts with the site and uses interactive order processing system for order placement. On placement of order, secured payment systems comes into operation to authorize and authenticate payment to seller. The delivery system then takes over to execute the delivery to customer.

In B2B model, buyer and seller are business organizations. They exchange technical & commercial information through websites and portals. Then model works on similar line like B2C. More advanced B2B model uses Extranet and conducts business transactions. Generally auto component industry uses this model for supplying parts and components to auto manufacturer based on the inventory levels and production programme. In C2B model, customer initiates actions after logging on to seller's website or to server. On the server of the selling organization, E-commerce applications are available for use of the customer. The entire Internet banking process works on C2B model where account holder of the bank transacts number of requirements such as seeking account balance, payment, money transfer and so on. In C2C model, customer participates in the process of selling and buying through the auction website. In this model, website is used for personal advertising of products or services. E-Newspaper website is an example of advertising and selling of goods to the consumer. In all these models there are two channels: one channel deals with information delivery and sharing and another channel deals with the commercial aspect of buying and selling.

Traditional vs electronic business-

1. E-commerce as a medium of marketing is less expensive than traditional marketing. In traditional marketing, a product goes from a producer to a distributor, to a retailer and then to a customer. These changing hands results in an increase in the price of product, as each changing hand levies a profit margin on the product. But in e-business, a producer remains directly in touch with the customer. This enables the producer to sell the product at a price lower than it is sold in the market.
2. E-business offers businesses to be open 24 hours a day, 7 days a week, giving customers facility to transact at any time, day and night. But in traditional marketing no such facility can be available to the customer. Traditional market works for limited time.
3. When more and more customers get in touch with the marketer the chances of selling the products increases. Customers of this century are moving towards more technical education, particularly in the field of information technology. As more and more persons become aware of e-business directly or indirectly, the number of customers and business is increasing rapidly. Such increasing business is not possible in traditional marketing because of lack of information and technique.
4. Modern organizations have realized that e-commerce can give them a competitive edge. A company with minimum investment can tap the entire world market. E-commerce enables businesses to reach new customers and partners. Such competitive edge with less investment can not be possible in traditional business.
5. The internet is an attractive medium of sharing knowledge. Customers can acquire information about the latest and innovative products. Today customers are using various products only because of this e-commerce technique. In traditional marketing and business no such new products are available to the users.

The Indian Scenario-India is uniquely positioned and it has to start E-commerce in practice speedily. There is a need to develop a high speed, long distance backbone network that will interconnect the entire world. The existing business rules need to undergo radical changes and new business strategies have to be evolved so that even common person may understand the e-business technique. The Indian Evidence Act, 1897 does not take cognizance of electronic transactions. So there is need in Indian act to be changed as per new requirements. The

government of India has formulated certain guidelines to make e-commerce a reality. On 4th November 1999, the Union Cabinet approved the proposal introduce the “Information Technology Bill, 1999.” The bill envisages legalization of electronic signatures on the net which would give sanctity to credit card transactions and boost e-commerce business.

I.T. Act 2000 is an Act which provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communications, commonly referred to as “electronic commerce”, this act 2000 involve the use of alternative to paper based methods of communications and storage of information, to facilitate electronic filing of documents with the Government agencies. Indian banks are already successful in adopting electronic commerce and EDI technologies to provide customers with real time status, transfer of funds between current accounts and stop payment facilities. Customers now are able to inquire into their accounts and transactions, take printout statements of accounts and request for transfer of funds between their accounts through e-banking. It provides a facility to the customers for their depository accounts also. All the Indian banks are now offering Net banking facilities.

If true E-commerce (particularly business to customer) has to take off in India, there is a need to bring out “Cyber laws” that recognize the validity of electronic transactions. Electronic purchase orders need to have legal validity. India has to evolve a effective legal framework to the recognition of its global intellectual property rights, patents and copyrights in order to enable global organizations to offer their products and services to the masses. In the words of N. Vittal, “E-commerce is a goose that can lay eggs. Allow the goose to the egg-laying stage. Don’t kill it.” He lists six Cs that are required for e-business to grow in India. They are computer density, connectivity, content, cyber law, cost control and common sense.

Trends and Projections—There is great deal of business already in the pipeline on the Net. The way we buy and sell consumer goods is changing – and it’s changing quickly. The reason for the big change can simply be because of “Internet.” Estimates indicate that approximately 600 million people are online worldwide. By the year 2005, the global Internet

population was 1.17 billion. In a report released by the U.S. Department of Commerce, U.S. Retail E-commerce or e-tail sales for 2003 were 1.6 per cent of the total retail sales. E-commerce in the U.S. generated \$54.9 billion in 2003, a 26 per cent increase over 2002. Research by Forrester stated that e-commerce sales will increase at a steady 19 percent year-over-year rate, rising to \$229 billion in 2008. By 2008, online retail sales will account for 10 percent of total U.S. retail sales. As present, the Internet in India is growing approximately at the rate of 10 to 15 per cent per month. The info-communication penetration in India is 1.3 per 100 persons as against the world average of 10. Most of the Indian Exporters have find new base to penetrate the West with e-business for selling the Indian mystique: yoga, astrology, silk, ayurveda etc. The phenomenon of e-business is globally acceptable and India is no exception.

Limitation and Precautions—Security concerns in E-business have been receiving highest attention from designers and government. E-business is a shift from paper to electronic media and transactions happen from remote and unknown locations. It is difficult to ascertain the genuine nature of commercial transactions. However all buying and selling does not succeed through E-commerce. The products and services, which are standard in nature, and customer does not have a great need of interaction with seller, are best suited for E-commerce. E-Commerce culture is mostly virtual and impersonal. The security threats which are set for E-commerce are Destruction, Theft, Deletion, Corruption and Bugs. For such threats the security goals are prevent malicious damage, prevent accidental damage, limit the impact of deletions, prevent unauthorized access to location, protect integrity and confidentiality of data and provide disaster recovery system. E-commerce site must create confidence in the buyer showing competitive price, performance assurance and post sale support. Faster processing in every step and covering entire buying and selling cycle is very essential. The look and feel of E-commerce website should be customer friendly and attractive. In spite of so many threats there is security in this technique. Hence persons must use existing areas and try to develop new areas of such device in practical life. It is a endless device to develop. Finally security and reliability of information, transactions and order fulfillment is an absolute necessity.