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BUSINESS ADMINISTRATION

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EMS 302

Questions

1. What is E-Commerce? Explain the B2B, B2C, C2C E-Commerce and their benefits.

2. Computer Security is vital to the survival of a business Discuss.

3. What is the Purpose of information System from a Business Perspective?

ANSWERS

1. E-commerce is the activity of buying or selling of products and services online or over the internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. It can also be defined as sales and purchase of goods and services over an electronic medium like the internet.

1a. Business-to-business (B2B or, in some countries, BtoB) refers to a situation where one business makes a commercial transaction with another. This typically occurs when:

A business is sourcing materials for their production process (e.g. a food manufacturer purchasing salt).

A business needs the services of another for operational reasons (e.g. a food manufacturer employing an accountancy firm to audit their finances).

A business re-sells goods and services produced by others (e.g. a retailer buying the end product from the food manufacturer).

B2B is often contrasted with business-to-consumer (B2C). In B2B commerce, it is often the case that the parties to the relationship have comparable negotiating power, and even when they do not, each party typically involves professional staff and legal counsel in the negotiation of terms, whereas B2C is shaped to a far greater degree by economic implications of information asymmetry. B2B e-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B e-commerce will continue to grow faster than the B2C segment.

BENEFITS OF B2B E-COMMERCE

1. Disintermediation: Through B2B e-markets, suppliers are able to interact and transact directly with buyers, thereby eliminating intermediaries and distributors. However, new forms of intermediaries are emerging. For instance, e-markets themselves can be considered as intermediaries because they come between suppliers and customers in the supply chain.
2. Economies of scale and network effects: The rapid growth of B2B e-markets creates traditional supply-side cost-based economies of scale. Furthermore, the bringing together of a significant number of buyers and sellers provides the demand-side economies of scale or network effects. Each additional incremental participant in the e-market creates value for all participants in the demand side. More participants form a critical mass, which is key in attracting more users to an e-market.
3. Transparency in pricing: Among the more evident benefits of e-markets is the increase in price transparency. The gathering of a large number of buyers and sellers in a single e-market reveals market price information and transaction processing to participants. The Internet allows for the publication of information on a single purchase or transaction, making the information readily accessible and available to all members of the e-market. Increased price transparency has the effect of pulling down price differentials in the market.

1b. What is B2C e-commerce? Business-to-consumer e-commerce, or commerce between companies and consumers, involves customers gathering information; purchasing physical goods (i.e., tangibles such as books or consumer products) or information goods (or goods of electronic material or digitized content, such as software, or e-books); and, for information goods, receiving products over an electronic network. It is the second largest and the earliest form of e-commerce. Its origins can be traced to online retailing (or e-tailing).

BENEFITS OF B2C E-COMMERCE

A. Unlimited marketing time- It gives customers the chance to shop 24/7 as they are able to browse for goods and services for as long as they like without a closing time

B. Uniformed user experience- Unique features are added which engages customers in order to help them make decisions.

1C. What is C2C e-commerce?

Consumer-to-consumer e-commerce or C2C is simply commerce between private individuals or consumers. This type of e-commerce is characterized by the growth of electronic marketplaces and online auctions, particularly in vertical industries where firms/businesses can bid for what they want from among multiple suppliers. It perhaps has the greatest potential for developing new markets. This type of e-commerce comes in at least three forms:

1. Auctions facilitated at a portal, such as eBay, which allows online real-time bidding on items being sold in the Web;
2. Peer-to-peer systems, such as the Napster model (a protocol for sharing files between users used by chat forums similar to IRC) and other file exchange and later money exchange models; and
3. Classified ads at portal sites such as Excite Classifieds and eWanted , Pakwheels.com (an interactive, online marketplace where buyers and sellers can negotiate and which features “Buyer Leads & Want Ads”).

2. Computer Security is vital to the survival of a business

DISCUSS:

Most small businesses have a responsibility to their staff and their customers to secure the data they use in the organization. In fact, regulations such as the Data Protection Act require that personal data is secured and used appropriately.

Most businesses use PCs, servers and networks to send and store vital information, often managing financial or private information belonging to customers and clients.

It is therefore essential to have a good security system in place, using at the most basic level the anti-virus, firewalls, and passwords that come with the PC systems.

What sort of threat do cyber criminals pose?

Your business uses and stores vital information on your customers, your finances, your partners and your business processes.

This makes you highly attractive to cyber criminals, who spend their time attempting to infiltrate company networks and web sites for financial gain or identity theft.

Many hackers will try to exploit small business web sites that have old and unsecured coding, or which run on older or unpatched web servers and operating systems.

As well as this, they will try to encourage employees to open attachments or click on links in emails or on the web that take them to sites that will attempt to steal their private passwords or information. This is an activity called phishing.

How can I protect my staff and secure the business’s computer system?

Securing a small business comes down to having the right technology in place and also having the right security policies, which help employees to keep security in mind at all times.

Any good security policy should include things like using strong passwords that include numbers and letters; not sharing or displaying passwords; and only opening email attachments from reliable sources.

You should also encourage staff to use the web responsibly, and stay vigilant when contractors and outsiders are in the office.

3. What is the purpose of information system from a business perspective?

An information system is a set of people; procedures and resources that collect transform and disseminates information into an organization. A Business Perspective on Information Systems

Using feedback completes the information-processing loop. To be a good Information Systems manager, however, you must bring into that loop far more than just the computer data. For instance, your information system reports that you produced 100,000 widgets last week with a “throwback” rate of 10%. The feedback loop tells you that the throwback rate has fallen 2% in the last month. By putting that information into a broader context you will establish that it will cost the organization a huge sum of money because each percentage point on the throwback rate averages $10,000. And when you bring in available external environmental information, your company is 5% above the industry norm. Now that’s information you can use to your advantage.

If you, as a manager, can then take other information from the internal and external environments to come up with a solution to this problem, you can consider yourself “information literate.”

Porter’s value chain is a framework for thinking strategically about the activities involved in any business and assessing their relative cost and role in differentiation. Value can be created by differentiation along every step of the value chain, through activities resulting in products and services that lower buyers’ costs or raise buyers’ performance. The sources of value creation come from policy choices, linkages, timing, location, sharing of activities among business units, integration, learning and institutional factors.

Value chain is the viewing of a business firm as a series of basic activities that add value to the firm’s products or services. The concept of the value chain can be used to identify opportunities to use strategic impact systems. The value chain views the firm as a chain of basic activities that add value to a firm’s products or services. These activities can be categorized as either primary activities or support activities.

Primary activities include inbound logistics, operations, outbound logistics, sales and marketing, and service.

The service activity involves maintenance and repair of the firm’s goods and services. Support activities make the delivery of the primary activities possible and consist of administration and management, human resources, technology, and procurement.

An information system could provide strategic impact if it helped the firm perform its value activities at a lower cost than competitors or if it provided the firm’s customer with added value or service. From a business perspective, an information system is an important instrument for creating value for the firm. Information systems enable the firm to increase its revenue or decrease its costs by providing information that helps managers make better deci of business processes sions or that improves the execution.