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**LIVE COACHING CLASSES
BOARD OF STUDIES(A), ICAI**

CA INTERMEDIATE

**CHAPTER 4: E-COMMERCE, M-COMMERCE, AND
EMERGING TECHNOLOGIES**

**TOPICS: INTRODUCTION OF E-COMMERCE AND ITS COMPONENTS,
ARCHITECTURE OF NETWORKED SYSTEMS**

PAPER 7A: ENTERPRISE INFORMATION SYSTEMS

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Introduction to E-Commerce



Definition

The Sale/Purchase of goods/services through electronic mode is “E-Commerce”. This could include the use of technology in the form of Computers, Desktops, Mobile Applications, etc.

E-Commerce is the process of **doing business electronically.**

In E-Commerce, the buyers and sellers **interact** electronically using a **telecommunications network** rather than through physical contact or exchange.

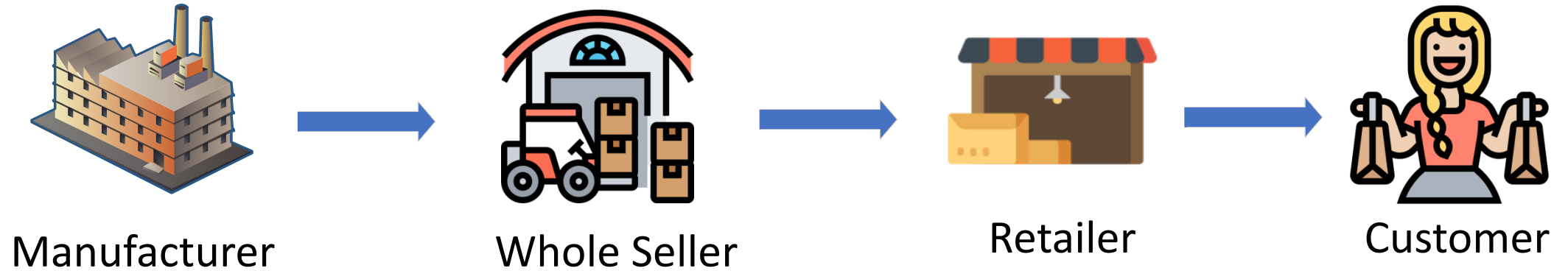
It involves the automation of a variety of transactions such as Business to Business (B2B), Business to Consumer (B2C), Consumer To Consumer (C2C), and Consumer To Business (C2B), etc. through reliable and secure connections.



Traditional Commerce and E-Commerce

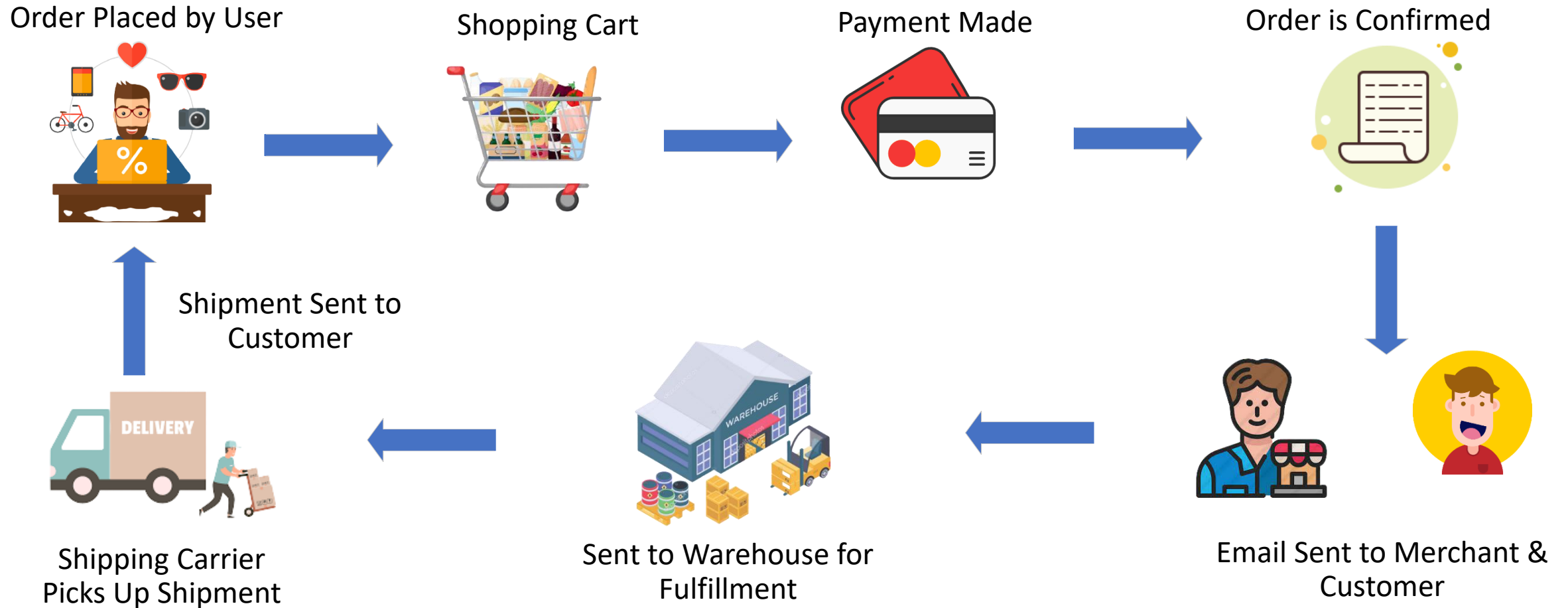


Traditional Commerce





E-Commerce





Differences between Traditional Commerce and E-Commerce



Base for Comparison	Traditional Commerce	E-Commerce
Definition	Exchange of goods/services through personal interactions	Exchange of goods/services electronically Via Internet
Location	Should be easily accessible to Customers	Should be Visible & easy to find
Size	Influenced by Type of Items, Size of Items and Number of Customers	Also influenced by Products & Customers. Requires more bandwidth, processing power to manage heavy traffics.
Marketing	Physical Presence, One to Many Marketing	Need to invest more on Marketing, One to One Marketing
Transaction Processing	Manual	Electronic



Base for Comparison	Traditional Commerce	E-Commerce
Availability	Limited Availability	Can be accessed any time (24*7)
Nature of Purchase	Physical Inspection before Purchase	Can't be inspected before Purchase
Customer Interaction	Face to Face	Screen to Face
Business Scope	Limited to Particular Area	Worldwide Reach
Information Exchange	No Uniform Platform	Provides a Uniform Platform
Resource Focus	Supply Side	Demand Side
Payment	Cash, Cheque, Credit Card etc.	COD, Credit Cards, Payment Wallet, UPI



Base for Comparison	Traditional Commerce	E-Commerce
Delivery of Goods	Instant	Usually Takes Time but companies are coming up with One Day Delivery, Few Hours Delivery etc.
Fraud	Relatively Lesser	Relatively higher
Process	Manual in Nature, Chances of clerical errors are high.	Automated Processes, Minimizes clerical errors.
Profit Impact	Reduced Margins <ul style="list-style-type: none">• Multiple Layers in Selling• Access to Limited Customers• Inventory & Overhead Costs	Increased Margins <ul style="list-style-type: none">• Eliminates Middlemen• Lesser Operational Costs

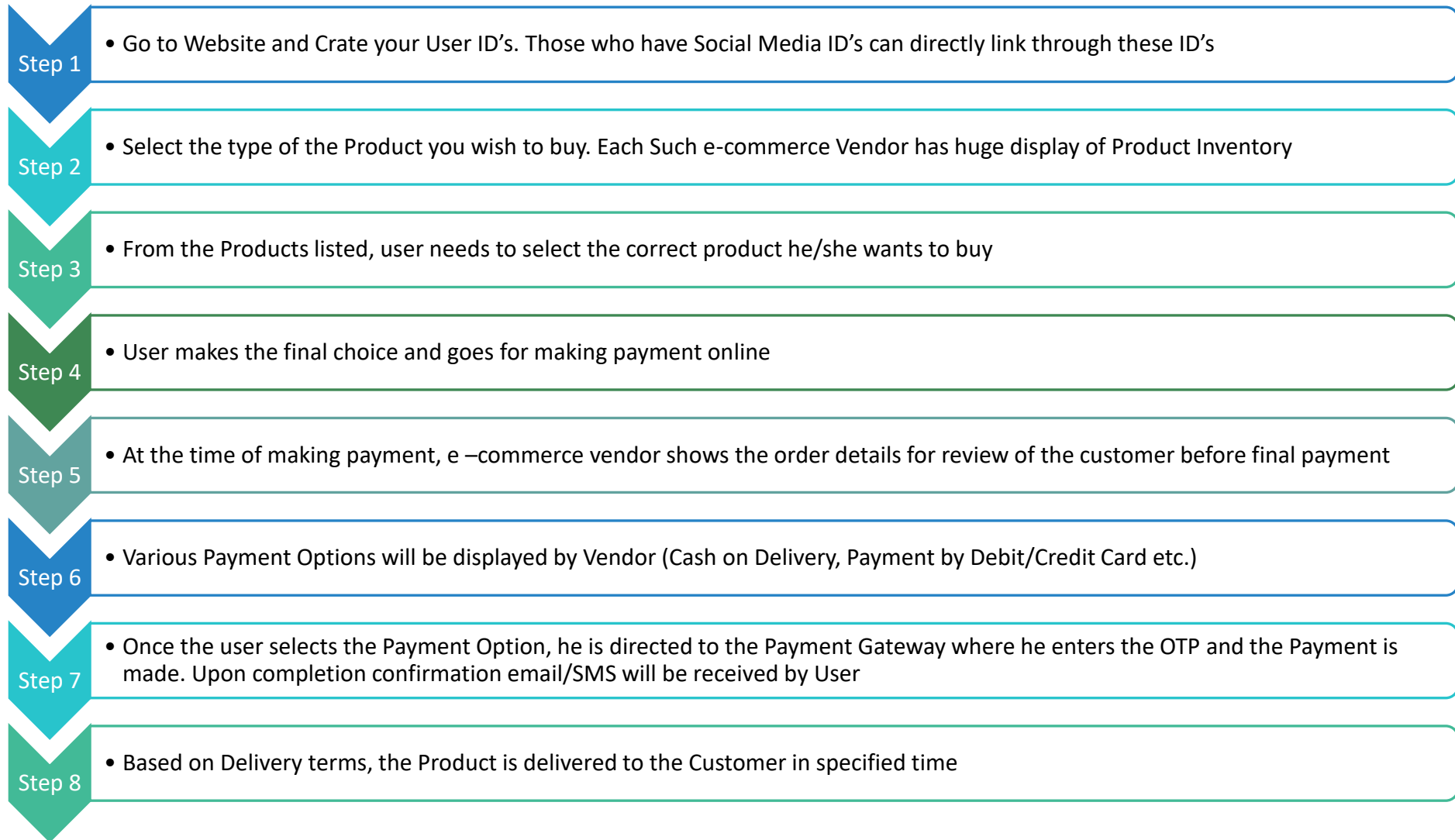


Assessment

1. Choose the Incorrect Statement from following statements on Traditional Commerce and E-Commerce
 - a. Traditional Commerce Works on Manual Processing and E-Commerce Works on Electronic Mode
 - b. Resource Focus of Traditional Commerce is on Demand Side where E-Commerce Focus on Supply Side
 - c. Traditional Commerce is limited to Particular Area Whereas e-Commerce has worldwide reach
 - d. Unlike Traditional Commerce, e-commerce provides a uniform platform for information exchange.



Illustration of E-Commerce Transaction





Benefits of E-Business





Benefits To Customers



- Convenience
- Time Saving
- Various Options for Comparison
- Easy to Find Reviews
- Coupon and Deals
- Anytime Access



Benefits To Business



- Increased Customer Base
- Recurring Payments Made Easy (Bill Payments)
- Instant Transaction
- Provides a Dynamic Market
- Reduction in Costs
- Efficiency Improvement
- Creation of New Markets
- Easier entry into New Markets
- Low Barriers to Entry
- Better Quality of Goods
- Elimination of Time Delays



Benefits To Government



- Instrument to Fight Corruption
- Reduction in use of ecologically damaging materials



Disadvantages of E-Business





Disadvantages of E-Business

- Internet Connection
- High Start-Up Costs
 - Connection
 - Hardware and Software
 - Set Up
 - Maintenance
- Legal Issues (Customers Info Leakage)
- Some Business Processes may never lend themselves to E-Commerce (Jewellery, Perishable Foods)
- Cultural impediments to E-Business (Fear of Sharing Credit Card Information)
- Security Concerns (Fear of Malwares and Spywares on the Internet)



e-Marketing



Definition

e-Marketing is the process of **marketing a product or service** using **the Internet**



Various e-Market Models

e- Market Model	Description	Example
Portal	Gate Way or Entry Point to the Internet	https://in.yahoo.com/
e- Shops/e- Tailers	A Single Company's Website, Direct Sales to Customers	https://www.mi.com/in/ , https://www.bata.in/
e- Malls	Conglomeration of Different Shops <ul style="list-style-type: none">• General Stores (www.amazon.in)• Specialized Stores (www.99acres.com)	https://smallbusiness.yahoo.com/stores
e- Auctions	People Buy and Sell through an Auction	https://www.ebay.com/
Buyer Aggregators	Brings together the large number of Buyers	https://www.zomato.com/ https://www.groupon.com/



e- Procurement	Management of all Procurement activities Via Electronic Means	https://eprocure.gov.in/eprocure/app
e- Distribution	Supplies Products & Services directly to Individual Business. Helps the distributors to achieve efficiency savings by managing large volumes of customers, automating orders, tracking Orders & communicating with partners etc.	Amazon Kindle (e-Books)
Virtual Community	Community of Customers who share a common Interest and use the Internet to communicate	Facebook Groups, FB Marketplace



Assessment







1. Mr. Jayesh sets up an online start-up which is like conglomeration of different shops situated in a convenient location of e-commerce where customers can buy apparels, footwear and fitness accessories. Identify from the following, which type of e-Market has he setup?
 - a. Buyer Aggregator
 - b. e-Mall
 - c. e-Shop
 - d. Portal



E-Commerce Business Models



Business Models for E-Commerce

	 Business	 Consumer	 Government
 Business	B2B	B2C	B2G
 Consumer	C2B	C2C	C2G
 Government		G2C	

Examples



	Business to Consumer (B2C)	Business to Business (B2B)	Business to Government (B2G)
Definition	Retailers selling products & services to Consumers	Commerce between Company and Its Suppliers/ Other Partners	Govt. to trade and exchange information with Various Business Orgs.
Examples			

Examples



	Consumer to Consumer (C2C)	Consumer to Business (C2B)	Consumer to Government (C2G)	Government to Consumer (G2C)
Definition	Consumer Sells Directly to Other Consumer	Consumer Set Prices and Companies Bids to Offer Products/Services	Commerce transaction between Consumer and Government	Consumer to provide feedback/ask information about Govt Authority
Examples				



E-Commerce Future



According to India Brand Equity Foundation, the Indian E-Commerce Industry has been on an upward growth trajectory and is expected to surpass the US to become the **second largest E-Commerce market** in the world by 2034. The E-Commerce market is expected to reach INR 13, 97,800 Crores (US \$ 200 Billion) by 2027 from INR 2,69,076.5 Crores (US \$ 38.5 Billion) in 2017, supported by raising income and surge in internet users.



Assessment

1. Sale/Purchase of goods/services through electronic mode is _____
 - a. M-Commerce
 - b. Online Commerce
 - c. Traditional Commerce
 - d. E-Commerce

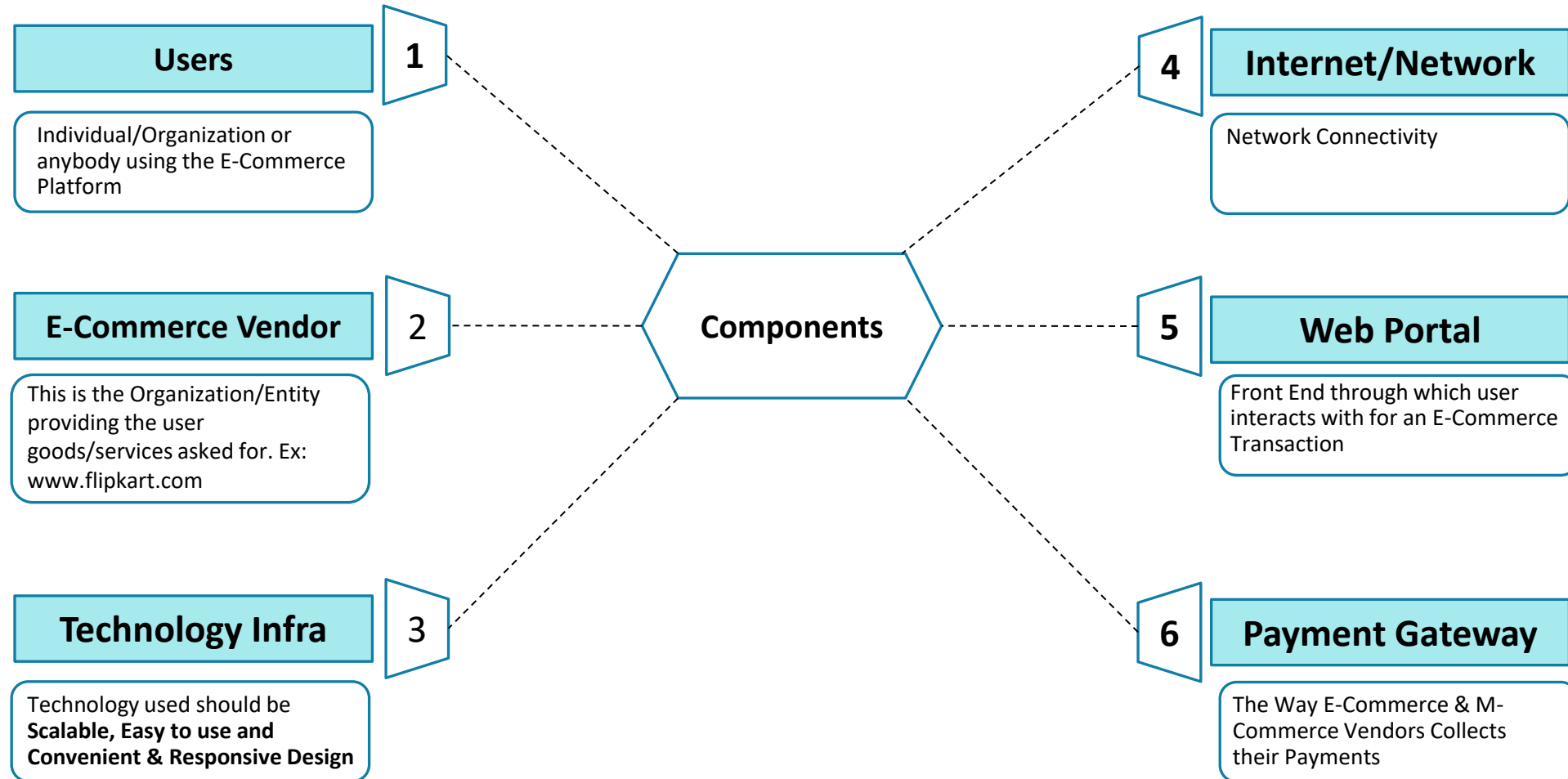
2. Under E-Commerce, Customer Interaction is _____
 - a. Face to Face
 - b. Mobile to Face
 - c. Screen to Face
 - d. Screen to Screen



Components of E-Commerce



Components of E-Commerce





E-Commerce Vendors

- Suppliers and Supply Chain Management
- Warehouse Operations
- Shipping and Returns
- E-Commerce Catalog and Product Display
- Marketing and Loyalty Programs
- Showroom and Offline Purchase (Ex: User Experience Outlets)
- Different Ordering Methods (COD etc.)
- Guarantees
- Privacy Policy
- Security (Ex: HTTPS)



Technology Infrastructure

- Computers, Servers, and Database
- Mobile Apps/Mobile Website
 - Mobile Store Front Modules
 - Mobile Ticketing Module
 - Mobile advertising and marketing module
 - Mobile Customer Support and Information Module
 - Mobile Banking
- **Digital Library-** Library of Digital Objects
- Data Interchange- EDI



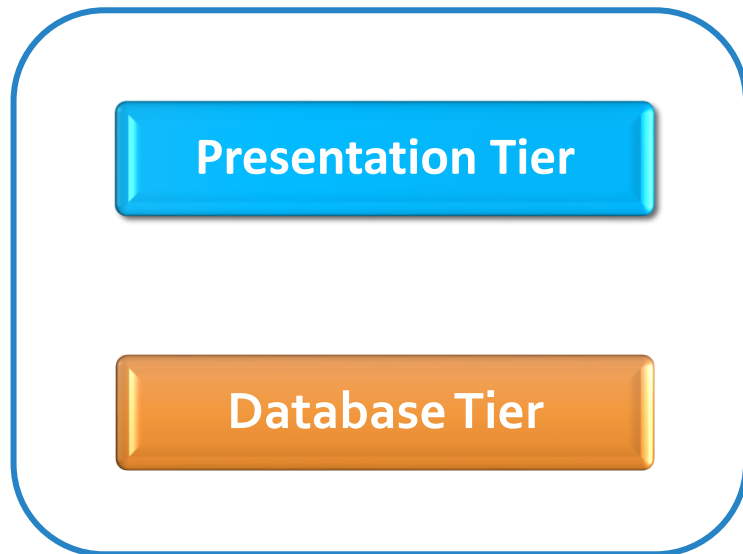
Architecture of Networked Systems



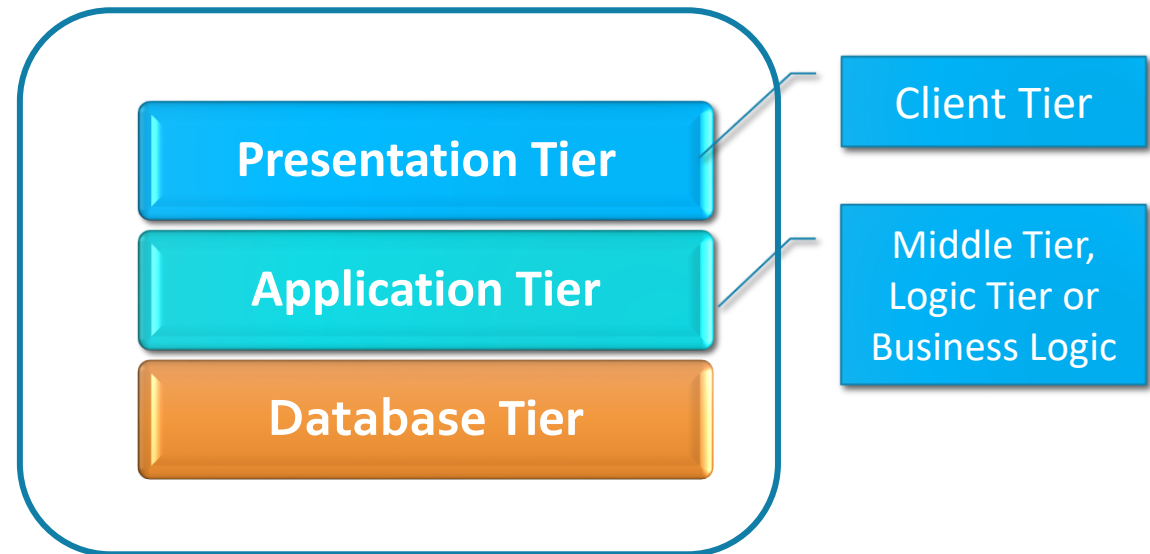
Definition

“The way networks architectures are built in E-Commerce Platform”

2 Tier Architecture



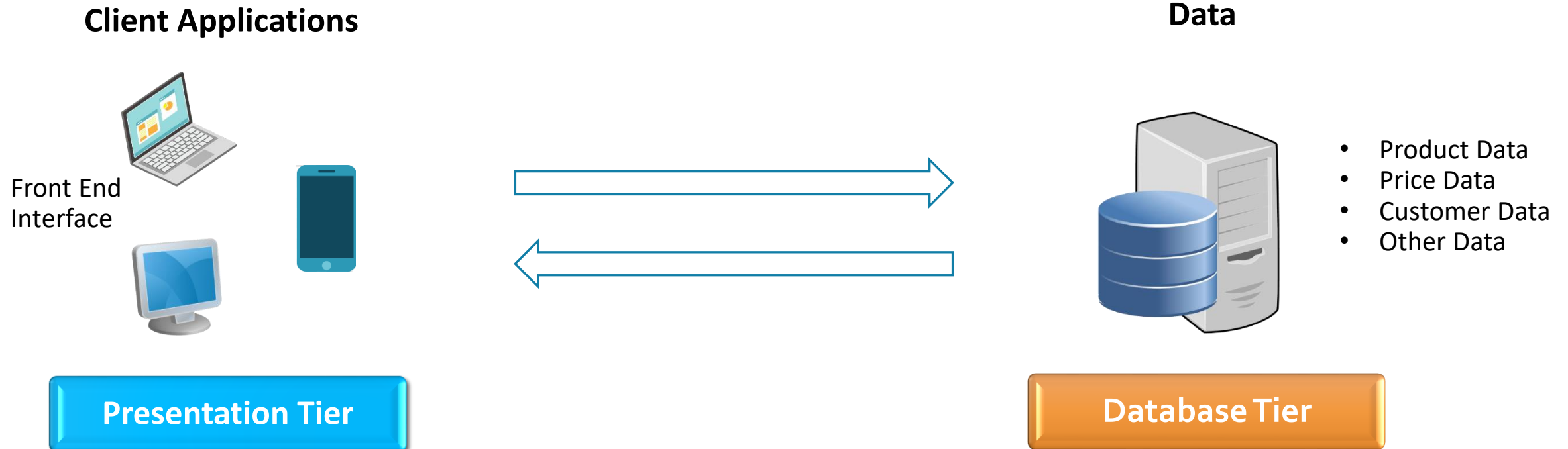
3 Tier Architecture





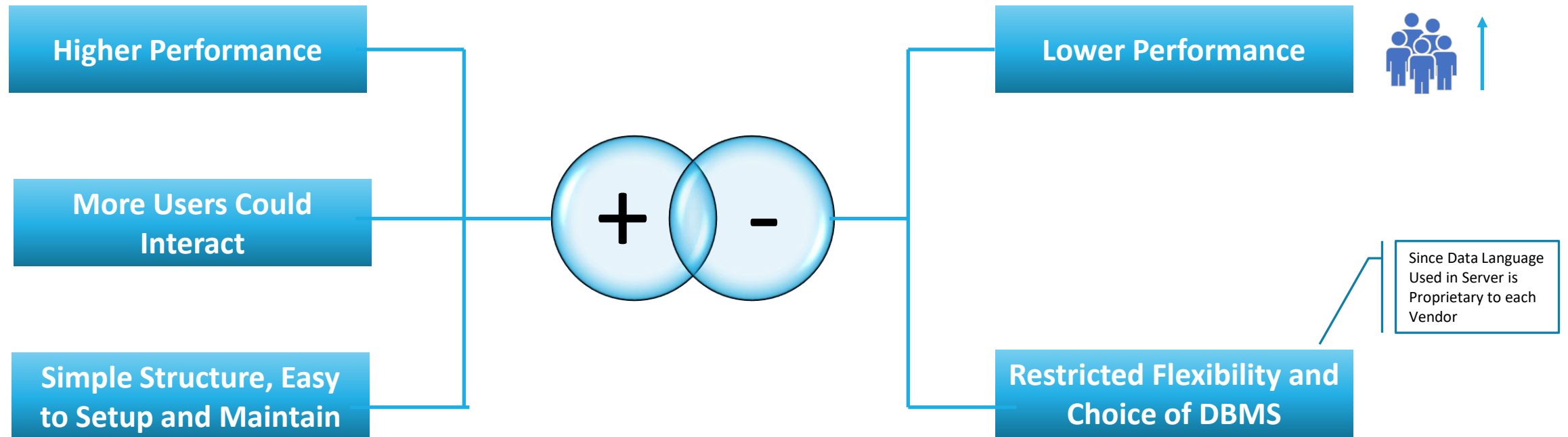
2 Tier Architecture

In Two Tier Architecture, client (user) sends request to Server and the Server responds to the request by fetching the data from it.





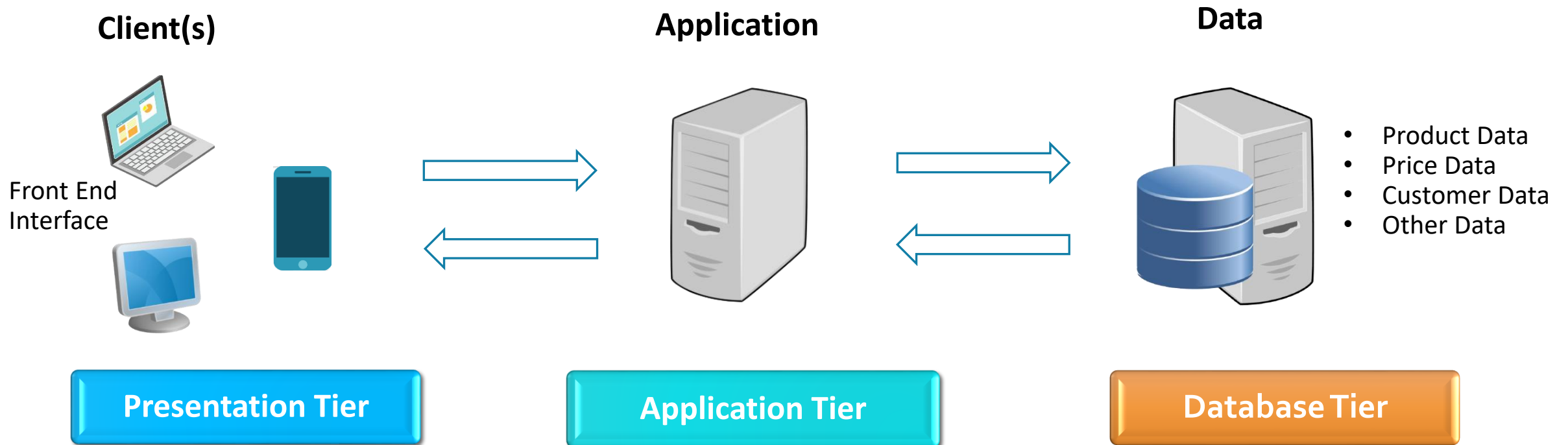
Advantages & Disadvantages of 2 Tier Architecture





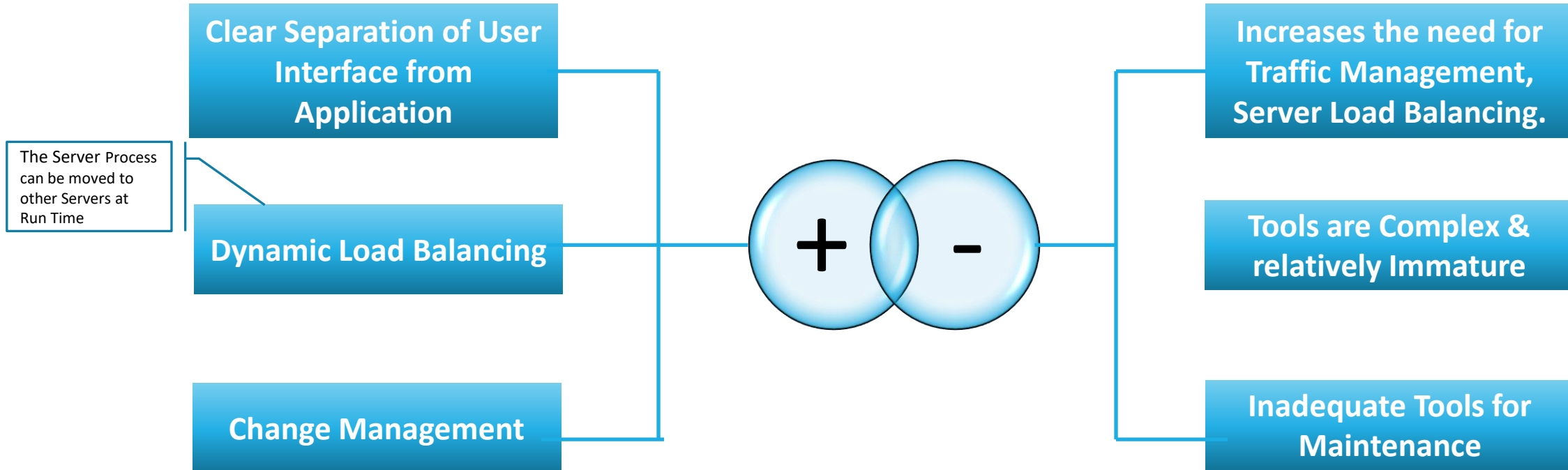
3 Tier Architecture

It's a client-server architecture in which the functional process logic, data access, computer data storage, and user interface are developed and maintained as independent modules on separate platforms.





Advantages & Disadvantages of 2 Tier Architecture



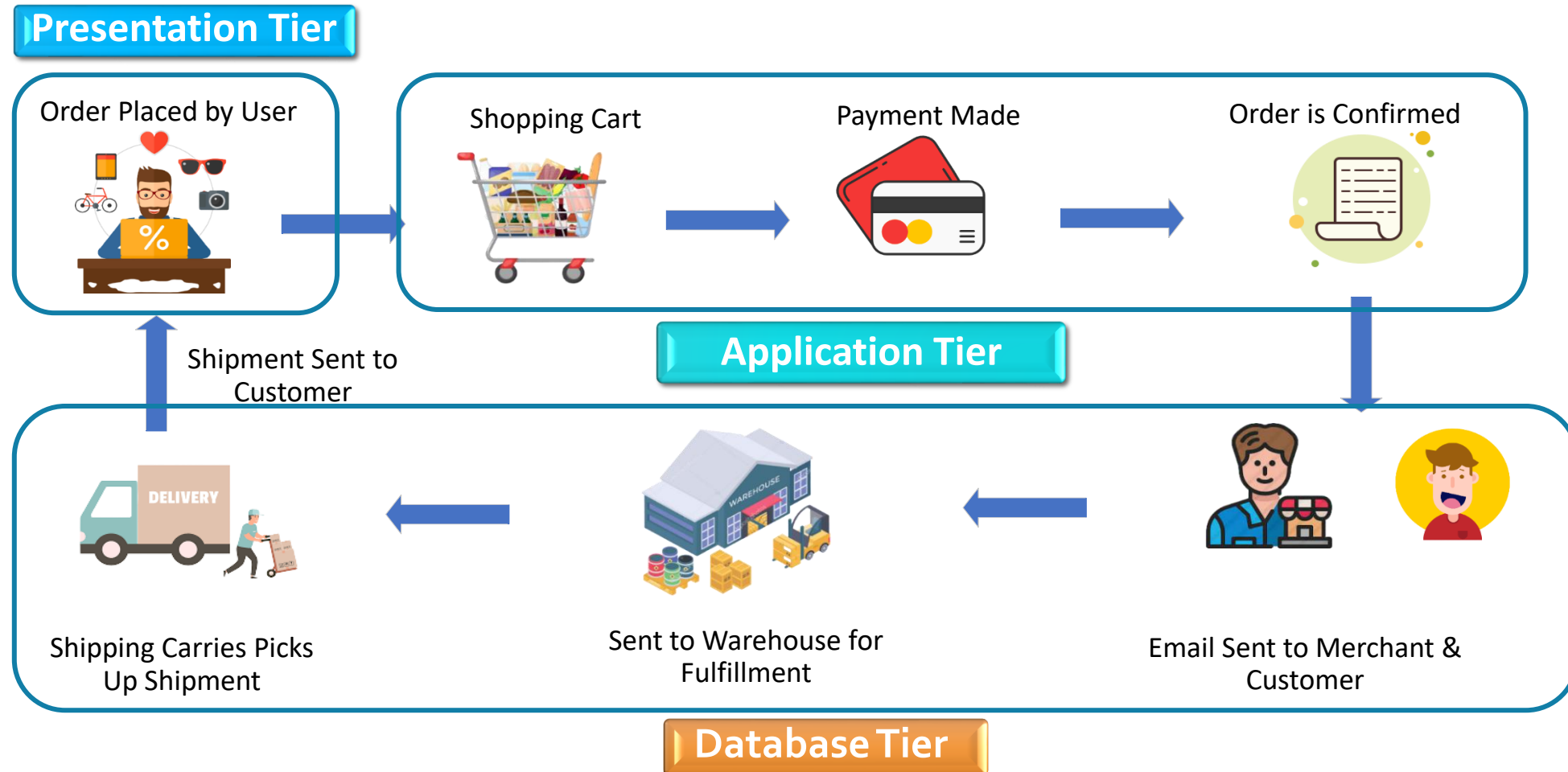


Which Architecture is Used?

E-Commerce Applications Follow the **Three tier architecture**



E-Commerce Architecture wide Internet





E-Commerce Architecture wide Mobile Apps (M-Commerce)

M-Commerce (Mobile Commerce) is the buying and selling of goods and services through wireless handheld devices such as Cellular Telephone and Personal Digital Assistants (PDA)



Workflow Diagram for E-Commerce



Similar to E-Commerce Process Flow



Assessment

1. The front end through which users interact for an e-commerce transaction is called _____
 - a. Web Portal
 - b. Home Page
 - c. Web Page
 - d. None of the above

2. In two tier network architecture, _____ is an interface that allows user to interact with the e-commerce/m-commerce vendor
 - a. Presentation Tier
 - b. Database Tier
 - c. Physical Tier
 - d. Application Tier



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Feedback

