

connect

Network

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**With smaller capital investment, lesser manpower and fewer overheads, a shop on the Web promises you tidy profits and instant international status. Interested?**

**A**s recently as 1995, the Internet was just a mode of amusement for techno-geeks. In 1999, business worth billions of dollars was conducted over the Web and that too by companies less than 24 months old! Business analysts predict vertical growth rates for e-commerce in the coming decade (\$850 billion by the year 2002, according to Forrester Research) and that is just half the news. The other half is that the

Internet has actually lowered the ante in the online business world.

Thanks to the e-commerce, Joe Average can not only take on a multi-national giant; he actually stands a chance of winning!

**The revenue avenue**

The Internet, that universally accessible network, is the very embodiment of what business analysts like to call 'disinterme-

diation'—the systematic weeding out of the intermediaries in the economic cycle. If you are running your own business, or intend to, the Internet gives you something that never existed before—a relatively inexpensive sales channel that buyers can access directly, without going through the 'intermediate elements' like distributors or dealers. The online trader does not have to 'build' anything (in the physical sense of the term) and thus

costs—in terms of capital investments as well as operating overheads—are dramatically reduced. An online business can operate out of a single room, and yet, depending upon the product, cater to a worldwide market.

Many business corporations think that 'moving to the Web' is something which they would be doing sometime in the future, but are not sure exactly when. Well, the right time is now. Potential customers surf the Web for hours everyday and their demographic profile ranges from the girl-next-door shopping for perfume, to General Motors looking to out-source a batch of special type of paint.

Going online makes a lot of sense for small- (or medium-) sized business in fast-moving consumer goods (or services) on the look out for some expansion. Those who are presently toying with the idea of setting up business must consider the online option before spending huge sums of money in establishing capital assets. Those who can define, and fulfil the needs of a niche market, stand the best chance of succeeding in an online business environment.

### Setting up

The Net has no physical boundaries and

your business goes 'International' right from day one. Creating a Web store and handling the technical intricacies of registering a domain name, registering with multiple search-engines, setting up real-time transaction processing systems, shipping of products, and so on, might seem a bit daunting and in some cases (depending upon how ambitious your project is) can be downright difficult.

However, relief is here in the form of a new generation of end-user applications that offer WYSIWYG functionality, and which do not require any programming knowledge for building a storefront on the Web. Web storefront development packages can cost anywhere from a lakh to twenty-five lakh rupees and vary in their capabilities. You can easily find one suited to your needs.

If your site is aimed at individual users, it would need mechanisms that provide secure online payment processing, site monitoring and analysis, and perhaps an element of personalisation. If your Webstore is aimed at other businesses, it would require compliance with standards-based data transfer formats, data security, and tight integration with back-end accounting systems. Certain software provide complete 'wizards-and-templates'

### Sites to visit

[www.multiactive.com](http://www.multiactive.com)  
[www.onlinemerchant.com](http://www.onlinemerchant.com)  
[www.imsisoft.com](http://www.imsisoft.com)  
[www.icatmall.com](http://www.icatmall.com)  
[www.ibm.com](http://www.ibm.com)  
[www.microsoft.com](http://www.microsoft.com)  
[http://vitalcommunications.com](http://http://vitalcommunications.com)

functionality, which allow the user to create a Webstore and upload it on to the Net. Those who are in a hurry can opt for Web-only solutions (like IBM's HomePage Creator, and Yahoo! Store from Yahoo!), which require you 'build' your store on the Net itself and get done with it in minutes!

### Tools of the trade

It is best to go in for mid-range software, which do not cost the Earth and get the job done satisfactorily. IBM's Net.Commerce Start 3.11, for example, is a highly scalable application, which users can configure depending upon their needs. The user can choose from three 'types' of stores: 'Stop Shop' which is a simple catalogue service, a more powerful and feature-rich 'Personal Delivery' and the hi-end 'Business-to-Business' type for

## GLOSSARY

**Digital cash:** E-cash is just a series of numbers, but those digits mean real cash to issuing banks. E-cash is more like real cash than a credit card because it is completely transferable and reusable.

**Digital signature:** Just as a paper document is authenticated by a signature, an electronic message can be authenticated by a digital signature. Digital signatures are another way to assure the recipient of an electronic message that the message is coming from the right party.

**Electronic Data Interchange (EDI):** EDI is the transfer of electronic messages from one company to another using a network. Companies use EDI to facilitate business-to-business transactions like purchase orders, purchase confirmations, invoices, and payments. EDI messages can be exchanged using a VAN or the Internet.

**Electronic wallet:** Rather than supplying your credit card number every time you

want to make an online purchase, electronic wallets allow you to store your credit card information in an encrypted form and access it from your hard drive when you buy something.

**Encryption:** Encryption is a way to secure electronic data transactions by transforming the readable message into an unreadable message. This guarantees that only the intended reader can decipher the message.

**Extranet:** An extranet is the part of a corporate intranet that allows companies to communicate with the intranets of their customers and suppliers, facilitating electronic transactions.

**Secure Electronic Transactions (SET):** This is a newly developed standard for making secure credit card transactions on the Internet. Security is achieved by allowing merchants to verify a buyer's identity through a digital signature. Furthermore, customers will be able to avoid giving out their credit card numbers to merchants by

submitting their information directly to the credit card issuer for verification and billing.

**Secure HyperText Transfer Protocol (S-HTTP):** A secure version of HTTP which provides general transaction security over the Web.

**Secure Sockets Layer (SSL):** A public security protocol developed by Netscape. It can create a secure link between the Web server and the browser, thereby facilitating e-transactions.

**Smart Card:** Smart cards look like credit cards but act very differently. With the use of an internal computer memory chip, a smart card can be used to store a large amount of information with a maximum amount of security, including everything from medical records to digital cash. To access or alter the information on a smart card, you have to use a smart card reader.



**5 Steps to creating your Webstore**



**1**Success, by design: Use a WYSIWYG tool to design your storefront. Most applications have a Wizard to handhold you through the process of designing. Choose a prefabricated template, enter product information, add images and ordering information and you are ready to go!

**1**Create some hype: Generating excitement about your site is the next major job. Register your site with all the major search engines. Participate in banner exchange programs like Link Exchange where you would be required to display small banner advertisements (usually animated GIFs) on your site, and your ads would be displayed on other sites participating in the program.

**1**Get real: Most small businesses would want to start of fline transaction processing. However, if business booms, you need to add real-time transaction processing to your store, so that users can pay online via their credit card. For this, you need to obtain a merchant banking account, and perhaps tie-up with a credit card authorisation service.

**1**Deliver the goods: Depending upon the products that you intend to sell, you might need to tie-up with a courier service to deliver the products to customers. Please allow 4 - 6 weeks for delivery worked well for mail-order catalogue business, but in the Internet age, do not expect people to be interested, if you cannot deliver in record time. Of course, it is best if your product is something that can be downloaded from the Internet (music, documents, software etc.).

**1**Monitor performance: The final step, and an important one, is Site monitoring and analysis. Using a log analysis tool (like WebTrends), you can track visitors and their site navigation patterns. This will help you determine how effective your site is, and help you make changes where needed.

stores aimed at business buyers. After asking you questions (contact names and addresses, tax and shipping information, and so on) the store creator wizard creates a Webstore suited to your preferences. The 'Store Manager' can then be used to enter detailed product information, pricing structures, inventory information, product images, and so on. A forms-based structure can be used to create additional commands. Up to five

'pipelines' hold the key to the execution of rules as per the selected business model, and using the pipeline editor, users can modify programming code to alter any aspect of business (shipping rates, tax rates, processing charges etc.)

Working in conjunction with Microsoft BackOffice and its development tools, Site Server is a good scalable option that provides a sufficient number of basic templates to get you started with your Web



Music Boulevard: One of the big success stories on the Web

store. A 'Site Builder wizard' provides over a dozen screens where the user can choose options for his Web site—from the visual/design aspect to the desired feature set. The basic Webstore created by Site Server includes most of the core features, but a fair bit of programming expertise is need-

ed to get the best out of Site Server. The application offers strong site-analysis and report-generation capabilities.

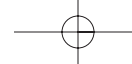
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**The low-priced option**

Everyone does not want, or need, a Microsoft Site Server to build their shop on the Web. Many applications allow businesses to get online with a minimum of cost, fuss, and complexity. Take, for example, ecBuilder from Multiactive Software Inc. This application costs less than Rs 5,000 and lets you build your online store in 11 simple steps. You select from 30 design templates (all with multiple colour options), enter product information (you will have to do it manually as ecBuilder cannot import tabular data from other applications), and you are in business! Web Business Builder from IMSI, and Online Merchant Gold from Alpha Software are two examples of



## The 10 commandments of conducting business online

1 Choose your ISP with care. Now that you do have a choice go for one who offers the best deal. All ISPs are not equal when it comes to allocating bandwidth, and filtering spam, both of which are important points for an online business to consider.

1 The Internet gives you something unique a direct sales channel to your customers, without the intermediaries. Leverage this feature. Reduce costs for customers where possible. They will love you for it, and what you loose in margins, you can make up in volumes.

1 Get into a niche market if possible. Do not try to be everything to everybody. You probably cannot compete on prices with that grocery shop in the corner, so don't even try. Choose a product which is not readily available physical markets in your city (European folk music? Imported chocolates? Exotic vegetables?), and develop that niche.

1 Watch out for production values. Customers are not fools. No one would like to buy a product from a tacky, amateurish-looking site. Put lots of time and effort while designing your storefront. On the Web (as anywhere else), appearances count. You might be running an excellent business, but if the site does not reflect that, your efforts are likely to go down the drain. Make sure your site looks good, and is easy to navigate.

1 Do not intimidate visitors by formalities. Some sites want prospective buyers to spend half-an-hour filling up forms, and then expect them to remember inane usernames and passwords. More often than not, the Internet generation, with its short attention span, will simply leave, if



it finds your Webstore more trouble than it is worth.

1 Make sure the right technology goes into your site. Things like Active Server Pages may be all the rage, but remember that dynamically generated Web sites are not indexed by many search engines. The same applies to images. While large, colourful product images enhance design element, they can take too long to load and you will loose customers.

1 If you are taking your business online, be serious about it. Maintain a proper inventory of products. Put all company details on the site (phone/fax numbers, address, company profile, and so on). This might seem rather obvious, but you would be surprised how many people ignore this aspect. Assure

customers that they are buying from a real company that means business.

1 Respond fast. Send a thank-you mail as soon as you get an order, and then make sure you deliver on time. Customers want their buys to be delivered to them as soon as possible. Make sure your courier service is efficient. If it is taking you a week to deliver a six-pack of music CDs, you might as well as forget it.

1 Use keywords and phrases that people are likely to search for, when looking for the product categories which you intend to stock. Use these phrases and catchwords as often as possible in your site, which will make your site more visible to search engines. While participating in banner exchange programs is a good thing, there is no point in getting 5000 hits a day if you are not taking those hits to the bank. Place your

banner ads on sites which are likely to be visited by serious buyers.

1 Look alive! There must be a certain air of bustle on your storefront. Occasional change of display (which means a redesign) and rearranging of items would be interpreted by most customers as a healthy sign of activity, and would go a long way towards building confidence.

applications in the same price/performance range that get the job done reasonably well, as long as you don't get too ambitious.

Some 'Online solutions' let the user create an entire storefront on the Web. IBM's HomePage Creator for a one-time setup fee of \$25, and the same amount to be paid as monthly fees, gets your Webstore, five Web pages, 12 catalog items, 3 MB of storage space, and 40 MB of bandwidth. Other applications, like Yahoo! Store, iCat Commerce Online, and Virtual Spin Internet Store accomplish much the same, but unless you have access to a credit card which is valid in USA, these applications are not of much use to you.

### Where do you want to sell tomorrow?

The only major difference between hi-end and low-end solutions is that the former allow tight control over the content and also the overall site architecture, data-reporting and analysis, site-management, and real-time payment processing. However, everybody does not need the kind of firepower that the best (read expensive) Web Storefront building applications offer. Ultimately, the choice might be forced by the kind of programming talent you have (or which you can afford to hire), and the product you plan to sell.

Also, do not ignore the legal aspects—e-commerce is still new and laws are yet to

be formulated for its governance. In India, sites like Rediff on the NeT already allow users to place orders via a credit card, while some other sites allow the user to place their order online, but process those transactions offline. With the imminent formulation of laws specific to e-commerce, it would become safer and more viable to add real-time transaction processing to your Webshop.

Regardless of the small stumbling blocks, e-commerce is here to stay. To succeed on the Net, you must forge ahead and help shape this new medium of commerce. The time to establish a business presence on the Web, is now.

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