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### **Question 1,**

As computers become faster and cheaper and the internet becomes more widely used, most of the problems we have with information Systems will disappear. Do you agree? Why or why not?

Yes, as computers become faster and cheaper together the internet becomes more widely used, most of the problems we have with information systems will disappear. This statement was agreed because the common problems that we have can be overcome by cheaper and faster computers with increasing numbers of internet users.

The major problems of information systems are; the information published or thrown out to public does not reach them properly. This situation makes a business hard for itself to develop their information system. For example, if a business wants to promote their new product, then they will definitely take time for developing the right channel to advertise in purpose of informing the public about their product. This will some times takes more than a week for them to decide which the best channel is and then they will publish it. For example, if they chooses Newspaper as their media to publish information about the new product. The information will reach only a small amount of people because many of the newspaper readers do not concentrate on the advertisement but their focus is only the news and upcoming events. Therefore, the business might lost some of their potential customers. This problem is now overcome by faster and cheaper computers with increasing internet users. Now the business can easily put their advertisement of the new product and targets the internet users which are their potential customers. The online advertisement which is information published by the business will definitely reach the internet end-user. This promises the business to reach their customers much faster than before.

Else than that, previously the computer was costly and many people do not afford to pay for it. This can be said as lack of capability to access the information. They need minimum of RM 5,000 to get a computer and internet service. This was the biggest problem of people, “the

money”. But now, a computer getting cheaper and encourages more people to buy and use the computers. Therefore, they will be glad to buy a computer and access the information that they wanted using internet. This promises them to be catching with the information system technology at a cheap affordable price which is reasonable for all the peoples.

Another problem which can be discussed is, people unable to get connected to the information due to lack of internet knowledge. But now, this problem is also being overcome as many peoples are using and getting started to boost their daily life with internet usage. Even, it is the fact that all villages in Malaysia now have the internet connectivity and they can surf the internet. Nothing to be surprise if tomorrow our grand father and grand mother walks into our house and surf the internet without asking us “what is internet?”. The increasing number of internet users knocked out this problem from information system. The more people surf the internet, the more useful the information systems will be.

Those problems disappear as computers get cheaper and faster and internet users increasing. By cutting out those problems more advantages being added to information systems technology. Once the problems walk out, the benefits will walk in. The benefits or advantages of cheaper and faster computers and higher internet user are;

First advantage is easy way of communicating. People can now communicate with each other using computers and internet. This way of communications are proven effective whereas a document can be send from one side of the world to another side of the world through Electronic Mailing which is now famously called as “Email”. This emailing technique is often used by the businesses to send E-Brochures to their customers. Each time they introduce a new product into market or do any promotions on a product, the customers will be emailed informing about this.

Next advantage is for businesses whereas they can provide faster customer service. A customer will be happy not only if the product meets a good quality, but his or her satisfaction and happiness of purchasing is also judged by how fast the customer service of the company is. A business must be ready to answer before the customer asks. This advantage opportunity was

nicely adopted and implemented by the “Digi Telecommunications”. They launched OCS which stands for Online Customer Service. The classic way of customer to know their current status or enquiry about something, they need to call Digi Customer Service Call Centre and wait for long to be connected to their representation so the customers can ask their questions or request to change their current status. But now, this made simpler and easier with OCS whereas the customer no need to call and wait, they just need to login to their OCS at Digi website, [www.digi.com.my](http://www.digi.com.my) and they can view their current status. They are also given option to change their status or features. This Online Customer Service, OCS has given the customer more trust on Digi and encourages them to continue doing business with Digi Telecommunications.

Besides that, it is cheap to collect resources and information. Previously, for a person to know who is the Managing Director of a company, need to go to the company’s office and collect the information him self by asking to the staff working at the company. This will waste time, money and traveling energy of the person. But now, no longer the problem will exist as the internet is widely used. The person can now simply click to the company website and collect the information he or she wanted from the website it self. Most of the companies now day have their own corporate website where they publish information regarding their company for the public or customers to refer.

Furthermore, the development of this information systems technology enables massive information to be available widely. After all, the Information Systems Technology means providing information and getting information effectively from one to another. And the development of this had enabled us to do more by providing and giving more information.

These advantages drive into one route which is the business development. Computer getting cheaper and faster while numbers of internet users are increasing brings to business development. This is a key point for boosting up online sales and marketing. For example, the website [www.flowers.com.my](http://www.flowers.com.my) refers to a company which is majoring on Florist Business. The do

collect their orders and payments through online and supplies the flowers as they promise in their website. Sounds like shopping from home? Yes. This is all the online sale is about.

The conclusion is, faster and cheaper computers and widely used internet can solve most of the problems we have with Information Systems and brings a lot of advantages for the businesses and computer users. The faster and cheaper computers help the business or individual to be up-to-date with the recent technology development. On the other hand, increasing number of internet users promising information systems to move more advance and reaches more people.

## **Question 2,**

Name and describe the various types of electronic commerce. Describe the management challenges posed by e-commerce and suggest some solutions.

Electronic commerce refers to situation where a commerce activity or trading is done electronically, maybe through Online using internet. The activity can be buying, selling, giving or taking and any sort of transaction which involves money virtually as payment. Buying something through internet and transferring money to the seller, the money transaction is not visible as the money straight away goes to the seller's account and we handing over the money to him by meeting him.

There are various types of E-Commerce. Those are Business-to-Business, Business-to-Consumer, Consumer-to-Business, Consumer-to-Consumer, Business-to-Employee, Government-to-Government, Government-to-Employee, Government-to-Business, Business-to-Government, Government-to-Citizen, Citizen-to-Government, and others. The most famously practiced e-Commerce types are Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Business (C2B), and Consumer-to-Consumer (C2C).

The Business-to-Business (B2B) is where the commerce or trading happens between businesses electronically. This situation can be commonly seen between two companies where as the manufacturer and distributors. They will be buying and transacting electronically. The situation can be illustrated like this; a manufacturer of Product A sells his product online. The distributor purchases the product A through online using the manufacturer's website. Then the distributor pays for the Product A through online also which is by using e-Banking. The distributor had placed the order for the Product A and had pay for it. These both happen electronically. He ordered online and he paid online. The Business-to-Business transaction is complete here. They had implement and practice B2B type of e-Commerce. This happens in most giant companies to trade between themselves.

The living example can be exemplified using the famous e-Commerce website which is Amazon.com. This Amazon.com is actually a book store. They are known as the Best Online Book Store. The primary task of them is to sell books. Their business developed well as they had implemented the Business-to-Business e-Commerce method. The dealers can buy the book in bulks from Amazon.com and they will sell it at their premises. This sound weird, why does a book store buys from another online book store? It is simple, because the B2B e-Commerce makes the transaction between the companies to be smooth and steady. Therefore, indirectly purchasing in bulk as dealers or distributors from Amazon.com promises them a cheap rate for books. This is a good development for both of the business parties. In this transaction, no one lose and no one wins. They both deserve the same by using eCommerce. This benefits them both.

Besides that, Business-to-Consumer (B2C) is the most widely practiced e-Commerce type. But anyway, they are not as profitable as the Business-to-Business e-Commerce. Because in B2B, the businesses are placing the orders in bulk while in B2C, the consumers will commonly place only one order for each of them for each item. This will only generate low revenue for the businesses. But yet there is still some companies are majoring in this concept of commerce. The example can be Amazon.com.

The Amazon.com is already discussed above that there are focusing of books sales. This Amazon.com, up to date had announced that they do not have any static shop. They do not have any book store premises else than the online book store “Amazon.com”. This is something amused by all the people. Because Amazon.com is the top choice for all internet users to buy books and the wonder is, the Amazon.com owners do not own their own book shop such as the “Popular Book Shop”. At the beginning of the website Amazon.com, most users were worried about trusting the website as they don’t have their own book store. But now, the fact that we are facing is, the Amazon.com is the “Best Online Books Selling Website”. They succeed to this stage only because they believe and trusted heavily on Business-to-Customer type of e-Commerce.

To be simpler, a local firm which is operating in Malaysia can be taken as example who implemented this B2C e-Commerce. The company website is [www.flowers.com.my](http://www.flowers.com.my). The website URL it self explains on what business they are doing. This local website focuses on B2C e-Commerce. Their business is one, which is selling flowers. Yet they make it more complicated by using website taking the customers order and accepting the payment online through [Maybank.com.my](http://Maybank.com.my), VISA card, and MasterCard credit card instant online payment services. The thing to be surprise is, the company is operating whole over Malaysia and only having one single website, [www.flowers.com.my](http://www.flowers.com.my) to collect orders from whole over the world. The receive order not only from Malaysia, but from all countries. And their service restriction is, they only delivery within Malaysia. For example, lets say I am currently working at United States, and my girl friend in Malaysia is having her birthday, I could fly over to Malaysia and give her the flowers and gift. So I will just simply go to website [www.flowers.com.my](http://www.flowers.com.my) and order a flower for my lovely princess and pay using my MasterCard. Then, immediatly the administrator of the website will complete my order by delivering the flowers to my girl friend's door step. This type of e-Commerce actually benefits both of the customers and businesses. How and why? Simple, first is, I am saving my time where I no need to walk to the shop. Second, I am saving my traveling cost whereas I just sit in-front of my computer and make the orders and do the payments. For the business side, they safe administration cost whereas they no need to set up a shop. They just need to set up a website which will cost around RM 5,000 to RM 10,000. This is better choice than setting up a shop.

The B2C type of e-Commerce actually based on the business 'website'. The website owner is the business owner while the website visitor is the potential customers. The business owner will display his goods and services in the website. And the visitors need to surf through the website and select the goods and services that they want and place a order. Then do the payment to complete the orders. Almost everything can be purchase online, from wearing clothes until traveling tickets. B2C simplifies both of customer and business.

Going to the next type of e-Commerce, the Consumer-to-Business (C2B). This is nothing much else than the reverse manner of B2C. How? It is like this, in B2C, the business will publish on website on what they have to sell customers. And in this C2B, the customers will publish on what they want to buy from sellers. This might sound confusing. But, this is easy. Let's take an example; I want to buy a mobile phone. I have my own idea on what phone that I am going to buy. Let's assume that I am planning to buy a Sony Ericsson model mobile phone. All I need to do is, publish the information to online. I login to marketplace website and I upload my information, I write there that I want to buy a Sony Ericsson Phone and write some spec of the phone that I am planning to buy together with my budget, I will write the maximum that I am willing to pay for the phone. Then, some phone shop owners will login to the same website and see through the entire placed purchase proposal. If there is some phone seller who effort to sell me the Sony Ericsson phone for the price that I demanded, then the seller will pick me to complete my demand of sale. He will contact me and inform me that he can sell the phone to my demanded price and I will pay him through online. Then he delivers the Phone to me.

Honestly, this type of e-Commerce is not mainly preferred in our country Malaysia. There is no visible website who providing this service in Malaysia. Comparing to the US and Europe marketplace, they use Elance.com website to publish their demand. They called it 'posting project' whereas the customer will publish on what they want. And the sellers will 'pick the project' to complete the sales at the customer's demanded price. For us, this type of e-Commerce sound to be complicated and we Malaysian avoid practicing this C2B e-Commerce. But there is some people still using it in Malaysia. We do not have our own website to publish the projects. But we do publish our demand and price at public forums websites. For example is lowyat.net. The website is actually a forum type of website. They have one section called "Trading Zone". And if we happen to log in there, we can see all people, mainly Malaysians are practicing C2B. They will publish there what product or service they want to buy and their budget. And those sellers who want to complete the demand can pick up the orders.

The next famous e-Commerce type is Customer-to-Customer (C2C). In this type of e-Commerce, we can see nothing else than the customers themselves. No entry for middleman or business owners. This actually can be said as classified and auction type of commerce. The different is, we doing it electronically. Famous mode for classified is the newspapers services. And for this e-Commerce classified, the famous mode is classified websites. The classified is same as an auction service. We have discussed before about people buying online. Then, how about people selling online? Yes, we solved the puzzle. People sell online through online classified and online auction websites.

Alright, here is an example. Let's assume that I have a watch to sell. But I am not business people to set up a website at cost of RM 5,000 to sell this watch which will probably around RM100. So, I cannot use B2C type. I use C2C type by placing an auction online. Based on my knowledge, there are currently two major website which playing best role in free online auctioning for Malaysians. Those are; [www.lelong.com.my](http://www.lelong.com.my) ([www.buysell.com.my](http://www.buysell.com.my)) and [www.ebay.com.my](http://www.ebay.com.my).

The [lelong.com.my](http://lelong.com.my) is the first Malaysia Free auction website which being the Best Malaysian Auction website until today. On the other hand, the [Ebay.com.my](http://Ebay.com.my) is actually subsidiary of [Ebay.com](http://Ebay.com). [Ebay.com](http://Ebay.com) is Best auction website for US and Europe people while they recently launched [Ebay.com.my](http://Ebay.com.my) for Malaysian. But until today, they still did not able to take over the position of [lelong.com.my](http://lelong.com.my) which is being primary option for Malaysians to place online auctions.

Talking about this online auction which is C2C type of e-Commerce, we can conclude one simple thing that the buyer of a product will definitely sell it again in the future. When the time arrives, this auction website plays their important role. The seller will be the person who bought the product previously and the buyer are the person who currently interested to get it and pay for it. The seller will publish information regarding the goods that he interested to sell while the buyer will surf through and select any product to buy if he is interested on it.

Those were just some types of e-Commerce. As we all know, there is nothing without problems in this world. All things definitely will come to one junction which is 'problem'. And it is important for me to mention about some problems which commonly take place in this e-Commerce. Previously, I mentioned about displaying goods for sell, choosing it to buy, pay for the selected or interested goods or services, and finally receive the goods or services. Now, what are the barriers? What is the problem? The e-Commerce sounds very easy but why there are lots of people avoiding e-Commerce?

The answers are the problems. In one single e-Commerce transaction, we will face problem of trusting the seller, security that we have on the transaction, reliability of the e-Commerce service and the involving cost. I will explain one by one more detailed.

First one which I mentioned above is, trusting the seller. Yes, is the seller is right regarding him business? We discussed about Amazon.com, is the seller trustable? Because you going to pay money in advance. This is the main problem, in some sales; we need to pay first before receiving the goods. And there are chances for you to be cheated, you pay for the goods, but you don't receive the goods. If you question the seller, then the seller will reply you saying 'we already send your order sir'. This will be so disappointing for us. My suggestion for this type of problems is, always do trading with only trustable companies like giant companies. Because the giants won't cheat customers for money, they care for customers better than the way they care for the money. The giant means straight away with the manufacturer and not the distributor. For example, if you want to buy a Canon Printer, just go to Canon official website and place your order. Don't go to any Canon distributor's website as it may be a fake distributor. One you have placed the order at official Canon website, they will automatically forward your order to local Malaysian distributor who is their Malaysian Legal Distributors. You chance to be cheated is less. And for those who want to trade with doubtful businesses or people, then the better choice is "Safe-Trade". This safe-trade was introduced mainly by online auction website. It is safe. Let's assume that we want to buy a gift in auction such as lelong.com.my. And we have selected the

goods. Then we choose safe-trade. In safe-trade, you no need to pay the seller in advance. But, you pay the Auction Company in advance. This means, you pay to lelong.com.my. And the seller will transit the goods to you. All you need to do is, confirm that you received the goods from the seller perfectly. Then, immediately the lelong.com.my will pay the seller. They are just the safe-keeping person. This is easy. It will be very hard to choose a trustable seller. So, just select a trustable auction company. Like I discussed before, the lelong.com.my and ebay.com.my are trustable auction companies.

Second problem is the security of transaction. The transaction here means the payment method and how far it is safe. We know that we need to pay online for the goods that we purchased online. The common method to pay online is by using Credit Card. To use a credit card to pay online, we need to upload some information of our Credit Card such as the card number, card pin, and card expiry date. The security must be in place before you can relief this high-privacy information. Otherwise, the seller might collect your card information and he misuse it by buying a lots of goods using your credit card information and you are the one going to be liability for his purchases. My suggestion to solve this problem is, don't upload the credit card information to a website which do not have security. The online system has multiple security layers which are called SSL. Previously, people were using SSL4. But now, we are using SSL5. This means there is 5 Layer of Security and our credit card information is promises to not be seen by any system intruders. Only do trading at website which had security level of SSL5.

Third problem is the reliability of the business which we are trading with. Online companies do not reliable for long else than the giants. We need to be very concern about the reliability of the company that we are trading with. For example, lots of online auctions websites are out there. We need to be really choosy on selecting the right and reliable auction website which we are going to do trade with. My suggestion is, always avoid doing auctions or trading at the website which is not reliable or not widely known. If a new website rises saying that they are selling something online, we should not do business with them until we know they are reliable.

The final management challenge is the cost. This is the biggest problem of all. Everything now days involves in cost. Buying, selling, giving, taking, sending, and receiving will always have a cost on it. We need to care about the cost before getting into e-Commerce. As I said before, to set up a B2C e-Commerce website, the business needs at least RM 5,000 to develop the website. This is the cost of it. The management must first judge if this amount can be paid by them and how much it is worth for the business itself. Setting up an e-Commerce website for that cost can be, but is it really worth? It can be said as worth if the amount of customers who uses the website and benefit them more than that cost. Judging the cost worth or not is also responsibility of a customer. If a customer wants to buy a product for the price of RM10, then he need to know that there is an additional charge of another RM10 for the delivery charges. So, overall he needs to spend RM20 to buy the product which cost only RM10 if he walks to shop and get it. Furthermore, there will be additional charges also to make a payment for orders. Lets assume that we want to buy a product which cost RM 1000. And we pay for it using our credit card. At the end of it, we will notice that we were charged RM 1050 by the credit card. Why? Because there is also a cost to make payment whereas the credit card company will charge extra 5% interest on the product that we purchases. We need to consider all this chargers before deciding to buy a product online.

The conclusion is, e-Commerce is nothing more than selling, buying, and paying online. It is just about trading online. This trading can be between businesses and customers or any other related parties. And there are many management challenges and problem in e-Commerce. A business or customer need to be very careful when trading online in term of e-Commerce can be very unsafe and tricky until they are lots of fake traders available out there. This e-Commerce will be the future style of trading as it is easy and simple for everybody.

**Soft Copy,**

The soft copy is attached in a Compact Disc (CD) below.

It includes reference document and articles which was collected from varies source with the motive of completing this assignment.