

Chapter 5: Emerging Modes of Business

EXERCISE 1 [PAGES 108 - 110]

Exercise 1 | Q 1.1 | Page 108

Select the correct option and rewrite the sentence.

For Online transactions _____ is required.

1. **registration**
2. trading
3. business

SOLUTION

For online transactions, registration is required.

Exercise 1 | Q 1.2 | Page 108

Select the correct option and rewrite the sentence.

The term 'e-business' is derived from the term _____ and e-commerce.

1. Cash
2. e-pay
3. **e-mail**

SOLUTION

The term 'e-business' is derived from the term e-mail and e-commerce.

Exercise 1 | Q 1.3 | Page 108

Select the correct option and rewrite the sentence.

The transactions under _____ are between consumers and consumers.

1. B2B
2. **C2C**
3. B2C

SOLUTION

The transactions under C2C are between consumers and consumers.

Exercise 1 | Q 1.4 | Page 108

Select the correct option and rewrite the sentence.

The process of contracting a business function to someone else is called as _____.

1. **outsourcing**
2. trading
3. e-business

SOLUTION

The process of contracting a business function to someone else is called outsourcing.

Exercise 1 | Q 1.5 | Page 108**Select the correct option and rewrite the sentence.**

In online shopping customers put the product in the _____.

1. shopping mall
2. **shopping cart**
3. shopping bag

SOLUTIONIn online shopping, customers put the product in the **shopping cart**.**Exercise 1 | Q 2 | Page 109****Match the pairs:**

Group 'A'	Group 'B'
A) E-business	1) Consumer to consumer
B) B2C	2) Exist everywhere
C) Outsourcing	3) First step
D) Digital cash	4) Business to Consumer
E) Registration	5) Electronic business
	6) BPO
	7) RTO
	8) Efficient business
	9) exist only in cyberspace
	10) Last step

SOLUTION

Group 'A'	Group 'B'
A) E-business	5) Electronic business
B) B2C	4) Business to Consumer
C) Outsourcing	6) BPO
D) Digital cash	9) exist only in cyberspace

E) Registration	3) First step
-----------------	---------------

Exercise 1 | Q 3.1 | Page 109

Give one word/term/phrase for the following sentence.

The stage where the goods bought are delivered to the customer.

SOLUTION

The stage where the goods bought are delivered to the customer. - **Delivery stage**

Exercise 1 | Q 3.2 | Page 109

Give one word/term/phrase for the following sentence.

The term derived from the terms of e-mail and e-commerce.

SOLUTION

The term derived from the terms of e-mail and e-commerce. - **e-business**

Exercise 1 | Q 3.3 | Page 109

Give one word/term/phrase for the following sentence.

The transaction which is done with the help of the internet.

SOLUTION

The transaction which is done with the help of the internet - **online transactions**

Exercise 1 | Q 3.4 | Page 109

Give one word/term/phrase for the following sentence.

The first step in an online transaction.

SOLUTION

The first step in an online transaction. - **Registration**

Exercise 1 | Q 3.5 | Page 109

Give one word/term/phrase for the following sentence.

The process of contracting a business function to specialized agencies.

SOLUTION

The process of contracting a business function to specialized agencies. - **outsourcing**

Exercise 1 | Q 3.6 | Page 109

Give one word/term/phrase for the following sentence.

A subset of outsourcing.

SOLUTION

A subset of outsourcing. – **BPO**

Exercise 1 | Q 3.7 | Page 109

Give one word/term/phrase for the following sentence.

Sub-segment of BPO

SOLUTION

A subset of outsourcing - **KPO**

Exercise 1 | Q 3.8 | Page 109

Give one word/term/phrase for the following sentence.

One of the value-added BPO service which involves legal work.

SOLUTION

One of the value-added BPO service which involves legal work. - **LPO**

Exercise 1 | Q 4.1 | Page 109

State with reasons whether the following statement true or false.

It is easy to set up e-business as compared to traditional business.

1. **True**
2. False

SOLUTION

It is easy to set up e-business as compared to traditional business : **True**

Explanation:

Yes, the statement is correct. E-business is easy to set up compared to traditional business because of the following reasons:

- 1) E-business is easy to start, as physical facilities are not required. For setting up e-business, all you need is one computer with the internet facility.
- 2) It does not require a host of procedures for the formation and working that are usually required in traditional forms of business.

Exercise 1 | Q 4.2 | Page 109

State whether the following statement is true or false.

The term e-business is derived from the term e-mail and e-commerce.

1. **True**
2. False

SOLUTION

The term e-business is derived from the term e-mail and e-commerce. - **True**

Exercise 1 | Q 4.3 | Page 109

State whether the following statement is true or false.

E-business allows you to work across the globe in any field.

1. **True**
2. False

SOLUTION

E-business allows you to work across the globe in any field. - **True**

Exercise 1 | Q 4.4 | Page 109

State whether the following statement is true or false.

LPO stands for legal product outsourcing.

1. True
2. **False**

SOLUTION

LPO stands for legal product outsourcing - **False**

Exercise 1 | Q 4.5 | Page 109

State whether the following statement is true or false.

KPO requires advanced analytical and technical skills.

1. **True**
2. False

SOLUTION

KPO stands for legal product outsourcing. - **True**

Exercise 1 | Q 4.6 | Page 109

State whether the following statement is true or false.

With the help of outsourcing, the company cannot focus on the core areas.

1. True
2. **False**

SOLUTION

With the help of outsourcing, the company cannot focus on the core areas. - **False**

Exercise 1 | Q 5.1 | Page 109

Find the odd one.

1. BPO
2. **RTO**
3. LPO
4. KPO

SOLUTION

BPO, RTO, LPO, KPO - **RTO**

Exercise 1 | Q 5.2 | Page 109

Find the odd one.

1. B2B
2. B2C
3. **A2Z**
4. C2C

SOLUTION

B2B,B2C,A2Z,C2C - **A2Z**

Exercise 1 | Q 5.3 | Page 109

Find the odd one.

1. Debit card
2. Credit card
3. **Aadhar card**
4. ATM card

SOLUTION

Debit card, Credit card, Aadhar card, ATM card. - **Aadhaar card**

Exercise 1 | Q 6.1 | Page 109

Complete the sentence.

E-business is an abbreviation for_____.

SOLUTION

E-business is an abbreviation for **electronic business.**

Exercise 1 | Q 6.2 | Page 109

Complete the sentence.

The term e-business came into existence in the year _____.

SOLUTION

The term e-business came into existence in the year **1997** .

Exercise 1 | Q 6.3 | Page 109

Complete the sentence.

E-business means using the _____ to connect people and process.

SOLUTION

E-business means using the **Internet** to connect people and process.

Exercise 1 | Q 6.4 | Page 109

Complete the sentence.

E-business is _____ of e-commerce.

SOLUTION

E-business is **Superset** of e-commerce.

Exercise 1 | Q 6.5 | Page 109

Complete the sentence.

E-commerce is _____ of e-business.

SOLUTION

E-commerce is a **Subset** of e-business.

Exercise 1 | Q 6.6 | Page 109

Complete the sentence.

The process of contracting a business function to specialized agencies is known as _____.

SOLUTION

The process of contracting a business function to specialized agencies is known as **Outsourcing**.

Exercise 1 | Q 7 | Page 110

Select the correct option and complete the table.

(Business to Business, First step, e-commerce, payment mechanism, e-business)

	Group A	GroupB
A)	Registration	_____
B)	Superset of e-commerce	_____
C)	_____	Last step
D)	Subset of E-business	_____
E)	_____	B2B

SOLUTION

	Group A	Group B
A)	Registration	<u>First step</u>
B)	Superset of e-commerce	<u>E-business</u>
C)	<u>Payment mechanism</u>	Last step

D)	Subset of E-business	<u>E-commerce</u>
E)	<u>Business to Business</u>	B2B

Exercise 1 | Q 8.1 | Page 110

Answer in one sentence.

What is E-business?

SOLUTION

E-business means using the internet to connect people and process. E-business establishes more closer and responsive relationship with partners, employees, and suppliers.

Exercise 1 | Q 8.2 | Page 110

Answer in one sentence.

What is outsourcing?

SOLUTION 1

Outsourcing is the process of contracting a business function or any specific business activity to specialized agencies mostly the non-core areas such as sanitation, security, household pantry, etc. are outsourced by the company. The company makes a formal agreement with the agency.

SOLUTION 2

Outsourcing is the process of contracting some business functions to specialized agencies. The company benefits in two ways.

1. It reduces its own cost
2. It uses the expertise of the firm which specializes in a particular kind of service.

Exercise 1 | Q 8.3 | Page 110

Answer in one sentence.

What is Online Transaction?

SOLUTION

Online transaction is done with the help of the internet. It can't take place without a proper internet connection. Online transactions occur when a process of buying and selling takes place through the internet.

Exercise 1 | Q 8.4 | Page 110

Answer in one sentence.

What is a shopping cart?

SOLUTION

The shopping cart gives a record of all the items selected by the buyer to be purchased, the number of units or quantity desired to be bought per item selected, and the price for each item.

Exercise 1 | Q 8.5 | Page 110

Answer in one sentence.

What is digital cash?

SOLUTION

Digital Cash is a form of electronic currency that exists only in cyberspace and has no real physical properties, but offers the ability to use real currency in an electronic format.

Exercise 1 | Q 8.6 | Page 110

Answer in one sentence.

What is BPO?

SOLUTION

Business process outsourcing or BPO is a business practice in which one organization hires another company to perform a task (process) that the hiring organization requires to operate its own business successfully.

Exercise 1 | Q 8.7 | Page 110

Answer in one sentence.

What is KPO?

SOLUTION

KPO is the sub-segment of BPO, in which the outsource service provider is hired not only for its capacity to perform a particular business process or function but also to provide expertise around it.

Exercise 1 | Q 8.8 | Page 110

Answer in one sentence.

What is LPO?

SOLUTION

LPO is a type of KPO that is specific to legal services, ranging from drafting legal documents, performing legal research to offering advice.

Exercise 1 | Q 9.1 | Page 110

Correct the underlined word and rewrite the following sentence.

E-business is hard to start.

SOLUTION

E-business is easy to start.

Exercise 1 | Q 9.2 | Page 110

Correct the underlined word and rewrite the following sentence.

There are five stages of online transactions.

SOLUTION

There are three stages of online transactions.

Exercise 1 | Q 9.3 | Page 110

Correct the underlined word and rewrite the following sentence.

Registration is the Last step in online transactions.

SOLUTION

Registration is the first step in online transactions.

Exercise 1 | Q 9.4 | Page 110

Correct the underlined word and rewrite the following sentence.

Digital cash is a form of plastic currency.

SOLUTION

Digital cash is a form of Electronic currency.

Exercise 1 | Q 9.5 | Page 110

Correct the underlined word and rewrite the following sentence.

KPO includes less knowledge-based and specialized work.

SOLUTION

KPO includes more knowledge-based and specialized work.

Exercise 1 | Q 10.1 | Page 110

Arrange in proper order.

Purchase or sale / Delivery stage / Pre-purchase or sale.

SOLUTION

Pre-purchase /sale, Purchase/sale, Delivery stage

Exercise 1 | Q 10.2 | Page 110

Arrange in proper order.

Placing orders, Cash on delivery, Registration

SOLUTION

Registration, Placing an order, Cash on delivery

EXERCISE 2 | PAGE 110

Exercise 2 | Q 1 | Page 110

Explain the following term/concept.

E-business

SOLUTION

The term 'E-business' i.e electronic business is derived from the terms of e-mail and e-commerce.

E-business or electronic business is the administration of conducting business via the internet.

This would include the buying and selling of goods or services, along with providing technical or customer support through the internet.

Exercise 2 | Q 2 | Page 110

Explain the following term/concept.

B2B

SOLUTION

B2C transactions have business firms at one end and its customers on the other end.

The transactions under B2C are between business firms and consumers. Firms use their sites for a range of marketing activities.

Exercise 2 | Q 3 | Page 110

Explain the following term/concept.

B2C

SOLUTION

B2C transactions have business firms at one end and its customers on the other end.

The transactions under B2C are between business firms and consumers. Firms use their sites for a range of marketing activities.

Exercise 2 | Q 4 | Page 110

Explain the following term/concept.

C2C

SOLUTION

Consumer to consumer (C2C) involves the electronically facilitated transactions between consumers through some third party. Common consumers post an item for sale and other consumers bid to purchase it. The sites are only intermediaries, just to match the consumers.

Exercise 2 | Q 5 | Page 110

Explain the following term/concept.

Outsourcing

SOLUTION

Outsourcing is the process of contracting some business functions to specialized agencies. The company benefits in two ways.

1. It reduces its own cost.
2. It uses the expertise of the firm which specializes in a particular kind of service.

Exercise 2 | Q 6 | Page 110

Explain the following term/concept.

BPO

SOLUTION

BPO is a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider. BPO refers to the outsourcing of peripheral activities of the organization to an external organization to minimize cost and increase efficiency.

Exercise 2 | Q 7 | Page 110

Explain the following term/concept.

LPO

SOLUTION

LPO is a type of KPO that is specific to legal services, ranging from drafting legal documents, performing legal research to offering advice. LPO refers to the practice of a law firm or corporation obtaining legal support services from an outside law firm or legal support services company. LPO is a high-end industry that has been growing rapidly in recent years.

Exercise 2 | Q 8 | Page 110

Explain the following term/concept.

KPO

SOLUTION

KPO is the sub-segment of BPO, in which the outsource service provider is hired not only for its capacity to perform a particular business process or function but also to provide expertise around it. KPO is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization. Which may be in the same country or in an off shore location to save cost.

EXERCISE 3 [PAGES 110 - 111]

Exercise 3 | Q 1 | Page 110

Study the following case/situation and express your opinion.

Abhay purchases some gift articles online from www.flipkart.com. At the same time, Sheetal purchased a gift from e-bay.com.

- i. Which website is related to C2C?
- ii. Which website is related to B2C?
- iii. What first step does Abhay need to follow?

SOLUTION

- i. E Bay.com website is related to Consumer to Consumer (C2C).
- ii. www.flipkart.com website is related to Business to Consumer (B2C).
- iii. Before online shopping. Abhay has to register with the www.flipkart.com by filling up a registration form. Registration is the first step in online transactions. Abhay needs to login a particular website to buy particular gift articles.

Exercise 3 | Q 2 | Page 111

Study the following case/situation and express your opinion.

Satvik purchases a watch from Titan shop and his friend Shambhavi purchases a watch from online shopping sites.

- i. Which shopping is from a traditional business?
- ii. Which shopping is from e-business?
- iii. Which business involved high risk?

SOLUTION

- i. The purchase of a watch by Satvik from Titan shop is an example of traditional business.
- ii. The purchase of a watch by Shambhavi from an online shopping site is an example of e-business.
- iii. e-business i.e. purchase of a watch from online shopping sites involves high risk as there is no direct contact between Shambhavi and the e-business owners.

Exercise 3 | Q 3 | Page 111

Study the following case/situation and express your opinion.

Mr. Ved made his payment by cheque at the same time Mr. Shlok made his payment by fund transfer.

- i. Whose payment is faster?
- ii. Whose payment is related to traditional business?
- iii. Whose payment is related to e-business?

SOLUTION

- i. The payment made by Mr. Shlok by fund transfer is faster than the payment made by Mr. Ved through cheque.
- ii. The payment made by Mr. Ved by cheque is related to traditional business.
- iii. The payment made by Mr. Shlok by fund transfer is related to e-business.

EXERCISE 4 [PAGE 111]

Exercise 4 | Q 1 | Page 111

Distinguish between.

Traditional business and E-business.

SOLUTION

Point of distinction	Traditional business	E-Business
1. Formation	A traditional business takes a lengthy and complicated procedure to form	E-Business is easy to form
2. Setting up cost	It takes huge capital in order to setup	It takes a very nominal cost
3. Risk involved	Less Risk involved as parties have personal interaction.	High risk involved as there is no direct contact between the parties
4. Scope of business	Traditional business is limited to a particular area so the scope is limited.	E-business covers the entire world and so the scope is vast
5. Customer interaction	Face to face interaction is possible	In E-business, there is an absence of face to face interaction.
6. Physical inception	Goods can be inspected physically before purchase	Goods cannot be inspected physically before purchase
7. Resources focus	Traditional business resources focus on supply-side	E-business resources focus on demand-side

8.Delivery of goods	In traditional business delivery of goods is instant.	In E-business delivery of goods takes time
9.Usage	It is ancient and still in usage where the digital network is not reachable.	It is used to save valuable time and money
10.Accessibility	It is available during the limited time	It is available round the clock
11. Scope	It is difficult to perform more business in this model.	More business can be done easily without any hassles

Exercise 4 | Q 2 | Page 111

Distinguish between.

E-business and E-commerce

SOLUTION

E-business	E-commerce
1. Meaning: E-business is the conduct of business processes on the internet	'E-commerce involves commercial transactions done over the internet
2. What is it? E-business is a superset of E-commerce	E-commerce is a subset of E-business
3. Features: E-business includes all kinds of resale and post-sale efforts.	E-commerce just involves buying and selling of products and services
4. Concept: It is a broader concept that involves market surveying, supply chain, and logistic management and using data mining	E-commerce is a narrower concept and restricted to buying and selling
5. Transaction: It is used in the context of B2B transactions	It is more appropriate in the B2C context

6. Which network is using: E-business can involve the use of internet intranet or extranet	E-commerce involves the mandatory use of internet
--	---

Exercise 4 | Q 3 | Page 111

Distinguish between.
BPO and KPO

SOLUTION

BPO	KPO
1. Meaning: BPO refers to the outsourcing of nonprimary activities of the organization to an external organization to minimize cost and increase efficiency	KPO is another kind of outsourcing whereby, functions related to knowledge and information are outsourced to third-party service providers
2. Degree of complexity: BPO is less complex	KPO is complex
3. Requirement: BPO requires process expertise	KPO requires knowledge expertise
4. Talent required in employees: BPO requires good communication skills	KPO requires professional qualified workers
5. Focus on: BPO focus on low-level process	KPO focus on high-level process

EXERCISE 5 [PAGE 111]

Exercise 5 | Q 1.1 | Page 111

Answer in brief

What is outsourcing?

SOLUTION

Outsourcing is the process of contracting a business function or any specific business activity to specialized agencies mostly the non-core areas such as sanitation, security, household pantry, etc. are outsourced by the company. The company makes a formal agreement with the agency.

Exercise 5 | Q 1.2 | Page 111

Answer in brief

Illustrate outsourcing with suitable examples.

SOLUTION

Company benefits in two ways.

1. It reduces its own cost
2. It uses the expertise of the firm which specializes in a particular kind of service.

Examples of outsourcing:

The establishments such as shops, malls, housing societies, offices, etc. outsource facilities like canteen, sanitation, security, etc. In the same way arrangements for the wedding, anniversary, birthday celebration can also be outsourced.

Exercise 5 | Q 2 | Page 111

Answer in brief.

What is BPO? Explain in detail?

SOLUTION

Business process outsourcing or BPO is a business practice in which one organization hires another company to perform a task (process) that the hiring organization requires to operate its own business successfully.

Meaning:

BPO is a subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider. BPO refers to the outsourcing of peripheral activities of the organization to an external organization to minimize cost and increase efficiency. BPO refers to the outsourcing of peripheral activities of the organization to an external organization to minimize cost and to increase efficiency. For example, customer care centers for various banks, service providers, etc.

Exercise 5 | Q 3 | Page 111

Answer in brief.

What is KPO? Explain in detail.

SOLUTION

KPO is described as the functions related to knowledge and information outsourced to third-party service providers. KPO is the sub-segment of BPO, in which the outsource service provider is hired not only for its capacity to perform a particular business process or function but also to provide expertise around it. KPO is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization. Which may be in the same country or in an off shore location to save cost. KPO requires advanced analytical and technical skills as well as a high degree of specialist expertise. KPO allows both core and non-core activities.

Exercise 5 | Q 4 | Page 111

Answer in brief.

What is LPO? Explain in detail.

SOLUTION

LPO is a type of KPO that is specific to legal services, ranging from drafting legal documents, Performing legal research to offering advice. LPO refers to the practice of a law firm or corporation obtaining legal support services from an outside law firm or legal support services company. LPO is the industry in which in house legal departments or organizations outsourced legal work to such areas where it can be done at less cost. For example, areas like the US or Europe outsourced legal work to India, where it can be performed at a significantly decreased cost. LPO is a high-end industry that has been growing rapidly in the recent Years. Legal outsourcing has gained tremendous ground in the past few years in India. It achieved Success by producing services such as document review, legal research, and writing, drafting of briefings, etc.

EXERCISE 6 [PAGE 111]

Exercise 6 | Q 1 | Page 111

Justify the following statement.

It is easy to set up e-business as compared to traditional business.

SOLUTION

1. E-business is run, managed, and carried out with the help of information technology, i.e. web (internet). However, traditional business is run, managed, and carried out in accordance with specific old custom or trading practices of long-lasting.
2. In traditional business large, physical space is needed, to arrange and display a variety of goods. It needs a large amount of capital to have the infrastructure, staff, and other required facilities. e-business can be started, managed, and operated with the help of the internet from any place or even from one's own home. Naturally, it requires very little capital. It is also easy to set up.
3. In traditional business, time is required to travel, to convince, to negotiate, and to interact with the customers. In such a process a lot of time, energy, and money are wasted. While in e-business required information is provided and accepted with terms and conditions more instantly.
4. E-business is also free from most of the problems faced by traditional businesses. Thus, it is easy to set up an e-business.

Exercise 6 | Q 2 | Page 111

Justify the following statement.

E-business allows users to work across the globe in any field.

SOLUTION

1. e-business i.e. electronic business may be defined as the application of information and technologies to support all the activities of the business. It involves electronic buying and supply, chain management, process orders electronically, online payments via debit or credit cards, handling customer service, etc.
2. In order to begin with e-business, a business owner must have an internet presence. He has to obtain an e-mail address for communicating the same to the customers and other business associates. This helps in speedy communication between business firms and customers. Communication is easy as there is no face to face interaction.
3. Once the owner of e-business has acquired an electronic means of contact, he may sell goods to the customers residing in any part of the world. There is no need for any wholesalers, retailers, etc. This reduces costs and increases profit. In e-business, goods can be purchased on the internet from any place across the globe, payments can be made with the help of debt, credit card, internet banking, and the goods are physically delivered at the doorstep of the buyer.
4. Similarly, he can do trading in any field. e-business uses the internet to connect people and processes. The World Wide Web (WWW) offers a lot of exposure to e-business on a global platform. The international relationship is very strong in e-business. The Government also offers a lot of support to e-business. Thus, it allows one to work across the globe in any field he likes.

Exercise 6 | Q 3 | Page 111

Justify the following statement.

Online transaction is done with the help of the internet.

SOLUTION

1. Online transactions take place when a process of buying and selling is completed through the internet. For online transactions, registration is required. The consumer needs to login to a particular website to buy a particular article or service. The customer's email ID, name, address, and other details are saved and safe with the website for further contact.
2. When a customer likes a product or service, he/she selects pickups and drops the items or things in the shopping cart. The shopping cart keeps a systematic and detailed record of what items have been picked up while browsing the online store.

3. The buyer then proceeds to the payment option after selecting all the products. Payment can be made by accepting cash on delivery mode of payment, after receiving the physical delivery of goods. The customer may pay in cash or by debit or credit card. The buyer also sends a cheque to the seller and the seller sends the products after the realization of the cheque.
4. If the payment is transferred by the buyer from his account to the seller's account electronically, then after the payment is received by the seller, he sends the goods to the buyer. The credit card or debit card is also used by the cardholder for making payment of purchases. The amount gets immediately transferred to the vendor's bank account. After the successful transfer of funds, goods are delivered by the vendor to the buyer. Thus, all aspects of online transactions are completed with the help of the internet.

EXERCISE 7 [PAGE 111]

Exercise 7 | Q 1 | Page 111

Attempt the following.

What are the advantages and disadvantages of e-business?

SOLUTION

Advantages of e-commerce are as follows:

1. **Ease of formation:**
The formation of a traditional business is difficult, whereas to form e-business is relatively easy to start.
2. **Lower Investment requirements:**
The investment requirement is low as compared to traditional business as the store does not have physical existence and can be managed with less manpower so if the trade does not have much of the investment but have contact (network), he can do fabulous business.
3. **Convenience:**
The Internet offers the convenience of 24 X 7 X 365 days a year. Business is going on at any time and flexibility is available. Yes, e-business is truly a business that has enabled and enhanced by electronics and offers the advantage of accessing anything, anywhere, any time.
4. **Speed:** This benefit becomes all the more attractive when it comes to information. Much of the buying or selling involves the exchange of information that the internet allows at the click of a mouse.
5. **Global access:**
The Internet is true without boundaries. On one hand, it allows the seller access

to the global market. On the other hand, it offers the freedom to the buyer to choose products from almost any part of the world. No need for face to face interaction between buyer and seller.

6. **The movement towards a paperless society:**

The use of the internet has considerably reduced the dependence on paperwork. Thus, recording and referencing of information has become easy.

7. **Government support:**

The government provides a favorable environment for setting up of e-business. This support ensures maximum transparency.

8. **Easy payment:**

The payment in e-business is done by credit card, fund transfer, etc. and it is available round the clock.

The Disadvantages of e-business are follows:

1. **Lack of personal Touch:** E-business lacks a personal touch. One cannot touch or feel the products. So it is difficult for the consumers to check the quality of products.
2. **Delivery Time:** The delivery of the products takes time. In a traditional business, you get the product as soon as you buy it. But that doesn't happen in online business. This time lag often discourages customers e.g. Amazon now assures one-day delivery. This is an improvement but does not resolve the issue completely.
3. **Security issues:** There are a lot of people who scam through online business. Also, it is easier for hackers to get your financial details. It has a few security and integrity issues. This also causes disturbance among potential customers.
4. **Government interference:** Sometimes the Government monitoring can lead to interference in the business.
5. **High Risk:** High Risk is involved as there is no direct contact between the parties. In the case of fraud, it becomes difficult to take legal action.

Exercise 7 | Q 2 | Page 111

Attempt the following.

What are the types of e-business? Explain.

SOLUTION

The followings are the types of business:

1. Business to Business (B2B)

2. Business to Consumer (B2C)
3. Consumer to Business (C2B)
4. Consumer to Consumer (C2C)
5. Business to Administration (B2A)
6. Consumer to Administration (C2A)

1. Business to Business (B2B)

In this form, the buyer and seller are both business entities and do not involve individual consumers. Here, both the parties involved in e-commerce transactions are business firms and hence the name B2B i.e. business to business.

Transactions between business firms come under this category. Business firms interact with each other for a variety of services.

2. Business to Consumer (B2C): B2 C transactions have business firms at one end and its customers on the other end.

The transactions under B2C are between business firms and consumers. Firms use their sites for a range of marketing activities. The cost of products and services is kept low through this method and the speed of transactions is also faster.

3. Consumer to Business (C2B)

In this electronic transaction, the consumer requests a specific service from the business. Consumer to Business is a growing arena where the consumer requests a specific service from the business. It enables buyers to quote their own prices for specific goods or services. A consumer posts his request with a set budget online and, companies review the customers' requirements and bids out the project. For example, pest control services, taxi services, doorstep food delivery, etc.

4. Consumer to consumer (C2C)

It facilitates the online transaction of goods or services between two people. Consumer to consumer (C2 C) involves the electronically facilitated transactions between consumers through a third party. Common consumer posts an item for sale and other consumers bid to purchase it. The sites are only intermediaries, just to match the consumers.

5. Business to Administration (B2A)

This part of e-commerce encompasses all transactions conducted online between business and public administration. For example, registration of companies, payment of taxes, getting permits, etc.

6. Consumer to Administration (C2A)

The consumer to Administration model encompasses all electronic transactions conducted between individuals and public administration. For example, getting a passport, aadhaar card, licenses, etc.

Exercise 7 | Q 3 | Page 111

Attempt the following.

What are the advantages of outsourcing?

SOLUTION

Advantages of Outsourcing:

1. **Overall cost advantages** - It reduces the cost and also saves time and effort on training costs.
2. **Stimulates entrepreneurship, employment, and exports-**
Outsourcing stimulates entrepreneurship, employment, and exports in the country.
3. **Low manpower Cost-**
The manpower cost is much lower than that of the host company.
4. **Access to professional, expert, and high-Quality services-**
Mostly the tasks are given to people who are skilled in that particular field. This provides us with a better level of service and fewer chances of errors.
5. **Emphasis on core process rather than the supporting ones-**
With its help companies can focus on their core areas which lead to better profits and increase the quality of their products.
6. **Investment requirements are reduced -**
The organization can save on investing in the latest technology, software, and infrastructure and let the outsourcing partner handle the entire infrastructure.
7. **Increased efficiency and productivity -**
There is increased efficiency and productivity in the non-core areas of an organization.
8. **Knowledge sharing -**
Outsourcing enables the organization to share knowledge and best practices with each other, it helps develop both the companies and also boosts goodwill in the industry.

Exercise 7 | Q 4 | Page 111

Attempt the following.

What are the disadvantages of outsourcing?

SOLUTION

Disadvantages of Outsourcing/Limitations of Outsourcing

1. **Lack of customer focus-**
An outsourced vendor may be catering to the needs of multiple organizations at a time. In such a situation, he may lack complete focus on an individual organization.

As a result, the organization may suffer.

2. **A threat to security and confidentiality -**

The confidential information of the organization may be leaked to the third party, so there are security issues.

3. **Dissatisfactory services -**

Some of the common problem areas with outsourcing include stretched delivery time and substandard quality.

4. **Ethical issues -**

The major ethical issue is taking away employment opportunities from one's own country when the function is outsourced to a company from another country.

5. **Other disadvantages -**

- i) Misunderstanding of the contracts.
- ii) Lack of communication.
- iii) Poor quality and delayed services.

EXERCISE 8 [PAGE 111]

Exercise 8 | Q 1 | Page 111

Answer the following.

Explain the steps involved in online transactions.

SOLUTION

The online transaction moves through pre-purchase/sale, actual purchase/sale, and delivery stage. It involves the following steps.

1. **Registration -**

Before online shopping one has to register with the online vendor by filling up a registration form. Registration is the first step in online transactions. For online transactions, registration is required. The consumer needs to login a particular website to buy a particular article or service. The customer's email ID, name, address, other details are saved and are safe with the website. For security reasons, the buyer's 'Account' and his 'Shopping Cart' is an online record of what you have picked up while browsing the online store.

2. **Placing an Order-**

It is the second step in online transactions. When a customer likes a product or service he/she puts the product in the shopping cart. The shopping cart gives a

record of all the items selected by the buyer to be purchased, the number of units or quantity desired to be bought per item selected, and the price for each item.

The buyer then proceeds to the payment option after selecting all the products.

3. Payment -

It is the last step in an online transaction. The buyer has to select the payment option. These payment systems are secured with very high-level encryption.

Personal financial information is completely secure. The following are some ways in which we can make this payment.

a) Cash on Delivery-

In this type of payment, the buyer pays when he/she receives the product. The payment is made at the doorstep. The customer can pay in cash or by debit or credit card.

b) Cheque-

In this type of payment, the buyer sends a cheque to the seller and the seller sends the product after the realization of the cheque.

c) Net Banking transfer-

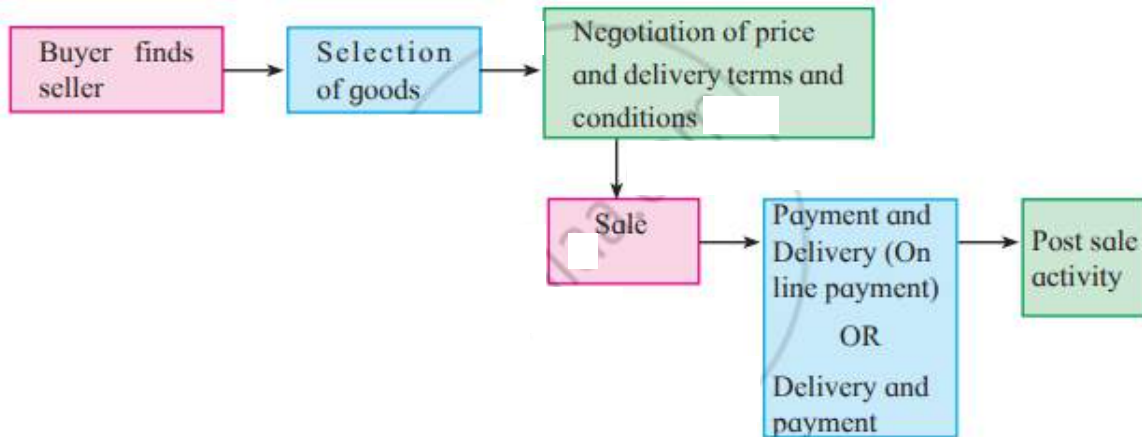
In this type of payment, the payment is transferred from the buyer's account to the seller's account electronically. After the payment is received by the seller, the seller dispatches the goods to the buyer. It is an electronic facility of transferring funds through the internet.

d) Credit or Debit card -

The buyer makes payment through debit or credit card and the amount gets deducted from customers' accounts. A debit card or credit card popularly known as "Plastic Money". They are mostly used for online payments.

e) Digital Cash -

Digital Cash is a form of electronic currency that exists only in cyberspace and has no real physical properties, but offers the ability to use real currency in an electronic format.



Exercise 8 | Q 2.1 | Page 111

Answer in one sentence.

What is outsourcing?

SOLUTION 1

Outsourcing is the process of contracting a business function or any specific business activity to specialized agencies mostly the non-core areas such as sanitation, security, household pantry, etc. are outsourced by the company. The company makes a formal agreement with the agency.

SOLUTION 2

Outsourcing is the process of contracting some business functions to specialized agencies. The company benefits in two ways.

1. It reduces its own cost
2. It uses the expertise of the firm which specializes in a particular kind of service.

Exercise 8 | Q 2.2 | Page 111

Attempt the following.

What are the advantages of outsourcing?

SOLUTION

Advantages of Outsourcing:

1. **Overall cost advantages** - It reduces the cost and also saves time and effort on training costs.
2. **Stimulates entrepreneurship, employment, and exports-**
Outsourcing stimulates entrepreneurship, employment, and exports in the country.
3. **Low manpower Cost-**
The manpower cost is much lower than that of the host company.

4. **Access to professional, expert, and high-Quality services-**
Mostly the tasks are given to people who are skilled in that particular field. This provides us with a better level of service and fewer chances of errors.
5. **Emphasis on core process rather than the supporting ones-**
With its help companies can focus on their core areas which lead to better profits and increase the quality of their products.
6. **Investment requirements are reduced -**
The organization can save on investing in the latest technology, software, and infrastructure and let the outsourcing partner handle the entire infrastructure.
7. **Increased efficiency and productivity -**
There is increased efficiency and productivity in the non-core areas of an organization.
8. **Knowledge sharing -**
Outsourcing enables the organization to share knowledge and best practices with each other, it helps develop both the companies and also boosts goodwill in the industry.

Exercise 8 | Q 2.3 | Page 111

Attempt the following.

What are the disadvantages of outsourcing?

SOLUTION

Disadvantages of Outsourcing/Limitations of Outsourcing

1. **Lack of customer focus-**
An outsourced vendor may be catering to the needs of multiple organizations at a time. In such a situation, he may lack complete focus on an individual organization. As a result, the organization may suffer.
2. **A threat to security and confidentiality -**
The confidential information of the organization may be leaked to the third party, so there are security issues.
3. **Dissatisfactory services -**
Some of the common problem areas with outsourcing include stretched delivery time and substandard quality.
4. **Ethical issues -**
The major ethical issue is taking away employment opportunities from one's own country when the function is outsourced to a company from another country.

5. **Other disadvantages -**

- i) Misunderstanding of the contracts.
- ii) Lack of communication.
- iii) Poor quality and delayed services.