History of E-commerce

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HISTORY OF E-COMMERCE

- The history of E-Commerce is a history of how Information Technology has transformed business processes.
- There have been several key steps in the history of e-commerce.
- The first step came from the development of the Electronic Data Interchange (EDI).
- EDI is widely viewed as the beginning of E-Commerce if we consider E-Commerce as the networking of business communities and digitalisation of business information.
- Large organizations have been investing in development of EDI since sixties. It has not gained reasonable acceptance until eighties. EDI has never reached the level of popularity of the web-based E-Commerce for several reasons:
  1. High cost of EDI prohibited small businesses and medium-sized companies from participating in the electronic commerce;
  2. Slow development of standards hindered the growth of EDI; and
  3. The complexity of developing EDI applications limited its adaptation to a narrow user base.

- . EDI is a set of standards developed in the 1960's to exchange business information and do electronic transactions.
- At first there were several different EDI formats that business could use, so companies still might not be able to interact with each other.
- Electronic Data Interchange (EDI) allowed different companies to perform electronic dealings with one another.
- However, there was no guarantee that Company A and Company B had the same transactions capabilities.
- However, in 1984, when the ASC X 12 standards was established, it became stable and reliable in transferring large amounts of transactions.
- This was a huge moment in e-commerce history.

- The Internet was conceived in 1969, when the Advanced Research Projects Agency (a Department of Defence organization) funded research of computer networking.
- The Internet could end up like EDI without the emergence of the World Wide Web in 1990s.
- The Web became a popular mainstream medium (perceived as the fourth mainstream medium in addition to print, radio and TV) in a speed, which had never been seen before. The Web users and content were increasing at an accelerated rate.

- Besides the availability of technical infrastructures, the popularity of the Web is largely attributed to the low cost of access and simplicity of HTML authoring, which are the obstacles of EDI development.
- The Internet and the Web have overcome the technical difficulty of EDI,
- but it has not solved the problem of slow development of E-Commerce standards.
- XML, as a Meta Mark-up Language, provides a development tool for defining format of data interchange in a wide variety of business communities.
- Web Services offers a flexible and effective architecture for the implementation.
- There is no doubt that XML and the Web Services will shape the course of E-Commerce in years to come.

- The next major step occurred in 1992 when the Mosaic web-browser was made available.
- It was the first 'point and click' browser to access the web.
- The Mosaic browser was quickly adapted into a downloadable browser, Netscape, which allowed easier access to electronic commerce.
- Virtually anyone could now get onto the web with Netscape, where before only computer programmers had the knowledge of how to do this.
- The development of DSL was another key moment in the development to of e-commerce.
- DSL allowed quicker access and a persistent connection to the Internet.
- This technology allowed peoplę who were previously connecting to the Internet at 28.8 kilobits per second to now connect at several times that speed.

- In August 1999, Linux, an operating system created by Finnish graduate student Lin Torvalds, was becoming very popular.
- The development of Red Hat Linux was another major step in electronic commerce growth.
- Linux gave users another choice in a platte other than Windows that was reliable and open-source.
- Microsoft faced with this competition" needed to invest more in many things including electronic commerce.
- This was a warning to Microsoft that there is some strong competition it has to face.
- This meant that Microsoft had to invest heavily in regaining mind share among e-business and technology decision makers. If not, Linux could easily become the dominant e-commerce platform of choice

- The next important milestone in e-commerce was the development of Napster.
- Napster was an online application used to share music files for free.
- Many consumers used the site and were dictating what they wanted from the industry.
- Napster allowed people to download music from the Internet for free. A major merger, in early 2000, between AOL and Time Warner was another key drive for electronic commerce.
- On January 10, 2000 AOL and Time Warner announced that they would be merging.
- This merger meant many things to many people.
- The merger, worth $350 million, brought together a major online company with a traditional company.
- In February 2000 hackers attacked some major players of e-commerce, including Yahoo, ebay and Amazon.
- In light of these attacks the need for improved security came to the forefront in the development of electronic commerce.
- AOL at the time had 24 million customers.
- Online organizations had to learn how to better protect themselves. Security upgrades were inevitable.
- This attack caused many e-commerce customers to lose confidence in shopping online.

- Today the largest electronic commerce is Business-to-Business (B2B).

- Businesses involved in B2B sell their goods to other businesses.

- Other varieties growing today include Consumer-to-Consumer (C2C) where consumers sell to each other, for example through auction sites.

- Peer-to-Peer (P2P) is another form of e-commerce that allows users to share resources and files directly.