e-Commerce 101

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Introduction

- General Concepts

- Not too technical

- More than an "Install zenCart" talk

- Less than "Here's How to Be(at) Amazon"

- Wild Frontier Remains

- Ask Questions

Prerequisites

- **Understanding the Credit Card System**

- **Business Plan**

- Two Servers

  - Co-located Production Server

  - Internal Development Server

- Merchant Account

- Credit Card Gateway/Processor Account

Prerequisites (Continued)

- Server Setup (Security, Software)

- Designer

- Developer

The Credit Card System

- Deep impact upon your success

- Depends on Merchant Account

- Security Compliances for **ALL** merchants

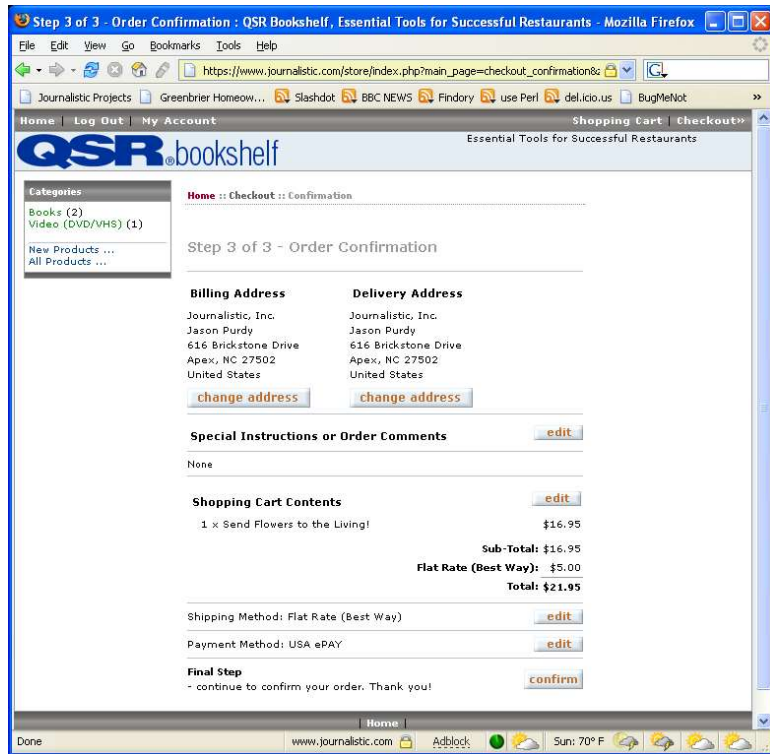# Credit Card Security Compliances

- Broken up into the "Dirty Dozen"

- **VERY** costly to comply (est. $200k+)

- Incidents are liable to fines of $500k each

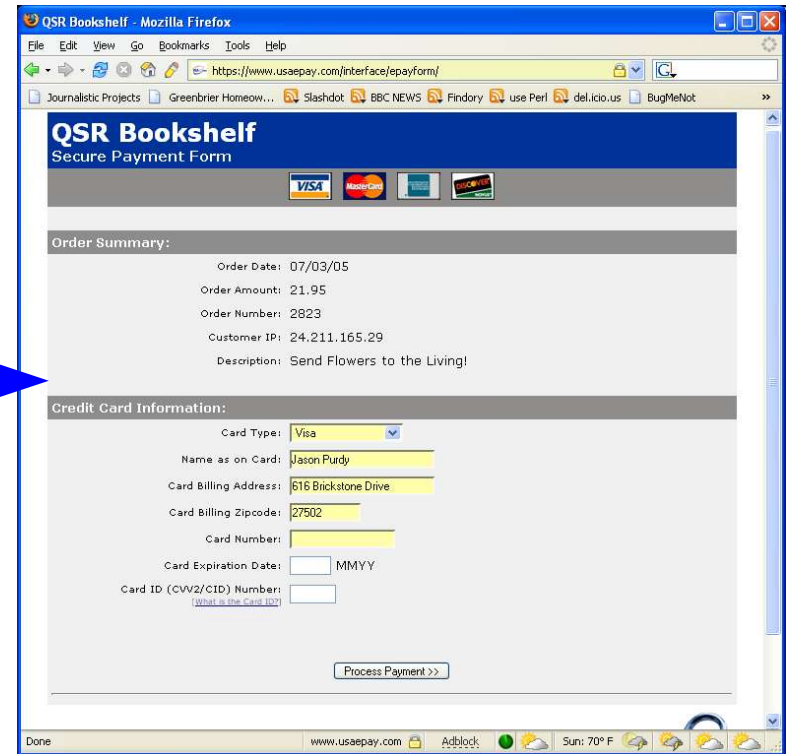- **Highly** recommend that you **NOT** receive, retrieve, store and/or transmit cardholder data

So What Else Should I Do?

- Redirect user to third party (credit card gateway/processor) for credit card processing

Compliance-Free User Flow

QSR Site

USA ePay Site

MasterCard's Latest Commercial

New Computer $1,100.00

An Internet guidebook to
writing computer viruses   Free

Easily stealing 40 million
credit card accounts   Priceless

There are some things money can't buy.
For everything else there's MasterCard.

Last Little Credit Card Bits

- Different Card Transaction Types

  - Auth and PostAuth

  - Sale

  - Credit

  - Void

- Card Numbers are Checksums

Last Little Credit Card Bits (Con't.)

- This should help formulate your revenue model

- Also – Identify solution to Identify Merchant Bank

The Business Plan

- **HIGHLY** important

- Continually refined

Before Writing The Plan

- Consider Four Core Questions:

  - What service or product does your business provide and what needs does it fill?

  - Who are the potential customers for your product or service and why will they purchase it from you?

  - How will you reach your potential customers?

  - Where will you get the financial resources to start your business?

Business Plan Outline

- Cover Sheet, Statement of Purpose, TOC

- The Business

- Financial Data

- Supporting Documents

Passing around example

- My example is a good point that feedback is important

- Survey potential users

- Plenty of other examples out there

Last Bit on Plan

- Expect to revise plan over time, even after you're in business

- Think about/plan for incubator space if you're independent

Servers

- Ideally, two:

  - Production: Something stable (FreeBSD or Debian)

  - Development: Exact clone of Production

Co-Location Provider

- Provides Peace of Mind

  – Fast Internet

  – Guaranteed Uptime

  – Business IP Separation

- Read SLA

- Know what you need

Ready to Build?

- Design First: write out Functional and Technical Specifications

- Will save you a lot of time in the long run

Functional Specification

- High-level overview of application

- Spec Outline:

  - Overview

  - Usage Scenarios

  - Flowchart

  - Screen-by-Screen Specifications

Technical Specification

- Translating the functional specification into the technical tasks.

Now It's Time To Work!

- Everyone should have a copy of the specifications

- MVC Model / Work Split

  – Model: Database

  – View: Design

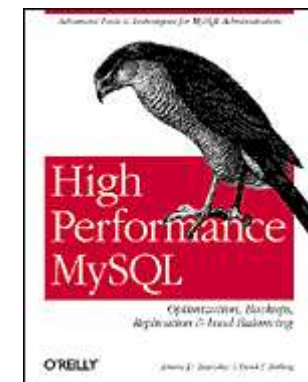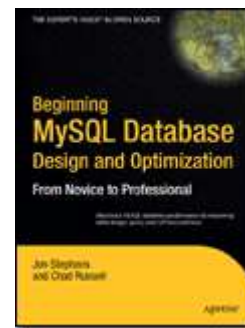 – Controller: Core code

Designer Notes

- Caveat: I'm not a designer

- Peruse the web

- Two books come to mind:
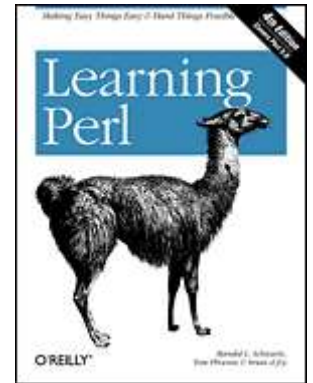
Development: Database

- I recommend MySQL

- Things to Keep in Mind:

    - Normalization / Optimization

    - Data Liability

    - Flexibility

Development: Code

- Recommend Perl
  - Fun language
  - Large/Friendly Community
  - Built-in Security / Tons of Features
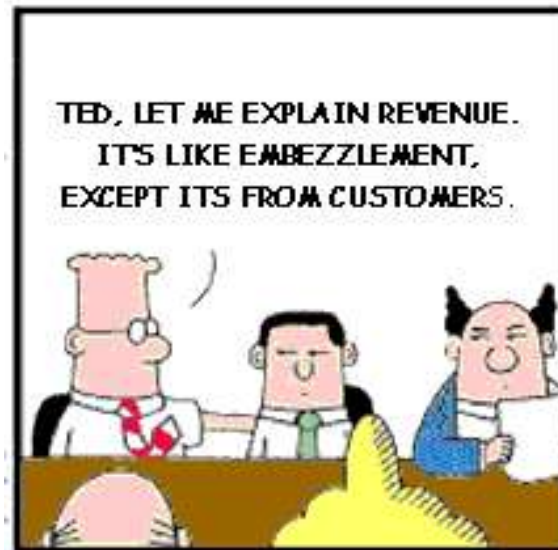 - CPAN: >8,000 modules

+ CP△N = Most of your code/work!

Thursdays Talks

- Check out my talks on Thursday for more technical frameworks:

  - CGI::Application

  - Data::FormValidator

- Links in Handout Appendix

Five Possible Revenue Models

- Sales

- Commissions

- Advertising

- Subscriptions

- Transaction Fees

Sales Model

- Pretty Easy to Grasp: Selling products or services in a one-off manor

- Don't miss out on this as an additional revenue source

Commission Model

- Partnering with other e-Commerce sites in affiliate relationships

- Under-utilized – find appropriate partners!

- Consider offering affiliate relations for your company

- Monitor closely!

Advertising Model

- Supply > Demand

- Online advertising offers impressive value

- Behavior-Driven Advertising is latest buzzword

- Think Outside the Box!

Subscription Model

- Lucrative, but overused

- Watch success factors:

  – Competitive Offerings

  – Customer Mindsets

    • Your perceived value

    • Ownership Worth

- Harder Technical Hurdle

Example: WritingForMoney.com

- Sell monthly access for $7.95/month

- Close to 200 subscribers

- ~ $1600/month

- Minimal Expenses

- Lots of potential

WSJ.com

- A slightly bigger example

- >700,000 subscribers

- $49 or $99 annual fee

- Revenue between $34.3 and $69.3 MM (and that's just subscription revenue!)

- Built on Value

Transaction Fee Model

- Providing an underlying service

- Also can be quite lucrative

Mix & Match

- Experiment with additional revenue models

- Setting Price Points

  – Thoughtfully

  – With lots of (potential) customer feedback

Lessons from The Apprentice

- Talk to your customers
  - What do they need?
  - What's it worth?
  - What are they currently using?
    - What do they like/dislike about that?

Fulfillment & The Golden Rule

- Ensure payment before fulfilling product

- Pay close attention to orders where shipping & billing information differ

Customer Service

- Develop Good Policies

  - Terms & Conditions

  - Privacy Policy

  - Returns Policy

As Bill Cosby said:

"I don't know the key to success, but the key to failure is trying to please everybody."

More on Customer Service

- Get to know your Gateway's capabilities

- Automate as much as possible

- Use **ONE** userid for everything

Marketing

- Ignoring all typical marketing stuff...

- Optimize Your Site

- Learn/Understand Search Engine Optimization

  - But don't go to extremes (spamming)

Legalese

- Those policies should cover you, but...

- Look into corporating (personal asset protection)

So that's it...

- Your Business in a Box...

Questions?