



Next Generation Business Models in E Commerce

Saurabh Singh

Department of Information echnology
Invertis University,
Bareilly, India
saurabh.iiet@gmail.com

Ashok Kumar

Department of computer Application
Invertis University,
Bareilly, India
ashok.k@invertis.org

Gaurav Agarwal*

Department of Computer Science
Invertis University,
Bareilly, India
Gauravagarwal95@gmail.com

Abstract: The ever increasing popularity of e commerce has opened new avenues for the use of brokerage systems. Various industries have given a boost to their business by introducing brokerage systems in their portals, these industries includes stock market, airlines, railways, shipping and the like. These systems have changed the overall architecture of e commerce models; these brokerage systems are responsible for the shift from two tier to three tier model in e commerce. Majority of electronic commerce is relying on two tier models, *i.e.* b2b, b2c, c2b, and so on, but in next generation due to the inclusion of brokerage systems there will be an increase in the number of tiers, so this existing two tier architecture will finally be replaced by three tier architecture *i.e.* b2b2b, b2b2c, c2b2b. This middle tier which is business tier is brokerage system. This brokerage system is an intelligent system which helps customers in decision making. In this paper we will discuss the evolutions of new business models in e commerce; beside this we will also analyze the impact of these models on e commerce.

Keywords: Three Tier Business Models, Brokerage Systems, e Commerce Models.

I. INTRODUCTION

If you are selling water in the desert and it starts raining, it is time to change your business model, is an old saying which is applicable in e commerce business models as well. Now a day's it is becoming increasingly indispensable to be able to question and improve one's business model in today's global and highly competitive business landscape even in traditional and established industries. It used to be that each industry was characterized by a single dominant business model. In such a landscape, competitive advantage was won mainly through better execution, more efficient processes, lean organizations and product innovation. While execution and product innovation obviously still matter, they are no longer sufficient today. Companies are now operating in industries that are characterized by multiple and co-existing business models, which provide maximum automation and helps in decision making as well. Evidently inclusion of brokerage system has changed the overall architecture of the business models in e commerce. The prevailing literature in the entire available text show 2 tier models *viz.* b2b, b2c, c2b, b2g and so on. In these models one serious flaw was encountered, and it was automation, that is individual preferences are supposed to be checked out manually by an individual, for example if an individual has to choose a flight from destination A to B, with certain preferences, than he has to check all the airlines sites and than to find the one which matches his/her preferences, a better choice could be an introduction of a system in between these two interacting parties. This system is responsible for the entire searching of the preferences which an individual is supposed to perform.

Inclusion of one more business tier will definitely reduces the time required for the over all processing and finding a right match. Hence searching and finding things according to preferences could be achieved in seconds by a single click of mouse. In figure 1 we are showing existing 2 tier model and in figure 2 we are showing proposed 3 tier business model.



Figure 1



Figure 2

II. DESCRIPTION OF 3 TIER MODEL

In 3 tier business model an additional tier has been included. This tier is having multifaceted role. This tier reduces excess burden from the customer, business houses, and government organizations and so on by providing some services in lieu of a little brokerage. By this brokerage, the operating cost of this tier is managed. Beside this, with the inclusion of this tier maximum automation is achieved and unnecessary delay in searching particular choices and preferences are minimized. There are various three tier e commerce models and these are described below.

A. B2B2B

This new model is achieved by adding a middle tier in B2B systems, in other words we can say that this model is an extension of B2B model with brokerage system acting as a liaison between 2 business houses. There are certain commercial web sites which operate on this principle, these commercial sites equipped with brokerage system provides ease to customers in finding products of their choice from global inventory. When three tier model was not in practice than shopping experience of corporate was limited to only a particular portal and , he/she can find preferences on that portal, they may match fully or may match partially, here a customer was suppose to compromise. But with the advent of brokerage system one can register himself on the system and than he has to give his preference he is searching for, than within seconds all portals meeting his needs are returned back to him , and this all is done in few seconds by paying small brokerage to middle tier. Now he can select the one which matches his 100% satisfaction level.

B. B2B2B

E-commerce helps to remove barriers raised by geographic fragmentation of the market. While buyers get to know about new sellers with better products, suppliers discover new buyers through brokerage systems. B2B2B also helps in eliminating unnecessary inventory build-up for both buyers and sellers. Lack of information about production schedules of the buyers lead to inventory build-up for the sellers. At the same time, the difficulty associated with finding alternative supply sources forces the buyers to build-up inventory. As B2B2B promotes information flow and enhances transparency, supply-chain management becomes possible. In addition, both the sellers and sellers enjoy reduced order processing costs and lower cost of interacting with each other.

C. B2B2C

www.indiamart.com is an example of a B2B2C e-commerce initiative where the company gets in touch with its consumers through a brokerage portal. The type of Ecommerce business model that most of us are familiar with is the B2B2C model. It includes e-shops, e-malls, third party marketplace, virtual communities, and so on. This is a model which is mostly seen in various portals, ie ranging from www.makemytrip.com which is a portal for traveling to www.indiamart.com which is exclusively meant for shopping. This model is also seen in stock market, where a broker assist one in making a particular choice, in lieu of a small brokerage.

D. B2B2G

Three tier models which are basically developed for government. Short for *business-to-business to government*, B2B2G is the exchange of services, information and/or products from one business through brokerage system to a government agency. Eventually, B2B2G experts say, bureaucrats will purchase goods ranging from paper clips to military helicopters with the click of a mouse. Although

private industry has been obsessed with wringing profits from the Internet for several years, the government has remained a relative backwater. www.ezgov.com today unveiled an alliance with IBM to provide online consulting for government agencies at all levels in US. The new partners will build and host Web sites catering to citizens and businesses in search of easy access to local, state and national agencies. The new partners will build and host Web sites catering to citizens and businesses in search of easy access to local, state and national agencies. Experts say the market for online government purchases is enormous--and potentially lucrative for savvy entrepreneurs and investors. And this addition of brokerage system has given a good momentum to government purchase.

In the same way other models ie C2B2B, C2B2G, C2B2G etc are also benefited and are getting good popularity.

III. AIM OF 3 TIER MODEL

The aim of 3 tier business model is to further reduce human interaction with computers, reducing excessive time and strain which people usually waste in finding a thing of their choice. Now with the advent of 3 tier business models, a dedicated tier takes user queries forwards it to another tier for finding the result and finally return the result to user. It matches the preferences by searching those preferences on the entire web. In its functioning it is very similar to a specially designed search engine. In current models an individual can search within a portal, this limitation is reduced by this model, here in spite of searching a particular site, search continues in the entire web. This middle tier which is always a business tier gets some brokerage from the interacting parties for the services offered.

A. Working of 3 Tier Model

Three tier model is aimed to provide maximum automation to e commerce systems. It operates on the basis of request it receives from the user and process the request with the most feasible solution available, it searches the solution which matches the preferences and deliver that solution back to user for selection. Hence maximum time which an individual wastes in searching his/her preferences are reduced and system archives maximum automation level, which is the ultimate goal for designing a computer system.

B. Examples of Three Tier Models

The concept of 3 tier business models is getting good momentum. There are certain web sites which are operating on this principle, these includes www.makemytrip.com, www.yatra.com, and many more , in these sites there is a page on which individual sets his preferences and on the basis of these preferences results are returned back to the user, user may select one among many solutions, which suits most his comfort and economic levels.

www.makemytrip.com

A site which is based on this model, it takes the user input (figure 3) , than it searches those input preferences (figure 4), and finally return the results in front of the user to select the best possible (figure 5). Beside this certain value added services are also available on these sites, which makes the overall process very comfortable.

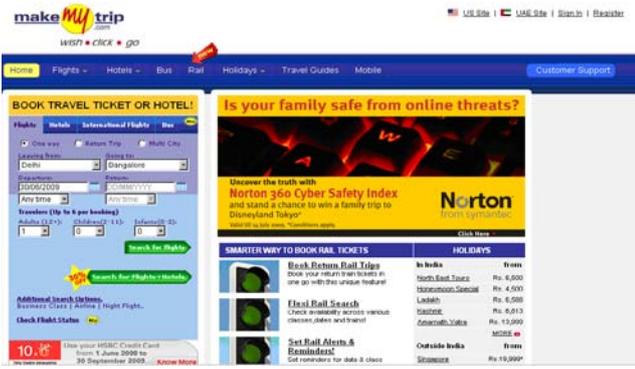


Figure 3

D. Comparison between 2 Tier And 3 Tier Business models

In current competitive era success or failure of any e-commerce portal depends on the fact that how fast and to what extent that portal fulfills requests of its customers. Recent research shows that majority of portals which are based on two tier model are not able to provide 100 % customer satisfaction due to limited choices on that portal. But three tier model is a solution to these emerging problems, here middle tier is dedicated to search customer preferences all over the net. These three tier models have given a good momentum to competition on the net Because comparison shopping is very easy and transparent as well . This is maximum seen in air lines industry, where with a single click of mouse, on the basic of customers preference all the flights with fare and facilities are listed. Same is the case with telecom industry, three tier model provide a avenue where one can compare the call charges various tariff plans and than can purchase the SIM which suits his most needs

3.3 LIVE COUNSELOR SUPPORT

In situation where middle tier of 3 tier architecture fails in finding preferences as per user’s requests in such cases request is routed to a live counselor, who being online solves the queries, by providing the most feasible solution. Here the brokerage is given to these counselors’s who provide the same services which are supposed to be provided by middle tier. This feature is mostly equipped with all the sites which operate on brokerage system’s principle. This feature is also getting good popularity(Figure 4)

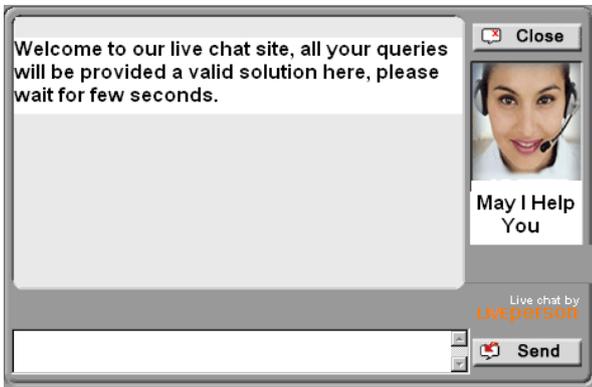


Figure 4

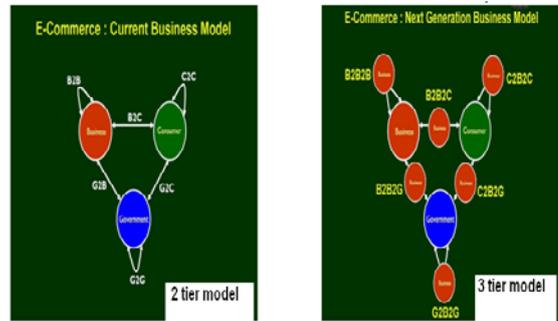


Figure 5

Figure 5 above shows two different models one is the 2 tier model, where as other is 3 tier model, On critically examining these two models one thing becomes evident, that is 3 tier model is formed by inclusion of additional business layer in between 2 layers of the 2 tier models, below we have given a detailed comparison of these two models:

Table I

S.No	Feature	2 Tier	3 Tier
1	Automation	Partially	Fully
2	Security Level	High	High
3	Search	Searching with in portal	Searching in all the related portals
4	Time	More time consuming	Less time consuming
5	Expense	Less Expensive	More expensive due to brokerage
6	Process	Manual	Automatic
7	Value added services	Usually not available	Available
8	Available Options	Single(the portal itself)	Multiple(All the available sites reflects multiple options)
9	Examples	www.airindia.com	www.makemytrip.com

3.5 EXAMPLE OF 2 AND 3 TIER MODELS

On examining these 2 models we have found so many things, such as if we talk about automation- a feature for which computers are known today, than we’ll come to

know that automation is not achieved when we are talking about 2 tier model because one has to search his choice manually and that too is very much time consuming and usually this results in very expensive and compromised choices. On eliminate this we have introduced 3 tier model in

which searching is performed by a portal and in lieu of these services a small amount of money is given as a brokerage. This scene is very much evident in stock markets where people prefers giving a small amount of brokerage to e brokerage portals, to avoid heavy losses, in turn these portals suggests them the best choice for investment.



Figure 6

IV CONCLUSIONS

Three tier business model is best suited for applications where individual has to search among the range of available choices. Based on the keywords the searching is done in couple of seconds and results are returned back to the user. Now he can opt the one which matches maximum of his economic and comfort levels. Many portals are exclusively designed to meet this objective of search. In the coming time majority of e-commerce will rely on these 3-tier models, as time is very precious. And the number of portals which will be accommodating this model shall increase exponentially. These provide a user-friendly interface and people who are having a very fundamental knowledge can operate. Due to

this operational feasibility these are gaining a good popularity among masses.

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