

**AMERICAN UNIVERSITY OF BEIRUT
SCHOOL OF BUSINESS
OPIM 215: E-Business (Fall 2002)**

Midterm Examination

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Instructions: Start by filling in your name and student ID number, section and the name of your instructor. This midterm is worth 100 points and you are given 90 minutes to finish it. Do your best!

Name: _____

ID Number: _____ Section: _____ Instructor: _____

Honor Statement: I fully understand and fully adhere to AUB Code of Ethics.

Signature: _____

True/False Questions

Directions: Answer the questions below by circling the choice that best describes the answer: (T) for True and (F) for False. Each question is worth one (1) point.

- T F 1. Kerberos is not a type of cyber-attack.
- T F 2. A back-end system is most easily described as advertising, marketing and customer relationship management.
- T F 3. Fulfillment usually includes manufacturing and shipment.
- T F 4. When a credit-card holder claims a purchase was made by an unauthorized individual, or when a purchase was not received, it results in a refund.
- T F 5. A resident virus is a type of virus which attaches itself to a specific computer program and is activated when the program is run.
- T F 6. Often, the counterargument to personalization is in regard to privacy.
- T F 7. Packet-filtering firewalls are used to screen data coming into a LAN. If the message is deemed safe, send it through to the intended receiver.
- T F 8. The concept behind the auction model is that the more people who buy a product in a single purchase, the lower the cost per person becomes.
- T F 9. Web clipping allows you to take relevant pieces of a Web site and deliver it to your wireless device, eliminating excess content and graphics that can make browsing cumbersome.
- T F 10. The reverse auction allows the buyer to set a price that sellers compete to match, or even beat.
- T F 11. When transmitting a message using a Key Distribution Center (KDC), the KDC generates two session keys and sends one to the merchant and the other to the customer.

- T F 12. With debit cards, funds are automatically deducted from a checking account.
- T F 13. By shortening lead time, or the time it takes to receive a product from a supplier after an order has been placed, businesses can lower their inventory costs and gain competitive advantage.
- T F 14. Non-repudiation is not a fundamental requirement of a successful, secure transaction.
- T F 15. Digital currency is a popular form of gift cash accepted by various merchants on the Web.
- T F 16. Businesses that offer Internet services as a supplement to their physical presence are referred to as Web-and-mortar businesses.
- T F 17. E-Wallet enables electronic commerce without credit-card payment through direct interaction with existing financial institutions.
- T F 18. E-wallet keeps track of billing and shipping information.
- T F 19. GPS uses information from one satellite to track a user's exact location.
- T F 20. Bluetooth is a set of communications protocols for wireless devices to allow different types of wireless devices to communicate and access the Internet.
- T F 21. WML works with WAP to deliver the content. WML is similar to HTML but does not require input devices such as keyboard or mouse for navigation.

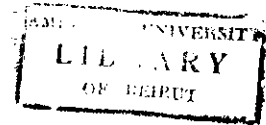
Multiple Choice Questions

Directions: Answer the questions below by circling the choice that best describes the answer. Each question is worth two (2) points.

1. Which of the following does not occur when sending a message using a digital envelope?
 - a) The message is encrypted using a symmetric secret key.
 - b) The secret key is encrypted using public-key encryption.
 - c) A courier is used to transmit the symmetric secret keys between parties.
 - d) All of the above occur when sending a message using a digital envelope.
2. Which one of the following is not a consideration for business owners when building an e-business?
 - a) advertising and marketing
 - b) customer relationship management
 - c) recognizing cultural differences and legal parameters
 - d) none of the above
3. Which of the following is a valid message digest for the message "Buy company X"?
 - a) "Cvvz dpnqboz Y"
 - b) 73
 - c) "BcX"
 - d) None of the above is a valid message digest

4. The current method for processing electronic monetary transfers is conducted through the _____.
 - a) acquiring bank
 - b) issuing bank
 - c) automated clearing house
 - d) merchant account
5. Which of the following is not a component of a digital certificate?
 - a) the subject's public key
 - b) a serial number and expiration date
 - c) the hash function used to encrypt the message
 - d) the signature of a trusted certification authority
6. Many companies also use a standard communications protocol called _____, in which business forms, such as purchase orders and invoices, are standardized, so that companies can share information with customers, vendors and business partners electronically.
 - a) Hypertext Transfer Protocol
 - b) Electronic Data Interchange
 - c) XML
 - d) none of the above
7. In order to accept credit-card payments, a merchant must have a _____ account with a _____.
 - a) host, bank
 - b) host, credit-card company
 - c) merchant, bank
 - d) merchant, credit-card company
8. The _____ (or the costs of operation, including rents, utilities, storage and taxes) of Internet-only businesses are generally lower than those of traditional brick-and mortar businesses.
 - a) utility costs
 - b) management expenses
 - c) processing fees
 - d) overhead costs
9. Often, these online shopping-mall sites act as _____, directing traffic to the leading shopping retailers for a specific product.
 - a) shopping portals
 - b) search engines
 - c) auction sites
 - d) none of the above
10. When sending credit card numbers and ordering information using a SET, _____.
 - a) the information is generated for and sent directly to merchant's bank
 - b) the information is encrypted for the merchant's bank but sent through the merchant
 - c) the information is encrypted for and sent directly to the customer's bank
 - d) the information is encrypted for and sent directly to the merchant
11. _____ transactions allow online monetary transfers between consumers.
 - a) Online payment
 - b) Peer cash exchange
 - c) Peer-to-peer
 - d) none of the above

12. _____ allows you to take relevant pieces of a Web site and deliver it to your wireless device, eliminating excess content and graphics that can make browsing the site on a wireless device cumbersome.
 - a) Pocket Internet Explorer
 - b) Wireless Applications Protocol
 - c) Web Clipping
 - d) CDMA
13. Non-repudiation is _____.
 - a) legally proving that a message was sent or received
 - b) ensuring that the sender and receiver of a message prove their identities to each other
 - c) ensuring that information transmitted over the Internet has not been captured or passed on to a third part
 - d) ensuring that information you send or receive has not been compromised or altered
14. Events in the short course of e-business and e-commerce history have demonstrated that successful e-businesses are those that recognize the needs of their target audiences and _____.
 - a) appeal to that audience through flashy graphics
 - b) sell products at the lowest price
 - c) match those needs with relevant content
 - d) have the best marketing campaign
15. A _____ lies between the client (such as a Web browser) and the regular Web server.
 - a) Client/Server
 - b) Proxy Server
 - c) Wireless Applications Protocol
 - d) CDMA
16. How does a credit-card sale differ on the Internet from a credit-card sale in a brick-and-mortar store?
 - a) Credit card information is not verified through the issuing bank
 - b) It does not differ
 - c) Neither a scan of the card, nor a signature is registered
 - d) none of the above
17. The _____ is the scripting language used to create Web content to be delivered to wireless handheld devices.
 - a) GSM
 - b) Stylesheets Markup Language (SML)
 - c) Wireless Markup Language (WML)
 - d) Extensible Markup Language (XML)
18. Other portals are more specific, offering a great deal of information pertaining to a single area of interest; these portals are called _____.
 - a) Vertical Portals
 - b) Horizontal Portals
 - c) Diagonal Portals
 - d) All of the above



Fill in the Blank Questions

Directions: Answer the questions below by filling out the term that best fits the statement.
Each question is worth two (2) points.

1. _____ allows those with no credit cards to shop online.
2. Determining that a person is who he or she say they are in a credit-card transaction is called _____.
3. Low _____, or the costs of changing vendors, make e-commerce a fiercely competitive field.
4. Increased _____ is making it possible to stream good quality audio and video over the Web.
5. This order-processing technology allows customers to accumulate items they wish to buy as they continue to shop is called _____.

Healthy Basket Project

Directions: Use your booklet to answer this question. This question is worth (7) points.

Questions:

1. Using a diagram or in a paragraph, list and describe the role of all players/audience of the healthy basket project on which you have been working. (5) points.
2. Identify the audience that you will directly work with. (2) points.

Case Study I [CoolSavings]

Directions: Use your booklet to answer this case study. This question is worth (12) points.

The Case:

CoolSavings is a comprehensive e-marketing solution that provides targeted advertising and promotional incentives to help offline and online companies identify, acquire and retain active shoppers. CoolSavings supplies marketers with a single resource for accessing and engaging a dynamic group of shoppers. Through our customized, integrated e-marketing products, advertisers can target a wide array of incentives -- including printed and electronic coupons, personalized e-mails, rebates, samples, sales notices, gift certificates and contests -- to promote sales of products or services and drive customers into brick-and-mortar stores or online sites. In addition, CoolSavings proprietary database technology tracks consumer response, shopping preferences and site behavior at the household and shopper level, to provide clients with an unprecedented breadth of sophisticated consumer data from which to make smarter marketing decisions.

CoolSavings website offers consumers convenient and personalized incentives for goods and services from a broad range of advertisers. Advertisers can target a wide array of promotional incentives such as printed and electronic coupons, rebates, samples, sales notices, gift certificates, sweepstakes, contests, and advertisements opportunities through the coolsavings.com web site, personalized e-mail, wireless devices and a variety of high-profile promotional programs.

With members' permission, CoolSavings collects detailed personal information from each individual, including demographics, shopping preferences and category interests; and track each member's site activity and redemption of incentives through sophisticated data mining technology. This combined information provides CoolSavings with an unparalleled ability to help advertisers identify their most likely prospects and target the right offer to the right person at the right time.

To sustain their position as a leading provider of e-marketing services to advertisers, CoolSavings continues to attract and enroll highly qualified shoppers for free through efficient online marketing and public relations campaigns. CoolSavings has high brand recognition, which helps fuel both the growth of its member and client base.

Questions:

1. What is the CoolSavings business model?
(6 points)
2. Why would a retailer advertise with CoolSavings instead of marketing their own website?
(3 points)
3. How does CoolSavings target offers to specific members?
(3 points)

Case Study II [Barriers to E-Commerce]

Directions: Use your booklet to answer this case study. This question is worth (14) points.

The Case:

AMSTERDAM – Companies are holding back on Net trade because of legal concerns, according to a recent report from Forrester Research B.V. The first study yet undertaken anywhere in the world into the legal aspects of online business-to-business trade advises participants to push e-marketplaces for contracts that respect confidentiality while balancing security and liability issues.

'Companies have every right to feel uneasy about sharing their data in e-marketplaces,' said Jaap Favier, senior analyst at Forrester's European headquarters. 'In the offline word, companies sign non-disclosure agreements all the time. They shouldn't settle for anything less in an e-marketplace – and should take a "no safety, no sales" attitude when joining e-markets.

Importantly, the EU's strict digital privacy laws apply to individuals and not to companies, so corporate data provided to an online exchange doesn't fall under EU law.'

'E-marketplaces don't have to install online locks, alarms and vaults. Nor do they have to guarantee that their technical measures create a secure trading place,' Favier added.

To make B2B exchanges succeed, Forrester advises, e-marketplaces and their participants should self-regulate data management in line with the EC's e-commerce directive, which prescribes that buyers and sellers get to know each other's identity and contractual terms before they complete a transaction. Participants must set up disclosure levels to ensure that sensitive data cannot reach their competitors, while offers and bids are fully exposed to potential partner.

Contracts from e-marketplaces must also explicitly state that owners of the Net market have the same status as members – to prevent them snooping into data and to take away concerns about abuse of market information.

'Members must demand that an e-marketplace accepts liability for correctness and timeliness of all distributed data,' Favier continued. 'Users should require it to indemnify members in cases of processing errors, and walk away from Net markets that won't comply. But liability will work both ways – members must guaranty legality by not sending data that could be harmful or infringe copyrights. Should a dispute make it to court, the so-called Rome Convention leaves the choice of law and court up to the contracting parties, and European participants must require jurisdiction and applicable law in the EU,' he concluded.

Transaction in electronic marketplaces in the E are expected to jump to 900 billion euros, or \$759 million, by 2005, compared with this year's estimated 500 million euros in online B2B trade.

Questions:

1. List the barriers to e-commerce identified in this article. Do you consider these barriers to be insurmountable?
(7 points)
2. Why are companies 'holding back on Net trade'? What factors might lead to a reduction in these concerns?
(7 points)