

E-COMMERCE FOR DUMMIES

Everyone's talking about it. The wave of the future. How business will be done. The buzz-words and acronyms fly. You feel left behind, suddenly older, on the outside looking in at a world your pre-teen children navigate with ease.

This glossary can help lift the veil of mystery and obscurity surrounding e-commerce and the Internet. Keep in mind that it is still all about advertising, attracting clients and closing the deal, with the added challenge of making secure, private transactions in a very public global marketplace.

Above the fold: The part of a web page that is visible once the page has loaded (normally the top part of the page). The term originates from the newspaper industry where it is used to refer to the top half of the front page.

Acquirer or acquiring bank: The financial institution where a merchant has an account to process credit card transactions.

Aggregator: An e-commerce business model whereby the aggregator's web site brings together products, services or content it does not actually produce or own.

ASP/Application Service Provider: A company that provides access to software applications over the Internet for a monthly subscription fee.

Asymmetrical: Refers to different bandwidth being allocated to transmissions in one direction as compared to the opposite direction. In a user's computer where downloading rather than uploading is typical, a communication circuit capable of transmitting 1,000,000 bits of data per second (bps) may be configured to transmit data in one direction at 900,000 bps and 100,000 bps in the opposite direction.

B2B/Business to Business: A business model where a business' customers are other businesses.

B2C/Business to Consumer: A business model where a business' customers are non-business consumers.

Backbone: A high-capacity communications circuit through which a high proportion of Internet traffic flows.

Bandwidth: Used to describe a communication circuit's

information carrying capacity. The more bandwidth, the more data that can be transferred per unit of time.

Banner Ad: An ad on a web page, usually in the form of a horizontal graphic image. When clicked, it is usually programmed to transfer the user to the advertiser's web site.

Bricks & Mortar: Nickname for traditional businesses with a physical infrastructure.

Bluetooth: A wireless protocol designed to permit automatic networking between portable personal devices (such as laptops, cell phones, palm organizers, watches) over short distances.

Brochureware: A web site containing little more than the online equivalent of a printed brochure. Sometimes used in a derogatory manner to refer to a web site with little content or interactivity.

Certification Authority: An entity that vouches for the identity of the holder of a digital certificate.

CGI/Common Gateway Interface: A small program written in a script program, such as Perl, that acts as an interface between the Web and other programs on the web server, including databases.

Clicks & Mortar: Refers to the integration of online commerce with physical assets such as warehouses and retail outlets.

Clickstreams: The paths taken by individual users as they navigate a web site or the Web.

Click-wrap Agreement/Web-wrap Agreement: Online equivalent of a shrink-wrap licensing agreement. An agreement which is formed by clicking on an "I Agree" button.

Convergence: The combination of two products such as computers and televisions.

Dedicated line: A phone line reserved for use solely to connect a computer with another or the Internet.

Disintermediation: Refers to the bypassing of the middleman, which is made possible by the Internet.

Domain Expert: Someone who is knowledgeable about a particular subject area.

DSL: A communications standard that facilitates the transmission of high-speed data over (and simultaneous

with) regular telephone lines.

Electronic Data Interchange/EDI: Refers to the exchange of documents that contain data stored in a structured form so that the recipient system can automatically read the information contained in such documents.

Exchange or Marketplace: A service that electronically connects buyers and sellers in a particular industry, thereby attempting to reduce administrative costs, facilitate quicker information exchange and thus reduce excess inventory, as well as introducing greater competition. An example is Covisint, which connects the major carmakers with their suppliers.

Firewall: A combination of hardware and software used to protect and isolate an organization's internal network from unauthorized external users.

First Mover Advantage: The competitive advantage obtained by the first entrant in a new market (e.g. Amazon.com).

Frames: A feature in HTML (see below) that permits web designers to split up the window of a browser into distinct rectangular sections.

Frequently Asked Questions/FAQs: Documents that list the most common questions on a particular topic and their answers, thereby reducing the cost of customer support.

Infrastructure: The equipment, such as routers, that powers the Internet, made by vendors such as Cisco Systems and Sun Microsystems.

Internet Time: A reference to the rapid rate of innovation and change that is occurring and the corresponding need for participants to do business in an accelerated time frame.

Graphic Interchange Format/GIF: A commonly used file format for images or graphics used on web pages.

Hits: The number of requests processed by a particular web server.

Home Page: The introductory or menu page of a web site that provides the entry point for visitors to the site.

HTML/Hypertext Markup Language: A page format language, consisting of tags that provide instructions to browsers on the size, shape, colouring and placement of text and graphics on a web page.

Hyperlink: A word or graphic, often underlined or highlighted, within a web document that, when clicked, takes a user to another web document or to a different location in that same document.

Impressions: The number of times a banner advertisement is viewed.

Issuer: A financial institution that issues credit cards to end users.

Internet Protocol (IP) address: A unique numeric identifier used to represent each device attached to a network.

Interoperability: The ability of certain hardware and software to work together.

Intranet: A private internet operating on an organization's internal network.

Java: A programming language created by Sun Microsystems which can be used to run programs on web pages without regard to the equipment being used to access the Internet.

JPEG/Joint Photographic Experts Group: A file format frequently used for images displayed on the Web.

Killer Application: A new application, such as a software program, which creates a mass market for a new technology. Lotus 1-2-3 has been described as a killer application for early IBM PC computers.

Meta Tags: A special set of HTML tags that are not displayed but which contain information that is read and used by search engines to index web pages and offer a short description of those pages.

Metcalf's Law: The value of a digital network increases with the square of its number of nodes. Therefore, a network with 100 nodes is 100 times as valuable as a network with 10 nodes.

Mirror Site: A web site containing an identical copy of the contents stored on another web site. Mirror sites are used to reduce the load on popular web sites or to provide quicker responses to queries from users located across slow speed links to popular web sites.

Netiquette: Informal rules or standards relating to the proper use of particular Internet services such as e-mail.

Network Effect: The effect that is observed in certain types of businesses such as auction sites (eBay) or web marketplaces, where the more people that use the service, the more useful it becomes. See also Metcalf's Law.

Non-Repudiation: A process used to ensure that customers cannot deny having made a particular transaction.

Open Source: Software that is distributed in source code format and which can be modified and enhanced by users or groups of users. An example is LINUX.

PDF/Portable Document Format: A format used by Adobe's Acrobat program, which creates documents that

will retain their original format and appearance when printed using different systems.

PKI/Public Key Infrastructure: A foundation to support the authentication of message senders and recipients, the confidentiality of messages and confirmation of their receipt.

P2P/Path to Profitability: The strategy by which an Internet company will generate profits.

Portal: A super web site which provides access to a variety of services or resources.

Space: Market or industry.

Sticky: A web site that holds onto visitors for a substantial amount of time.

Traffic: The amount of visitors a web site receives. This may also be expressed as the number of visitors, impressions, hits or page views.

URL/Uniform Resource Locator: A web site's address, which consists of the access method (such as http), the domain name and the subdirectory/file name which is used to access a particular resource.

Viral Marketing: A strategy of using a company's customers to help attract new customers.

Vortal/Vertical Portal: A portal that is focused around a particular industry.

VPN/Virtual Private Network: A secure communications channel which is created on top of an insecure communications medium, such as the Internet, using encryption and authentication technology.

WAP/Wireless Application Protocol: A communications protocol for accessing the Web using wireless devices such as cell phones.

XML/Extensible Markup Language: A successor to HTML, the language in which web pages are written, which facilitates the exchange of formatted information between different systems.

There. The next time your kids start talking about Java and JPEGs, you can at least nod intelligently and know they aren't talking about Starbucks. With time you may even venture into the Internet jungle yourself, stride through a portal, click on an eye-catching banner ad and get answers to your FAQs. ☺

Alan M. Gahtan is a partner with Mann & Gahtan LLP (Toronto) and Brown Raysman Millstein Felder & Steiner, LLP (New York and Los Angeles) where he practises information technology and e-commerce law.