



Domain Name Considerations for your e-Commerce Service

Factors to Consider in Enabling your Online Ordering System

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The Issue

You have a website and you'd like to add, or enhance, online ordering capabilities. Should you insist that the ordering pages (the "shopping cart") be served using your domain name, or can they be served under the domain name of the service provider?

Components of an e-Commerce System

Let's start by identifying all the components that are required for a successful system to process online orders on your website. These services/systems can be called shopping cart systems, online ordering systems and e-commerce systems, but the functionality is essentially identical – to allow a customer to place an online order for your products/services and for you to manage that process.

Software

An e-commerce system is more than a set of web pages listing your products and an order form. It is a computer software package that contains business and programming logic. There are general-purpose software packages and there are industry-specific software packages. If you intend to sell t-shirts on your website, a general purpose software package may be acceptable, however if you intend to sell wine on your website, an wine industry-specific software package may be more appropriate, given the varying laws and regulations surrounding purchase and shipment of wine.

The ordering pages that your customers see is only part of the software that you'll need. The administration, or "back-end", pages are equally important to a successful e-commerce system. These pages control how your products are displayed, and provide services for managing and fulfilling orders that are received.

In addition to the software feature set, you'll also need to consider the software distribution model. Some e-commerce software can be purchased and installed

on a web server. You typically purchase a software license and then pay an annual maintenance fee for updates. The software is physically in your possession and you can customize and alter it within the limits of the license.

The other distribution model is the hosted-services approach, where you subscribe to a software service, typically for a monthly or transaction-based fee. This type of model usually requires less effort on your part as the software is installed, maintained and enhanced by the service provider.

Transmission Security

You've likely heard the terms "secure order form" and "secure shopping cart". The "secure" piece refers to the encryption of the data your customer enters on the order forms, as it is transmitted from your customer's computer, across the Internet, to your web server. While the transmission security is important, that is only one type of security that you should be concerned with. In fact, the amount of credit card information that is stolen by someone tapping into a communications line watching for unencrypted credit card numbers is miniscule compared to the thefts that occur after the data has been stored.

To enable transmission security, you need to process these web transactions across the Internet using the secure form of http, or https. The https protocol allows for encrypted data to pass from point A to point B, but does not function by itself. You also need a Secure Socket Layer (SSL) certificate on the web server. This certificate is essentially a data file that is issued to you by a company that states that your website can send encrypted transactions. The SSL certificate is issued to your company for use on a specific domain name. If you shop around, you can probably get a SSL certificate for \$40 per year.

But wait, the days of using any SSL certificate to instill customer confidence in your security or that you are actually the company that owns the website, are over. With the release of Microsoft Internet Explorer version 7, a new type of SSL certificate was created. The Extended Validation ("EV" for short) SSL certificates are issued by the major certificate authorities after a thorough review of a company's credentials. Websites that have received this type of SSL certificate display a green background in the address bar of the major browsers as a further indicator that this company is valid. Budget \$400 to \$1500 per year for these certificates, plus the cost of an opinion letter from your company's attorney, and this now becomes a major factor in your e-commerce decision.

As you evaluate e-commerce service providers, look at one of their existing client's shopping cart pages. Is an SSL certificate displayed? Is it from one of the three major certificate companies (Verisign, Network Solutions, Thawte or GeoTrust)? Displaying a well-known certificate seal adds to the customer comfort level.

Data Security, Privacy and Customer Comfort

A major factor in converting a website visitor into your customer is the comfort level they feel when ordering your products online. This is especially true when it comes to entering their credit card information online. It may not be enough that the customer sees a padlock icon in their browser, indicating a secure connection, but many customers now want to be assured that their data is safe once they provide it to you.

The Payment Card Industry (PCI) Security Standards Council publishes a set of data security guidelines that the credit card companies require all merchants comply with for the transmission and storage of credit card information. PCI compliance should be a required item when you evaluate e-commerce solutions.

Customers also want assurances that their information is kept private. Having a privacy policy published on your website is a minimum. There are also third-party services that validate your privacy policy and provide a seal to be shown on your website. Also, the ability for malicious attacks to compromise your data security should be reviewed, and assurances provided to your customers. Third party assurance services can be used to provide your customers with a comfort level that your website is “hacker free”. Budget around \$1,500 per year for such a third-party service.

Putting It All Together, But Where?

Now that we've discussed the major components for a successful e-commerce system, let's return to the initial question – where your e-commerce system should be hosted.

As we've shown, you need to provide the customer with assurances that their data is safe, so that they are comfortable in placing an online order. The cost of providing this assurance will likely add a minimum of \$2,000 per year to the cost of your own e-commerce system. This cost may be the deciding factor for the location of the hosting. If you are a smaller merchant, this price tag may be prohibitive, and a hosted services provider can be more effective in leveraging those costs across multiple merchants.

If the cost of the certificates and seals is within your budget, the next factor to consider is the amount of effort for your staff to maintain the e-commerce parameters. Do sales tax rates and shipping restrictions change frequently in your industry? Does your staff possess the expertise to monitor and make these changes? Does your staff have the technical expertise to troubleshoot e-commerce issues – what are the costs and roles of the service provider's technical support services?

Finally, how will the ordering pages look to your customers? Will it have the same look & feel as your own website? Will a casual visitor even realize that the secure pages are under your service providers' domain? Will the service provider's domain instill more customer confidence in the security of their personal data? This last question should be pondered a bit: will a visitor be more comfortable giving their credit card information to ABC Winery or more comfortable providing it to XYZ Services, whose business it is to provide e-commerce services?

Conclusion

This article has attempted to educate you on the components of a successful e-commerce for your website. It has given you some factors to consider in evaluating service providers and in deciding whether you should host this system under your domain name. Hopefully, you now understand enough to begin the evaluation of service providers for your e-commerce system. As always, if a service provider only offers a single solution, and states that it is the best option, be wary. By providing a choice of options, and explaining the benefits of each, a service provider can allow you to choose the best option for your requirements and budget.

About the Author

Ron Kreutzer has over 25 years information technology (IT) experience, over 15 years IT project management experience, over 15 years Internet technology experience. Ron is President of WineWeb Enterprises, Inc. a company he founded in 1995 to provide an electronic marketplace for wine and Internet services to wineries and wine retailers. He has worked over eight years with a global information technology services provider, and previously was a Senior Manager with Deloitte & Touche Management Consulting (Deloitte Consulting) having spent over eight years on a variety of IT projects across many industries and technologies. Ron is a PMI-certified Project Management Professional (PMP) and a Certified Public Accountant (CPA-inactive).

About WineWeb Enterprises, Inc.

WineWeb Enterprises, Inc., founded in 1995, provides websites, e-commerce, wine club, content management, email campaign management, point-of-sale and customer relationship management services to wineries and wine merchants.

The WineWeb® is also an e-Marketplace for wine. Visitors can find and buy wine online from participating wineries and wine retailers. We maintain a directory of over 35,000 wineries and over 200,000 wines available for sale. Our website averages over 2 million page views each month. Using our services allows you to participate in this marketplace.

For more information, please visit www.wineweb.com