Lesson no. 3 – What is E-Commerce Software

1. E-COMMERCE SOFTWARE AND SHOPPING CART SOFTWARE

E-COMMERCE SOTWARE

<u>Ecommerce software</u> is the engine behind the scenes of an online store, making it possible to easily manage inventory, add or remove products, calculate taxes, and everything else required to manage a website and fulfill orders.

Ecommerce software simplifies intricate processes in a friendly user interface that enables people non-technical backgrounds to oversee an entire ecommerce operation. Despite the ease of use that ecommerce software brings to an online business, it is a multifaceted and complex machine.

Types of Ecommerce Software

Ecommerce software comes in two basic flavors, with many varieties of each:

a) **On-Premise:** Installed and managed on-site by developers who facilitate manual updates, fix problems and do general troubleshooting. Traditionally, merchants went with on-premise solutions due to the increased flexibility from hosted solutions.

b) **SaaS:** Software as a Service (or "hosted") solutions are much more hands-off from a technical standpoint. The only development requirements are for additional design and custom features — all updates, patches, and newly-released features are done automatically or with one-click integrations. Hosted ecommerce software has evolved to the point where the customization and flexibility, previously exclusive to on-premise, is robust, making it more than sufficient for most online retailers. Ecommerce stores using SaaS software can be launched in 1/3 of the time and at a much lower cost than on-premise solutions.

SHOPPING CART SOFTWARE

In online marketing, a shopping cart is a piece of e-commerce software on a web server that allows visitors to an Internet site to select items for eventual purchase, analogous to the American English term "shopping cart."[1] In British English, it is generally known as a shopping basket, almost exclusively shortened on websites to "basket."[2]

The software allows online shopping customers to accumulate a list of items for purchase, described metaphorically as "placing items in the shopping cart" or "add to cart." Upon checkout, the software typically calculates a total for the order, including shipping and handling (i.e., postage and packing) charges and the associated taxes, as applicable.

Shopping cart software can be generally categorized into three types of E-commerce software:[3]

a) Open source software: The software is released under an open source licence and is very often free of charge. The merchant has to host the software with a Web hosting service. It allows users to access and modify the source code of the entire online store.

b) Licensed software: The software is downloaded and then installed on a Webserver. This is most often associated with a one-time fee, the main advantages of this option are that the merchant owns a license and therefore can host it on any web server that meets the server requirements.

c) Hosted service: The software is never downloaded, but rather is provided by a hosted service provider and is generally paid for on a monthly or annual basis; also known as the application service provider (ASP) software model. Some of these services also charge a percentage of sales in addition to the monthly fee. This model often has predefined templates that a user can choose from to customize their look and feel. Predefined templates limit how much users can modify or customize the software with the advantage of having the vendor continuously keep the software up to date for security patches as well as adding new features.