INSTRUCTIONS

1. Answer Question 1 (Compulsory) and ANY other TWO questions
2. Candidates are advised not to write on the question paper
3. Candidates must hand in their answer booklets to the invigilator while in the examination room
Question 1 [30 marks]

a) **Question 1**

b) Many business names now include “e” as a prefix.
   a. What makes a business “e”? (5 marks)
   b. What trends have you observed that tell you whether Kenya is becoming (or not becoming) and information society? Use E-commerce trends elsewhere in evaluating Kenya’s progress. (10 marks)

c) How does B2B E-commerce work, in comparison to B2C commerce? (5 marks)

d) How would you categorize M-Pesa, yu-cash, and Zap in E-Commerce terminology? (2 marks)

e) Explain how the following e-commerce security measures function to enable information integrity (6 Marks)
   i. Encryption
   ii. Digital signatures
   iii. System Intrusion detection software

f) Differentiate E-commerce from E-business (2 marks)

**Question 2**

a) Kenya is fast becoming a global source for mobile applications. Explain why this may be so given recent industry trends in the telecoms sector. (3 marks)

b) E-commerce is gaining popularity among consumers in many markets. This has been attributed to the many unique features of e-commerce compared to brick and mortar trade. Identify any 5 of the unique features (5 Marks)

c) Porter (1980) suggested that technology can be engaged in business to provide advantage in a cut-throat competition environment. Discuss how e-commerce can provide this advantage (12 Marks)

**Question 3: (20 MARKS)**

a) Outline any 3 limitations of widespread use of e-commerce (6 Marks)

b) A business model is a set of planned activities designed to result into a profit. E-commerce business organizations operate in different business and revenue models. Explain the following models (8 Marks)
   i. Subscription revenue model
   ii. Affiliate revenue model
   iii. Portal business model
   iv. Content provider business model

c) Using relevant examples differentiate between the following (4 marks)
   i. Pure and partial e-commerce
ii. Brick and mortar and virtual business
d) Explain the function of a ‘shopping cart’ on a e-commerce site (2 Marks)

**QUESTION 4: (20 MARKS)**

a) Describe the technological revolution that preceded the growth of e-commerce.(6 Marks)
b) Explain the activities involved in analysis, design and implementation stages for an e-commerce site(10 Marks)
c) Describe, with the aid of a diagram, what is meant by ‘supply chain management’ (4 Marks)

**QUESTION 5: (20 MARKS)**

a) Identify and explain any three electronic payment systems used in e-commerce(6 Marks)
b) Discuss four advantages of electronic payment systems over cash and paper based payment options(4 Marks)
c) Explain the following e-commerce business models identifying how revenue is generated in each case
   i. Transactionbroker(2Marks)
   ii. Contentprovider(2Marks)
   iii. Onlinemarketplace(2Marks)
   iv. Virtualstore(2Marks)
   v. portal(2Marks)