Operational risks

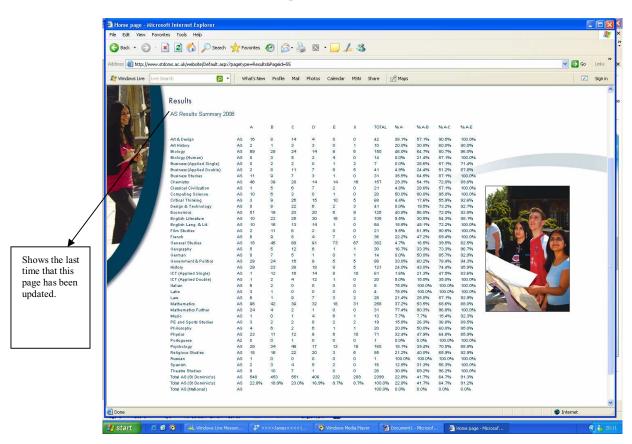
There are various risks that need to be consider when operating a online website

They are:

Liability for wrong or out of date information Language problems Hardware and software failures Data loss Global business regulations Website updating

Website updating

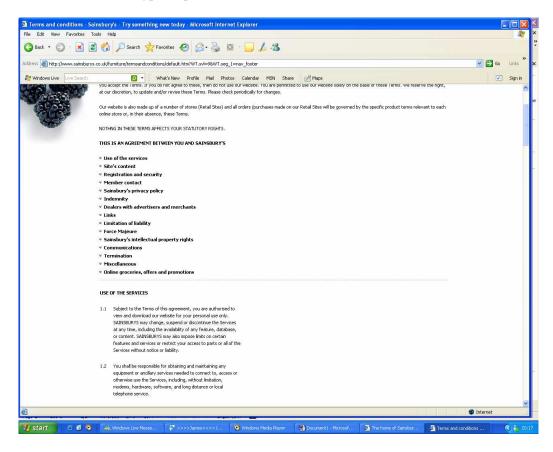
Websites need updating regularly so that the information provided is current and product descriptions and lists are accurate. In some cases incorrect or out of date information and create serious problem.



Liability for wrong or out of date information

Under the Trades Descriptions Act and the E-Commerce Regulations 2002 information given on the website must be clear and descriptions must be accurate. A

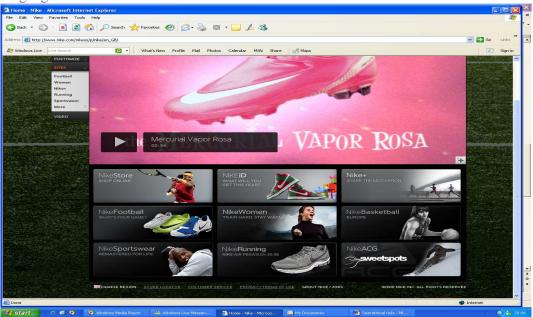
business that deliberately misled customers could be liable under the terms of these Acts. Also, if a customer took action based on outdated or inaccurate information there may be a case to answer. On the other hand, most websites have a disclaimer clause to cover this type of problem.



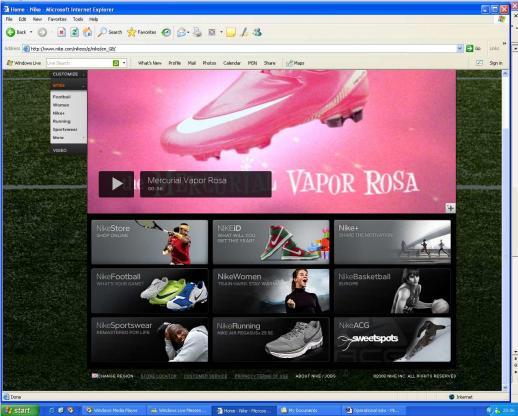
Above is an example of the terms and conditions of Sainsbury's website.

Language problems with global customer base

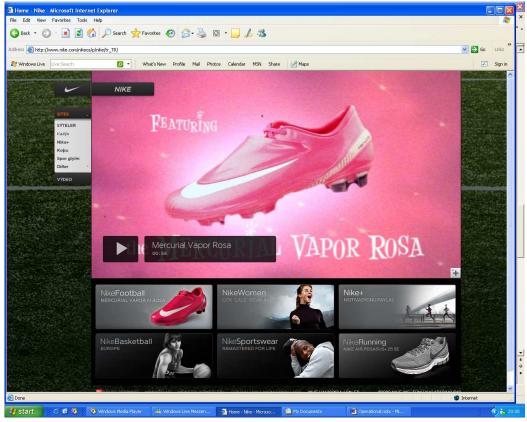
Multinational businesses with overseas customers normally have a facility to enable users to choose the website version they want, sometimes by identifying their national flag as at http://www.nike.com as seen below. This automatically displays a specific language version.



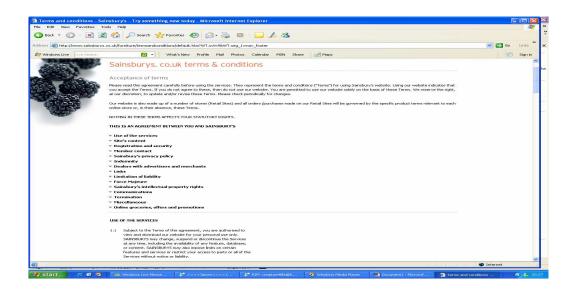
English



Turkish



Smaller organisations will not have this facility and there is therefore more scope for confusion when foreign buyers want to purchase goods. This is why many firms include disclaimer clauses, such as those at Sainsbury's website, where orders are only accepted if the description accurately matches that on the site and the company takes no responsibility for the suitability of goods to be used abroad or any local laws that would affect the purchase.



Hardware and software failures

All computer users are dependent upon their ISP. If the system develops a technical fault, then internet access is lost until it is fixed

The systems itself could cause problems. The hardware might malfunction or software may be corrupted. For this reason, most businesses have back-up servers; so that they can switch to another if a server goes down.

Data loss

Data can be lost for a number of reasons. A report about data loss in Europe identified a total of 1.7million incidents every year, as a result of the following problems:

Hardware failure – 41% Human error – 31% Software files corruption 13% Computer virus – 7% Theft – 5% Hardware loss 3%

Global business regulations

Most people are aware that there are many differences between products they see abroad and in Britain. Any business intending to sell on a global basis has to ensure that its products comply with relevant laws and technical regulations tat apply in the country of sale.