# Project 2 - e-Commerce Risk Analysis

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**Introduction**

Amazon is one of the largest International online business company in the world which was found in the 1990s. Jeff Bezos started the Amazon in Seattle, Washington. He selected the name Amazon for his website because Amazon is one of the biggest rivers in the world. Jeff started his online business by selling books on Amazon.com in 1994. He received a great response from people and received about 15.7 million revenue in the first two years. After the successful business of selling books on Amazon.com, Jeff extended his business and started celling other products like CD/DVDs, toys, electronics, housewares, and many other products for daily use.

In 2007, after the successful business of selling printed books, Amazon launched its Kindle e-book reader. The company announced after four years that they would sell more e-books as compared to printed books because they found more profit in this business. In 2006, Amazon launched the cloud computing service for the development of movies and TV series. Amazon also acquired many companies so that they can sell their products online on their website. They continued to spend a lot of money to expand their business

heavily.

More than 351000 employees are working from all over the world in Amazon. Many people doubted on Amazon when they launched their business that they will lose their market place very soon, but Amazon expanded their business and surpassed one of the biggest online e-business company Walmart in 2015. The owner of Amazon “Jeff Bezos” also claimed that Amazon.com is a technology company as Amazon is a technology company, so it is facing a lot of threats in the business market. Cyber-attacks are becoming a huge concern for Amazon. They need to find out the way by which they can reduce the risk of threats they are facing currently.

**Discussion**

**Business Profile of the company**

Amazon is located in Seattle, Washington, United States. It offers a wide range of products through its website. On the website of Amazon, people can find everything of their daily use. Amazon is selling books, electronics, toys, movies, music, beauty products, etc. to the millions of customers all over the world. The company is operating through three different segments which are North America, International and Amazon web service. Many companies are selling their products on Amazon and using Amazon as a source of their business. Amazon is also manufacturing and selling electronics devices such as smartphones, tablets, TVs, etc. The company is also offering food items including fruits, vegetables, and meat on their website. Many companies are selling their beauty products and cosmetics on Amazon.com (Amazon.com, 2019).

The North America segment of Amazon includes sellers who are selling their products on the specific website for North America. It includes the export sales and the retail sales of the products from North America focused websites such as Amazon.com, Amazon.Ca, and Amazon.com.mx. Similarly, the international segment consists of retail sales of the products from international focused websites such as Amazon.com.au, Amazon.com.in, Amazon.com.it, etc. The AWS segment consists sales of computers, database, storage and other services which are providing an opportunity for startups.

Amazon is also providing cloud computing services to individuals and companies. The technology allows the user to store their data at cloud and can access it anytime anywhere through internet. Individuals and companies can subscribe to this service as it is becoming a requirement for every individual to store their huge amount of data at the cloud. The major competitors of Amazon are Alibaba, Walmart, Otto, JD, eBay, Netflix, etc. Amazon sales increased from 27% to 33% in 2016 and 2017. Due to the change in foreign currency exchange rates impact on net sales. Net sales of Amazon were $107006 in 2015, $135987 in 2016 and $177866 in 2017. (Document, 2019).

**Overview of company’s e-commerce operations**

Amazon.com started as a, and after successful business of selling books, they expanded their business. They added more product categories and also allowed third-party sales on their website. Many retailers and individuals are getting the benefit of Amazon.com for selling their goods. Large retailers prefer more Amazon to sell their products rather than using their company website. They received orders through Amazon and then process them on their website. Amazon is providing help to large retailers who want to increase their sales by using Amazon as a supplement outlet for their sales.

Amazon is providing another e-commerce service to the individual who is known as Amazon advantage. It is a sales channel place where people can sell their products directly through the warehouse of Amazon. People can send their products to the warehouse of Amazon, and it will be the duty of Amazon to perform all the sales transactions on their website. Amazon is getting about 55% of profit on selling a single product. The Amazon advantage is basically for individuals who want to sell their music albums and personal books.

It has been observed Amazon net sales increased every year in different segments of Amazon. In the North America segment from 2015 to 2017, net sales increased from $63708 to $106110 million. In the International segment from 2015 to 2017, net sales increased from $35418 to $54297 million. In AWS segment from 2015 to 2017, net sales increased from $7880 to $17459 million. The total net sales increased about $70000 million in two years which is the best sales for any company (Document, 2019). Amazon is currently the highest selling company in the world.

**Company requirements for Cyber security**

Cyber Security provides the protection of systems including software and hardware to protect them from cyber-attacks. Cyber-attacks are increasing day by day, and it's becoming a huge concern for many organizations that how they will secure their confidential data from unauthorized people. Cyber-attacks are created to access sensitive data of organizations and to earn money from them by blackmailing. Every company needs to protect their sensitive data from an unauthorized person. These attacks are not only creating danger for organizations but also for employees and customers. Cyber-attacks can destroy not only the impact of the organization on people but also damage the financial and personal lives of people (PCI Security Standards, 2019).

There are many cyber threats to Amazon.com as well. Amazon needs to secure the confidential data of their transactions. They need to make policies by which they can protect the sensitive data of their organization and customers. It is important to destroy information of clients immediately which is not necessary such as transaction data of clients. The company is responsible for securing the sensitive data of the clients for that they need to create a strong cybersecurity approach. Amazon also has cyber threats on their website such as malware attacks can disrupt components of website and SQL injection through which hacker can insert malicious code on the server to generate the information from the database.

Cybersecurity must contain Application security, Information security, Network security, and Operational security. Application security is very important for Amazon in their business as a company need to focus on web application security to protect their customer data. Information security is also very important for Amazon.com because they need to secure business records from unauthorized people. Network security is also very important as it protects the usability and integrity of the network. Operational security protects the organization core functions by identifying a vulnerability in the system and keeping track of critical information.

**Conclusion**

Many risks can impact on company's operations. Amazon is expanding their business in the world which can increase the complexity of their business. There can be problems like management, operations, systems, technical performance and most importantly financial resources of Amazon. The company may not be able to grow effectively, and it will create a negative impact on the company which could damage the reputation of the company. Business risk can create a lot of problems for the organization in achieving their goals. Some of the most common business risks are a competitive risk, economic risk, operational risk, strategy risk, quality risk and political risk (Spacey, 2019).

Amazon needs to monitor every activity of their employees to sort out that their employees are not violating any privacy statement. The company needs to take care of the client information when they are doing any transactions on their website from unauthorized people. They need to protect the customer’s data by creating a cyber-security policy. The company should monitor their systems to avoid any fluctuation in their system which may affect the operations of the company. Amazon needs to implement CIA which is used by many organization to guide their policies. CIA stands for Confidentially, Integrity, and Availability. Confidential includes the protection of data and prevention of data from wrong people, and Integrity includes maintaining the consistency and Availability includes maintenance of hardware and software problems which may not affect the business of the company. Company needs to implement these Cyber Security policies to increase customer satisfaction and able to secure the confidential data of company.

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