

Planning, Clear Thinking Important to Success of E-Commerce Initiatives

By TONY STEVENSON



The resources of the Internet are being applied successfully in many financial areas — for example, people around the globe are buying airline tickets online, organizing their banking over the Web, investing in the stock market, and even buying their next car online. Nevertheless, a great deal of skepticism remains about the long-term viability and profitability of companies engaged in e-commerce. To shed some light on the future direction of e-commerce, we turned to spokespersons for two leading e-commerce vendors:

Tom Kuhn,

vice president, marketing and product management, Day Software, Inc. (www.day.com). Day Software designs Web sites and manages content for international companies.

Carol Honabach,

director of operations, Web4, Inc., a subsidiary of netGuru, Inc. (www.web4engineers.com and www.netguru.com). NetGuru is an integrated Internet technology and services company.



To remain successful, or to break into new markets, what e-commerce strategy should a company have in place?

Tom Kuhr: Remember that commerce is the true strategy — the Web has not changed the fundamentals of business, but only expanded its scope. Any company that wants to do business online must remember that the e-commerce strategy is to use and expose existing systems and processes, rather than build an isolated e-business system to do business online. The most prevalent mistake that we see being corrected right now is among businesses that treated online customers differently than offline customers. A customer is a customer no matter how he interacts with the business. Customers can and will come at you from various mediums. It's up to the enterprise to treat the customer equally regardless of the point of contact. Increasingly, customers are expecting that they can do more online than through phone or mail, so the strategy that visionary companies are taking is to make their online customer interactions not only the same as other interactions, but even deeper.

Carol Honabach: The underlying driver of any successful e-commerce strategy is its value to the customer. Whether based on a B2C or B2B relationship, the business transaction must provide the customer with an efficient means to access and acquire the desired goods

and services. Viewed from this perspective, the strategy a company designs should incorporate speed, security, reliability, and scalability. The organization's e-commerce mechanism must be easy to access, provide a secure environment within which to exchange a minimum of required data, and provide the customer with all reasonable dependability and support. Only when the customer is both comfortable with the process and satisfied with the outcome can the strategy be considered a success.

How is e-commerce limited in the areas of B2B and B2C?

Kuhr: Valuable, system-transparent B2B e-commerce is primarily limited by the lack of cross-enterprise processes that facilitate the extended enterprise (the value chain). "Cross-community" processes are difficult to agree upon when multiple vendors are involved, each with separate interests.

B2C e-commerce has been limited by the inability to quickly deliver true customer services such as self-service applications (e.g., banking or bill payment services); lack of internal processes that treat a customer like a single entity within the business; lack of understanding of what customers are looking for; failure to make the online experience an extension of the core company experience; inaccurate, not real time product information; poor customer support; and inattention to information presentation.

Honabach: Often, differences in the businesses' internal processes make it difficult to achieve the desired level of B2B e-commerce efficiency. Multiple levels of corporate approval can counteract the requirement for speed. In addition, the purchase agent within a business is generally not the end-user, a fact that often leads to a conflict of needs within the acquiring business.

In the B2C scenario, the customer most likely wants a product and uses

an e-commerce activity to broker the acquisition. As has been well documented, issues related to inventory supply, speed of delivery, after-sales support, and return policies are the primary problems encountered.

What challenges does a company face when developing an effective e-commerce strategy?

Kuhr: Figure out your long-term goal, and keep that in mind always. Businesses that lose track of the business reasons behind an e-commerce strategy never have a fast or easy time going online. In addition, interdepartmental politics play a major role in e-commerce failure. Who (internally) owns the customer and the customer experience? Who owns the data? How do you structure a company so that a customer feels like a customer no matter how they interact with the company? The customer should have no idea which department handles what-the customer is doing business with the company, not an individual or department. Yet, internal departments "finger point" and leave the customer hanging.

Honabach: Coordination and commitment is key. It is a complex process and it involves virtually every group within a business — from IT to marketing and sales to HR to accounting. To roll out an e-commerce strategy that is effective from the start, all internal functions of the business must be coordinated, both with





respect to process and timing. It is a fair generalization that you get only one shot at a potential e-commerce customer. If you don't nail it the first time, that customer will go elsewhere online and won't return.

What business and consumer opportunities are yet to be exploited by e-commerce?

Kuhr: One of the things that few companies have achieved successfully is vendor transparency. If someone orders online, the business acts as the conduit of information for all involved vendors, with zero active participation from the business. All systems involved are completely seamless and vendors can interact in real time with the customer, using the business as a proxy. This scenario, if implemented correctly, can reduce overhead by millions.

Honabach: E-commerce is especially suited for any transaction in which there is an exchange of information. The current view tends to see e-commerce as a direct exchange of money between the users of products and services and the providers of those products and services, but this view limits the true potential of e-commerce. Almost all business processes involve data exchange — both internal to a company and with many outside entities. Technologies that enable companies to use the Web to exchange data will drive business in the future. Companies that provide these enabling technologies will be the true e-commerce giants.

Is e-commerce only applicable to certain types of businesses or industries, or to certain regions or countries?

Kuhr: Low-margin vendors or highly labor-intensive service industries aren't great candidates for e-commerce. Witness the demise of most online grocers. The margins are already low and the shipping costs suddenly make the Internet too expensive a sales outlet. E-commerce has several components: distribution, transaction, fulfillment, knowledge, presentation, experience. Each component affects diverse industries and regions differently. For example, the distribution component can be regional or country dependent. For instance, low retail density could be an excellent opportunity for e-commerce, and some products may not be available in some countries or regions. Another example: a furniture vendor may never sell products direct to customers — too many tactile sensations are required to sell effectively (presentation) and it is too difficult and expensive to ship directly to consumers. However, furniture vendors will benefit greatly from B2B e-commerce, where their vendors and distributors can interact with the business, taking orders in bulk, delivering anywhere in the world, and benefiting from JIT manufacturing by passing inventory overhead to vendors.

Honabach: The limitations are based on infrastructure, which can be changed, and innovation limitations, which will be expanded through creative imaginations.

What role is your company currently playing in the development of e-commerce applications?

Kuhr: Day has built a new paradigm for gathering and distributing information using the Web. Day's *CommunicuÈ* connects and unifies the content (the data or information) from disparate business systems or data repositories, and makes that content available in real time through

any Web property or Web-enabled device. *CommunicuÈ* is built on the *ContentBus*, an architecture that gives businesses a content infrastructure — an infrastructure based on its information and process, rather than on applications or specific software. The *ContentBus* is a virtual repository for all information in the enterprise, and enables *CommunicuÈ* to publish information to any format, to anyone anywhere. It also allows unified business processes to occur: intersystem, interdepartmental, and inter-community.

Honabach: *Web4, Inc.*, is at the forefront in providing Web-based applications and cutting-edge collaboration technologies. The company has developed the most comprehensive server-based business environment available, focusing on the engineering and document management industries and offering a wide range of products and services using a direct e-commerce model. In addition, *Web4* provides the opportunity for other businesses to integrate this model into their own processes. ■

About the Author

Tony Stevenson is a director of MKD Software Consulting, an Australian company that specializes in explaining the use of information technology to both business people and the wider community. A professional Visual Basic developer, he is also a freelance computer and business writer. He contributes articles regularly to a range of publications including newspapers, computer journals, business magazines, and Web sites. In addition, he is the editor of *Internet Update*, a free email newsletter designed to keep its readers up-to-date on the latest Web developments.