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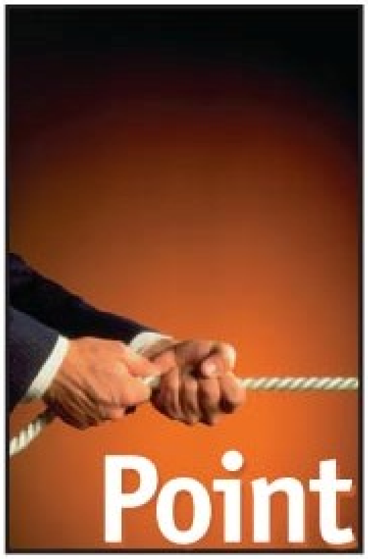

Is E-Commerce Working?

E-commerce Takes Enterprise Resource Planning (ERP) to Yet Another Level

By Mary Ann McIlraith

A profitable and powerful way of doing business is through leveraging e-commerce. Every executive should, at a minimum, have funds in their budget to research the possibilities and the potential return on investment (ROI) for their organization.

E-commerce takes enterprise resource planning (ERP) to yet another level. It leverages a company's investment in its existing ERP solution. Now e-commerce solutions integrate ERP applications to include front office capabilities. Even if you do not have an ERP environment established, you could implement an e-commerce solution, which encompasses a total back and front office environment.

Before we go on, let's define e-commerce, ERP and the e-marketplace.

E-commerce is a technical solution that enables a seamless environment between customers, vendors and suppliers, and in some cases, employees. The e-commerce solution provides businesses with a competitive advantage, as it streamlines the complete organizational business processes from HR, payroll, benefits, supply chain, distribution, order management, inventory, cost, customer relationship management (CRM), vendors and suppliers. All ERP applications will now have "front-office" tool sets that allow open access to the data and work flow via the Internet.

Some of the buzz words are:

- B2B Business to Business
- B2C Business to Consumer
- B2E Business to Employee

E-marketplace is where vendors and suppliers join to form a single online entity making it easier for

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their consumer, which is typically another business or, in some cases, this is the heart of a B2B.

Major advantages:

1. Timely decision making. Evaluate your costs of doing business by division, unit, product, employee, etc., and react to these evaluations strategically through effective, time-critical decision-making.

2. Immediate analysis of the data. Respond to market trends by embracing educated business opportunity assessments.

3. Reduced cost of doing business by recognizing and monitoring.

4. Speed to market. Optimize your primary and secondary channels for getting your products and services to market.

5. Higher quality of products and services.

6. Real time P&L analysis. Reposition, rethink and change when change is needed — immediately — not six months later when you are working with old data and another reality.

7. Intuitive market trend analysis. Ride the market wave; don't get slammed by it.

8. Decision support and data mining. Executives can secure not only information (data) but also intelligent data that will help them make profit-generating and performance-optimizing decisions.

9. Better customer service. Organizations can service customers faster, cheaper and at a higher quality, and in most cases 24 x 7.

10. Enhanced competitive advantage. Size is not as important as swiftness and lightness in terms of gaining market share. The more integrated, automated and sleek your e-commerce strategy is, the more efficiently you'll be able to execute it.

Companies want to gain market share quickly because they could be in jeopardy of losing their existing share. Survival is key. No longer is it a given that existing customers will continue to be loyal unless the companies continue providing the lowest cost and highest quality products and services available.

This entire e-commerce strategy and investment must be thoroughly thought out and documented before moving forward.

What are the biggest challenges to managing arelationship with e-business service providers and systems integrators? An *Information Week* survey of 375 businesses and IT managers found that the top five reasons are:

- Consistency of service (69%),
- Workers who learn at your expense (53%),
- Measuring responsiveness (51%),
- Improving service levels (51%), and
- Seeking flexibility (51%).

All ERP applications will now have a "front-office" tool set that allow open access to the data and work flow via the Internet.

A strategic alliance with the right vendors and management consultants is key to your success.

I have seen some costly mistakes, like a company that went from US$70 million in profits to negative in a little more than a year. Several other companies, when in their prime, had orders in jeopardy because of a weak business plan; the supplier had insufficient products in stock to deliver and the system could not handle the volume.

The concept of losing business stemmed from costly mistakes of the systems integrator and management not being aware and knowledgeable regarding the strategy and implementation. Conversely, top organizations like America Online, Toys "R" Us and Wal-Mart have done their homework and have been gaining the benefits.

In summary, e-commerce:

- Is the way of the future; some have been very successful while others have significantly lost market share because of a poorly constructed model,
- Is a must for all organizations looking to grow and be competitive,
- Requires intense funding, ROI analysis and strategic resources,
- Requires vision and the execution of what I call an executive JAD, where the top visionaries and strategists outline the companies' objectives, determine what business they are in and where they want to go. As a result of this executive JAD, the output documents would be several strategy documents: the scope, business deliverables, assumption and risk documents, projected resources required, timelines and projected budget,
- Can be costly if the organization does not align itself with the right vendors and management consultants that have "best practices" implementation, and
- Requires a comprehensive, but simple, methodology before moving forward.

About the Author

Mary Ann McIlraith (**www.MaximumPotential.Com**) is CEO and president of Maximum Potential International (MPI). McIlraith is an industry leader in management and executive coaching and Rapid Implementation Methodology (R.I.M.) implementations. She is the author of R.I.M. and has more than 20 years business development, human resources and technology experience, of which 15 years have been at MPI. MPI has been in business 16 years and is a provider of best practices in 360-degree management and consulting. MPI services include implementation and strategic business planning, training in R.I.M., leadership and team building.

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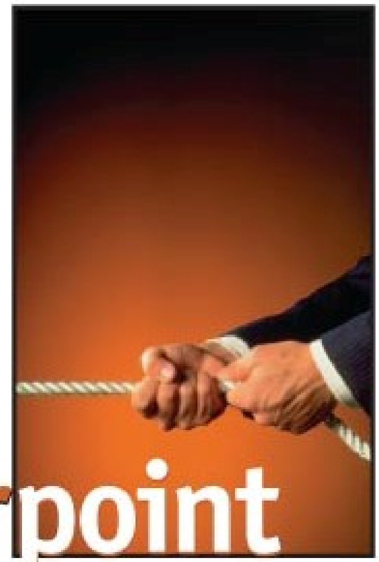

Counterpoint

E-commerce Works, but . . .

By Priscilla Tudela

E-Commerce — is it working? Yes, it is working but there are major stumbling blocks.

E-commerce is the bandwagon to jump on right now it seems. Companies are towing the e-commerce line even if they are just developing an Internet presence. E-commerce, however, is many things to many people. B2B, B2C, B2G and B2E...how many more B2-something-or-another are we going to get? The reality is that e-commerce, while it sounds sexy and new, is simply a more efficient method to accomplish some core business functions: distribution, supply chain and customer relationship management. For the larger and more established companies the hard part is making sure they can engulf their core business functions, know their workflow inside and out and optimize everything to the point that an e-commerce solution can be implemented effectively. Smaller and newer companies are viewed to have an e-commerce leg-up on the bandwagon as many of them are born and raised on the Net and implementing their business incorporating the Internet comes naturally. Cost and bandwidth are concerns for small companies that may not concern their larger competitors.

> The reality is that e-commerce, while it sounds sexy and new, is simply a more efficient method to accomplish some core business functions . . .

What is happening now with e-commerce can be likened the heyday of ERP in the early to mid 1990s. People were talking ERP and were desperate to modernize the back office. Ironically, the early adopters were large *Fortune 500*

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companies. They bet on companies like PeopleSoft, hoping to automate HR and financial processes. What was often overlooked, however, was the cost of ownership and the return on investment (ROI) that the new system might invoke. Any way you look at it, e-commerce capabilities involve a major implementation effort both functionally and technically. Capabilities available today range from basic shopping-cart technology to rich, complex marketplace functionality.

Whether the strategy is small and focused or large and complex, there are some important factors that must be addressed to prevent major obstacles:

- Core business initiatives must be stable, tightly integrated and processes thoroughly documented,
- Total cost of ownership (TCO) must be projected through a minimum of three years, and
- ROI should be analyzed for the next five years.

Don't the two (TCO and ROI) go hand-in-hand? Yes and no. Cost of ownership is an assessment of what the solution will cost broken down by product, infrastructure and resources. The good news is that choices for handling the solutions are many and varied today. With the advent of application service providers (ASPs) and total service providers (TSPs), you don't have to do everything yourself. The ROI is more of a functional assessment of the impact on business processes (people, things and places) and your core business P&L. Some of this is technology and products, but most is how streamlined your physical business initiative provides you with more "speed to market" and higher profit margins.

The way the market is moving, it seems that every three years there is a major disruptive technological innovation, so managing your cost of ownership is a constant challenge. ROI analysis is difficult as none of us have a crystal ball and market conditions can drive business plans off course with little notice. Fortunately though, today you can still bet on some of the same players, PeopleSoft, Oracle, etc., thereby adding new e-commerce capabilities should be manageable with the same vendor and solutions. You can also bet on new products and services coming to market with such companies as Ariba, Broadvision, etc., as there has already been success with these products at the *Fortune 500* level.

> What really makes e-commerce tick for a company is the company's ability to maximize the venue or platform in order to achieve short-term strategic goals.

The bottom line is that you have to manage expectations and try not to bite off more than you can chew. What really makes e-commerce tick for a company is the company's ability to maximize the venue or platform in order to achieve short-term strategic goals. The long-term strategic goals must be there and will be there, but in this extremely competitive environment the rewards of e-commerce must be felt immediately, even if piecemeal. One of the quickest and easiest ways to maximize e-commerce is through alternative channels — using the Internet as a marketing and sales platform by leveraging e-commerce companies targeting your customer base. Another huge opportunity is to "farm" the existing customer. Since interaction with the customer already occurs in a support mode, the tie-in to sales and marketing systems should provide a natural link to understanding the customer's potential future needs and demands for new products or services. This has evolved from the tremendous success of the new Internet-driven customer relationship management (CRM) solutions. E-commerce is many things to many people, but ultimately it is just another way for getting business done. The same old rules apply — manage your costs, scope and margins and, if possible, try to walk before you run so if you fall you can start again without sustaining a major injury.

About the Author

Priscilla Tudela (**pTudela@netmaximo.com**), co-founder and CEO of NetMaximo, brings to NetMaximo 15 years of experience in high tech and client management. Recently, she served as ZonaFinanciera.com's vice president of sales and operations, building the Internet startup's sales programs and and sales force throughout Latin America. Prior to that, she spent five years in the high-tech sector working for top-tier firms dedicated to Latin America and the Caribbean, holding such strategic roles as VP for Latin America in charge of professional services, account management, customer care and support for PeopleSoft and as Global Director for Business Intelligence for Oracle where she responsible for market management, sales and product strategy. Tudela began her high-tech career at the Inter-American Development Bank and United Way of America in the area of international information technology where she designed, implemented and managed complex information systems, executive information systems and ERP projects for multinational entities.

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