To E or not to E?

Points to consider before joining the world of e-commerce

By E. M. Phillips

You have been watching the Internet revolution from your computer screen. You have become convinced that the shifting corporate climate is the new corporate climate. You have gone from casual Friday to casual everyday. You understand that Internet commerce isn't just about blue jeans and multimedia anymore. You are ready to join the revolution—but how and where do you begin?

The best start is to talk with people who have gone to battle in the e-commerce war and come out on top. That is exactly what I did at the recent International Quality and Productivity Center's (IQPC) Steel Online conference in Chicago. Represented at the conference were Site Managers, steel dotcom Presidents and Founders, as well as e-commerce gurus from companies such as IBM, Andersen Consulting and i2 Technologies.

The first, and most important, point made at the IQPC conference was to ask yourself, "How large is my company?" Is your business large enough to go into the world of Internet commerce alone, or should you join hands with the competition?

For most of the companies still left deciding this question, the answer is to call as many business "friends" as possible and invite them over for a little game of "my Internet price is better than your Internet price." Playing with the "enemy" has many tactical advantages when it comes to the world of e-commerce, especially for smaller companies who lack the funds to spend on extensive IT personnel, Extranet services and advertising, as well as offering cheaper online prices than the competition.

Once you and/or your "partners" have decided to take the Internet plunge, the question becomes, "What type of site are we going to be or join?"

For the most part, steel sites online run as either auction, reverse auction or trading based platforms.

E-commerce **Winners** are **Best** @:

✔Purchasing leverage

✔Transaction Management

✔Inventory Control

For more information and ideas regarding why, when, where and how to turn your steel business into a steel online business, register for the International Quality and Productivity Center's (IQPC) upcoming Steel Online conference taking place April 25-26, 2001 in Chicago, IL. For questions and registration please call IQPC at 800/882-8684 or 973/256-0211 or www.@ iqpc.com.

The only way to decide which platform best suits your company or group of companies is to analyze your individual e-business needs. How are you planning on using the Internet? On one hand, if you are planning to sell mostly secondary or excess prime inventory, an auction-based site might be your best bet as far as possible profit and customer satisfaction. On the other hand, if your goods will be of a primary, order filling nature the best platform option might be reverse action site such as Metalsite.net. During a reverse action the buyer picks the seller based on a list provided by the site and initial bid returns; in essence, the reverse action format pits two or more sellers against one another to win the customer's business. Some of the best reverse action sites for smaller companies wanting to sell their steel on-line are Freemarkets.com, Materialnet.com and MetalSpectrum.com.

According to Timothy Kasbe, program director for IBM's eMarketplace division, the third step in your e-commerce decision making, after having decided what type of platform you want to join (or brazenly build for yourself alone), is to browse the competition in typical Internet consumer fashion. What site best appeals to you as a seller or a buyer? Who are your potential competitors? How is the content of the site presented?

Eric Carlson, director of strategic sourcing for the Emerson Electric Company, points out that most steel online sites have a few major flaws, including manual RFQ entry, a lack of contract management capability, little standardization of content, no payable management content and (due to the former four), they present no real efficiency gained on behalf of the buyer or seller. The trick for the would be seller is to find the site with the fewest of these troubles and plant your own "Steel for Sale" sign on their browser.

If you've decided to go your own way and set up an e-commerce site through your company's homepage, there are plenty of companies, such as IBM, Ariba, eTraceability and i2 Technologies that will help to make your B2B transition a smooth one. These companies, and ones like them, will help you to streamline your supply chain management, trim the fat off of your paperwork and answer questions regarding major concerns, such as what key activities to combine, eliminate, automate and/or outsource.

To this end, those still dipping only a toe or two into the e-waters, as well as those taking the plunge, are encouraged to turn to Moore's Law of Business. In 1965, Gordon Moore, later founder of Intel, saw that the number of components on integrated circuits was doubling every year. Moore predicted (and rightly so) that this doubling would continue. Who would have thought that Moore's Law would hold true for so long?

For companies in the communications/web industry, as well as those still looking to carve out their niche in it, Moore's Law is a core foundation. Thus far, Moore's numbers more than hold true for B2B on the web; as reported by Timothy Kasbe, in 1998 $3.2 billion worth of goods and services were purchased on the web. In 1999 that number was up to $14.8 billion, and projected spending for 2001 is $41.1 billion.

In an industry that had a global revenue of almost $700 billion in 1999, there is nothing to lose by entering the Internet marketplace. In deciding to sell online, your company is venturing into waters where there are no "favorite sons," no special prices for special buyers. In the land of e-business the customer is king, and all buyers are created equal. However, in the new business market most of the old rules still apply; good prices and service still equal fulfilled and returning customers and a business that can afford to stay in business.

The Internet gives you the ability to practice tried-and-true business strategies, as well as the ability to reach new buyers, trim down the supply chain, save money on overhead and improve customer service relations.