Revolution

the e-Business issue is not one of technology, we have had many new technologies that have assisted business and commerce, from the automobile to the facsimile

the real e-Business issue is the revolution occurring in the way business is done

this change is akin to the industrial revolution in terms of its impact on company, and country, fortunes and survival

the only difference is that the industrial revolution took around 50 years whereas this revolution will take less than 5 years

Money Really Matters

there are only two real parts to e-Business
making money
and saving money

too much media attention is on the former rather than where the real action is reducing business costs and improving communications for increased competitive advantage

e-Business Results

General Electric
30% labour saving in Lighting Division maintenance supplies and 15% materials price decline due bidding process now deploying ’trading extranets’ to all divisions, expect $5 billion (14%) trade with 40,000 suppliers by 2001

Cisco
78% of orders handled over the net - over $20 million per day - 80% of customer service issues handled online cut $1.5 billion in costs over past 3 years while revenues grew to $12.2 billion from $1.3 billion in 1994

IBM e-Business Results

e-Care
saving of 70% to 90% for each customer call to ibm.com estimated 1999 customer support saving of $750 million

e-Learning
saving of $400,000 for every 1,000 classroom days delivered over the web: 30% of internal training materials delivered online in 1999 for anticipated savings of more than $120 million

e-Procurement
over 6,700 suppliers in its online procurement system: expects to buy $11 billion in goods and services over the web in 1999, saving at least $240 million

US Business Week, 13 December 1999

e-Business Results

Federal Express
3 million shipments per day
FedEx intranet includes all policy manuals, sales presentations, etc - no hard copy versions online WISMOs saving 175,000 man hours per month

Telstra White Pages
approaching 1 million searches per week each 013 call costs Telstra around 60 cents savings of around $20 million per annum
**Serious e-Business**

**Worldwide commerce on the web**

- **e-Business** will be worth US$ 251 billion in 2000 (up from US$ 19 billion) this year and US$ 1.4 trillion by 2003.

- In contrast, consumer e-commerce is predicted to be worth a fraction of that, US$ 41 billion.

- Globalisation, escalating competition and the emergence of new technologies are fuelling the growth.

Forrester Research, October 1999

**US e-Business Internet Commerce**

**Priority**

- “I don’t understand the technology, and I never will. But you don’t have to. You have to understand what it can do for you.”

- “We are moving from an old economy to a new one. Every business has to find new ways of operating. I cannot tell if it is going to be successful at News Corporation, but everything will be different.”

  Rupert Murdoch - Chairman, News Corporation

**Priorities**

- “I don’t think there’s been anything more important or more widespread in all my years at GE.

  Where does the Internet rank in priority? It’s No. 1, 2, 3 and 4.”

  John F. Welch - Chairman, General Electric Company

**Integration**

- “The Internet is ultimately about innovation and integration.

  Innovation is what your objective is - in cost structures, marketing, sales, supply chain.

  But you don’t get the innovation unless you integrate web technology into the processes by which you run your business.

  The true revolution coming from the web is when the web can get integrated with business processes.”

  Louis V. Gerstner - Chairman, IBM Corporation
Case 1
- global lubricants company
- approached the strategy as the first step
- distribution channel 'value add'
- ongoing competitive advantage
- simplify processes and reduce costs
- improve customer knowledge
- improve supplier and alliance partner interactions
- initial country selected for consumer change
- full management commitment

Case 2
- global technology company
- intranet / extranet focus
- two prior intranets - without user acceptance
- over-use of email
- high levels of inefficiency
- access restrictions - islands of information
- significant cost and productivity opportunities
- difficult management 'sell'

Case 3
- Australian automotive group
- highly successful Internet site
- well underway with new ERP system
- dealer interaction improvement
- parts distribution review
- customer database consolidation
- customer profiling
- long term brand positioning
- strong management commitment

Critical Success Factors
- senior Executive commitment to the vision
- understanding how the business processes change
- identification of priorities
- indication of costs and benefits
- acceptance of investment required
- identification of the strategic and operational risks

Threat
- expense overhead
- productivity tool
- revenue tool
- competitive advantage
- survival tool
- 'this is not an option'

John Chambers - CEO, Cisco