

# Strategy for today's E-economy:

## eBusiness Strategy for Measurable Success



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# Agenda

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- ◆ The Current State of the Net Reality
- ◆ Value Proposition Analysis
- ◆ Setting Strategy
- ◆ Baselining Assets
  - Business
  - Technical
- ◆ Creating a Project Portfolio

# Distracting Hype: Ten Driving Principles of the New Economy

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## ◆ *Matter*

- “It matters less . . . Despite very few physical assets and far fewer employees, a growing number of information-messaging companies have disproportionately large values. Consider the market cap of Yahoo!, which went from \$400 million to \$5 billion in two years.”

## ◆ *Space*

- “Distance has vanished . . . Now your business can connect instantly with customers all over the globe.”
- “Reality check: During the last three years, Amazon.com has sold books to 1.5 million people in 160 countries. Out of an office in Seattle.”

- ◆ *Time*
- ◆ *People*
- ◆ *Growth*
- ◆ *Value*
- ◆ *Efficiency*
- ◆ *Markets*
- ◆ *Transactions*
- ◆ *Impulse*



# The New Supply Chain : “Just in Time” to “On My Time & My Terms”

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## ◆ My Time

- Classic logistics is driven by supply chains that are production (push) focused
- eBusiness Logistics is driven by Customer Demand fulfillment chains (pull)

## ◆ My Terms

- Quality equal or better than Physical channels
- Price lower or more value for money than Physical channels
- Fulfillment in keeping with the speed of contact and order taking

# Brevity is the Soul of WIT . . .

## *Know your value proposition*

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09/30/97 [Wit Capital Pioneers Public Venture Capital Investing](#)

09/15/97 [Wit Capital Launches Online Investment Banking Services](#)

09/04/96 [NYSE Technology Chief Joins Digital Trading Facility Effort](#)

04/22/96 [Wit Capital Takes Technology and Marketing Partner](#)

04/02/96 [Wit Beer Founder To Build World's First Digital Investment Banking Firm and Stock Market](#)

03/25/96 [SEC Gives Green Light To Digital Stock Trading](#)

03/20/96 [Microbrewer Suspends Internet Stock Trading](#)

02/27/96 [Microbrewer's Stock To Trade in Cyberspace](#)

02/26/96 [World's First Digital IPO](#)

02/26/96 [Spring Street Brewing Company](#)



# The Shift in business models is profound

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## ◆ From:

- New “Old” business models
- Selling high margin (over-priced) commodities
- Giving away low margin “experiences”
- Individual buying
- “Manual” selling & supplying
- Simple intelligent agents
  
- “Open cry” auctions
  
- “Sticky” selling & supplying

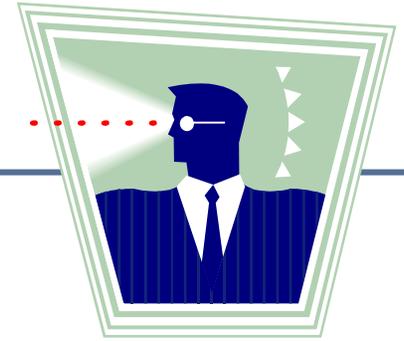
## ◆ To:

- Virtual business models
- Fulfilling low margin commodities
- Selling very high margin “experiences”
- Group & co-op buying
- Automated selling & supplying
- Buying & selling agents that cooperate, learn, negotiate & personalize
- Open cry, Dutch, & reverse auctions
- Major shift in “who” goes on the web, what governs access & behavior

Source: Cutter IT Journal

# The Value Proposition

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*What is your core business?*

*Who are your fiercest competitors?*

*What are your organization's strategic goals?*

*What does your current market look like?*

*How does your organization view technology?  
The Internet?*

*How does your organization measure success?*

*What keeps you up at night?*

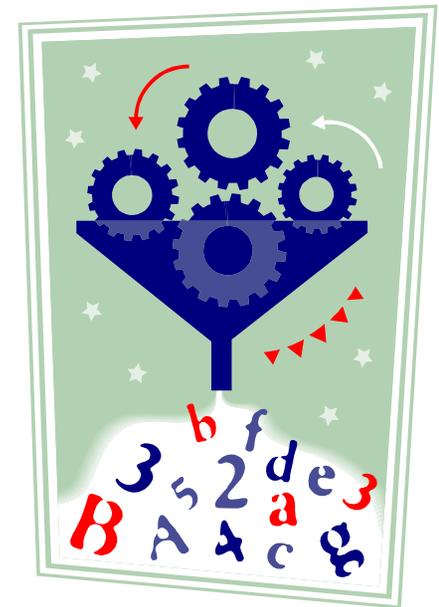
*What keeps your organization from being successful?*

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# Your Value Proposition

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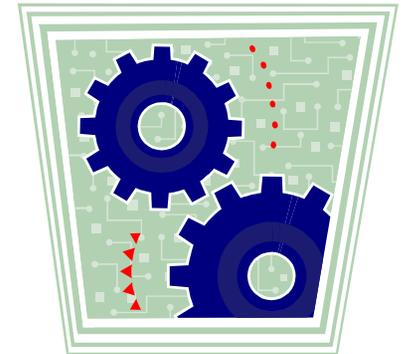
- ◆ What is the core value your organization has?
  - What assets do you have?
  - What are you good at?
  - If you could do only one thing in your industry's value chain, what would it be?
  
- ◆ How do you leverage . . . .
  - Virtualizationand avoid . . . .
  - Cannibalization
  - Extinction



# Sample Core Value Propositions

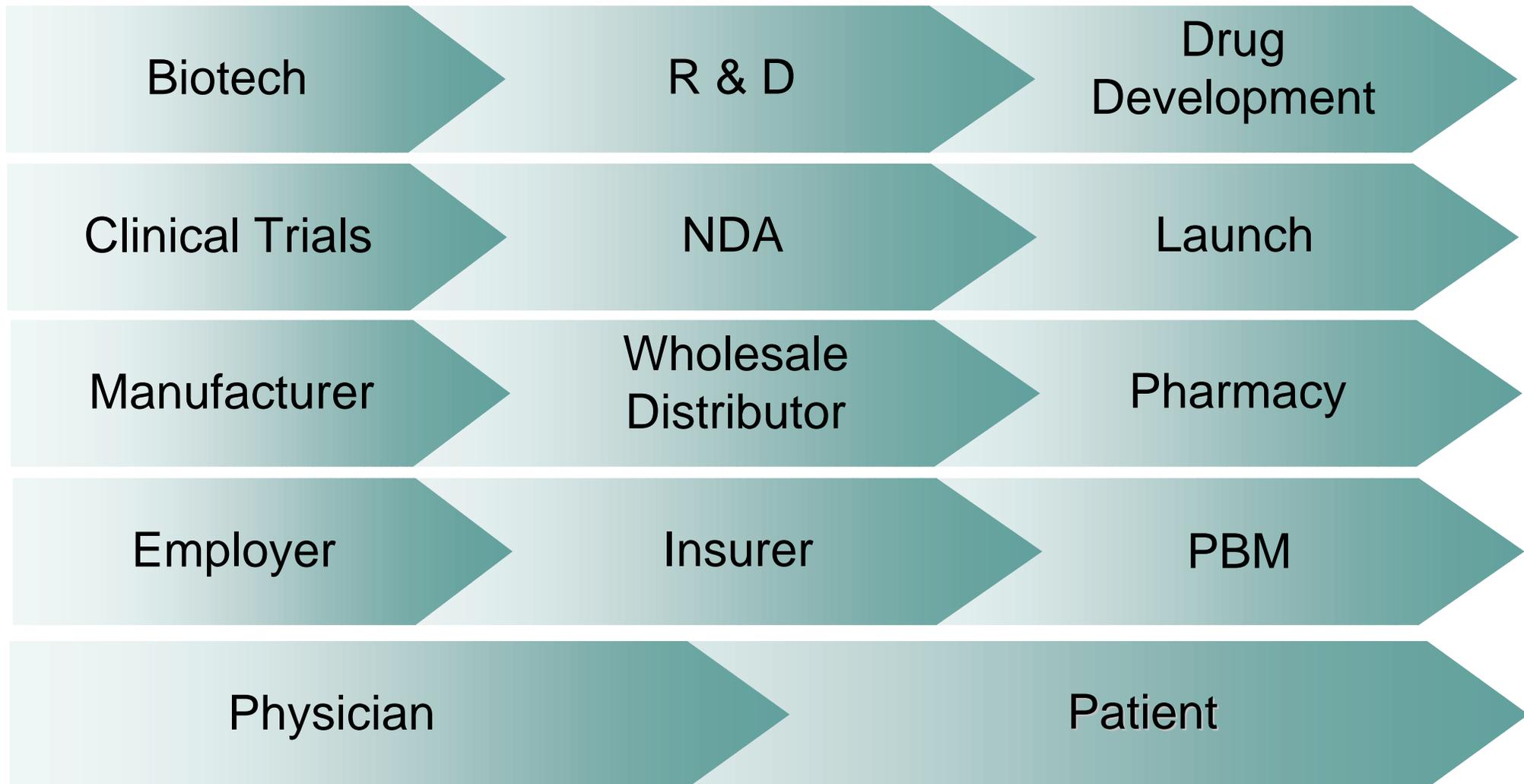
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- ◆ Manufacturing expertise
- ◆ Sales Expertise
- ◆ Market Knowledge
- ◆ Channel Master
- ◆ Low Cost Logistics
- ◆ Research Leadership
- ◆ Innovation Culture

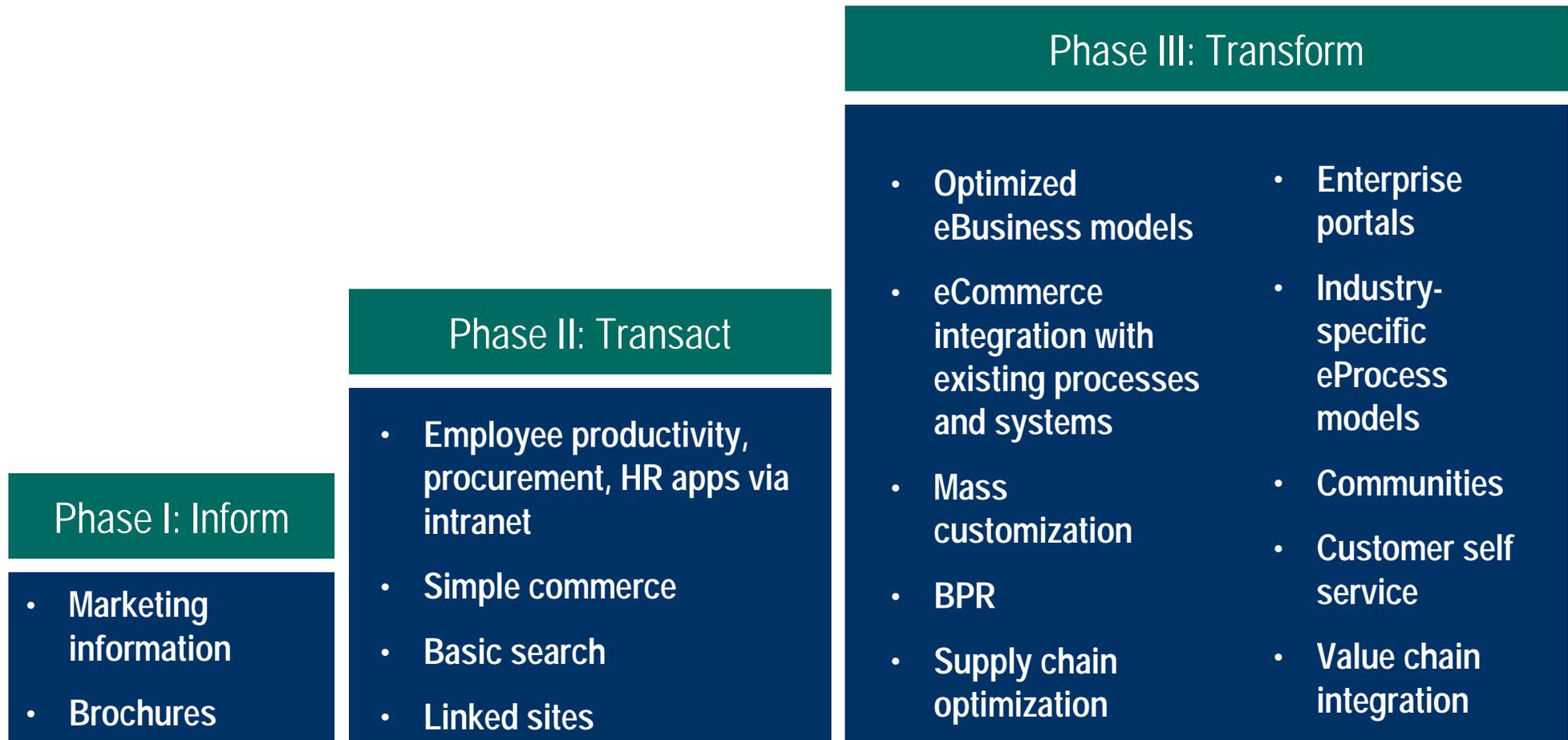
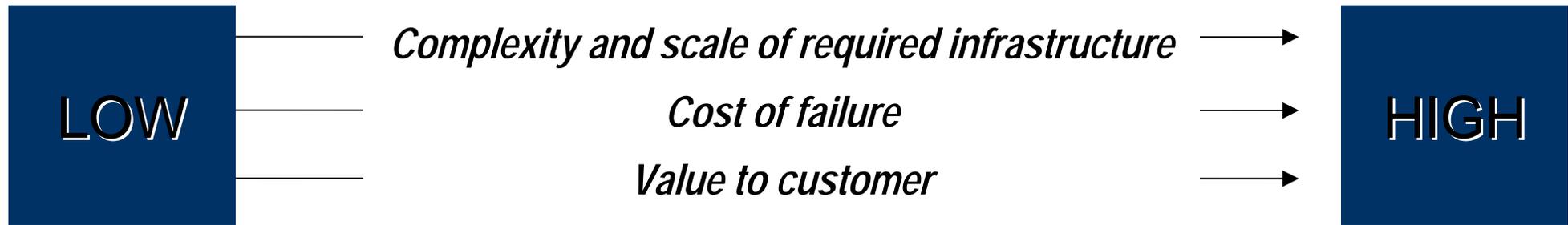


# A Sample Pharmaceutical Development, Supply & Demand Chain

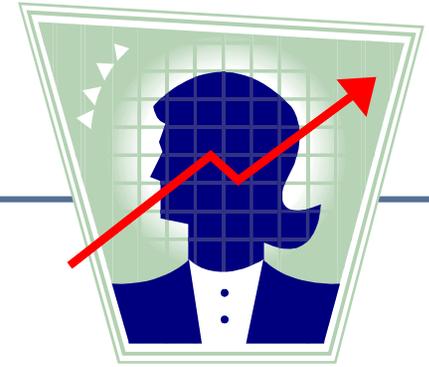
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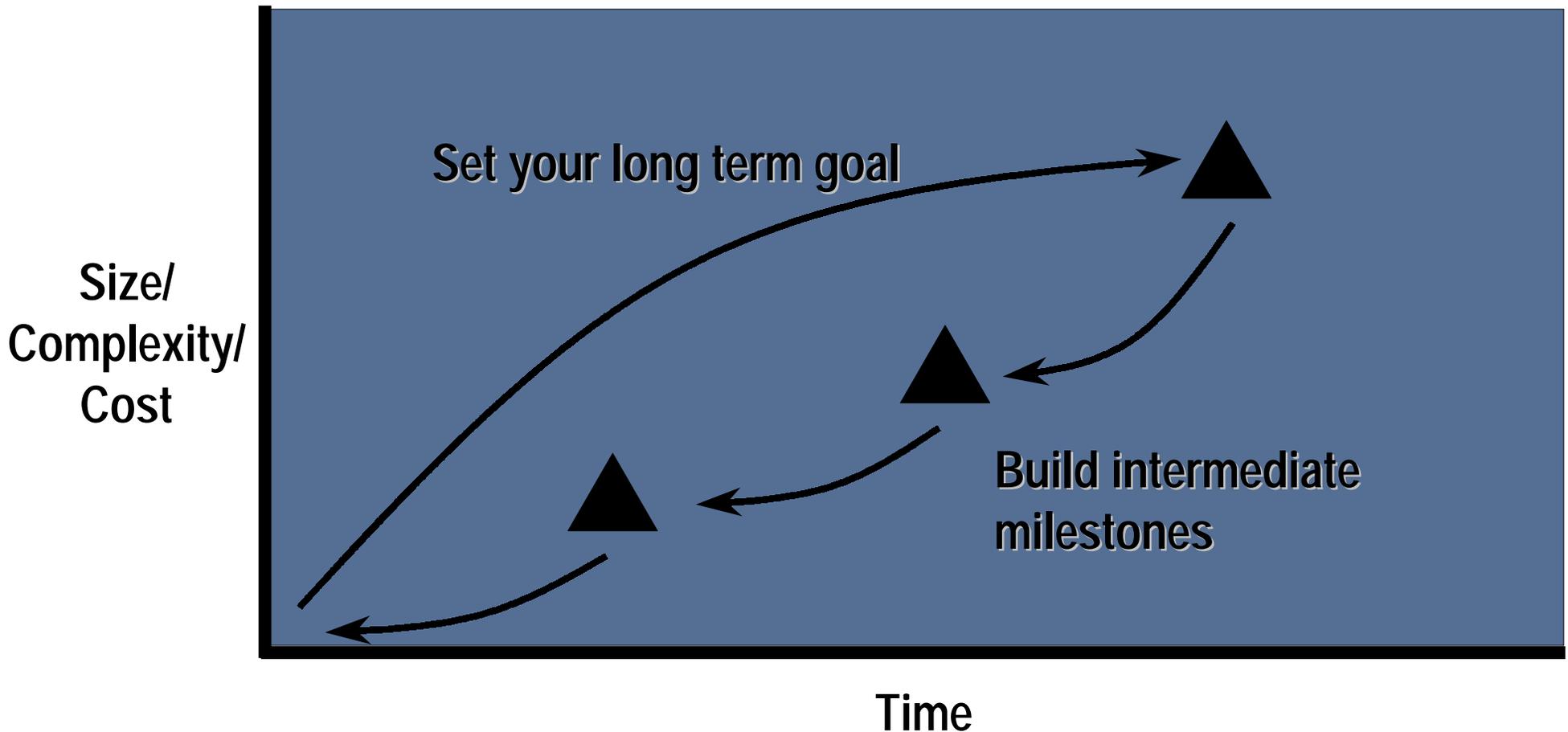
# Planning and executing on that plan, all in concert with your overall vision, is critical



# Planning for a successful conclusion

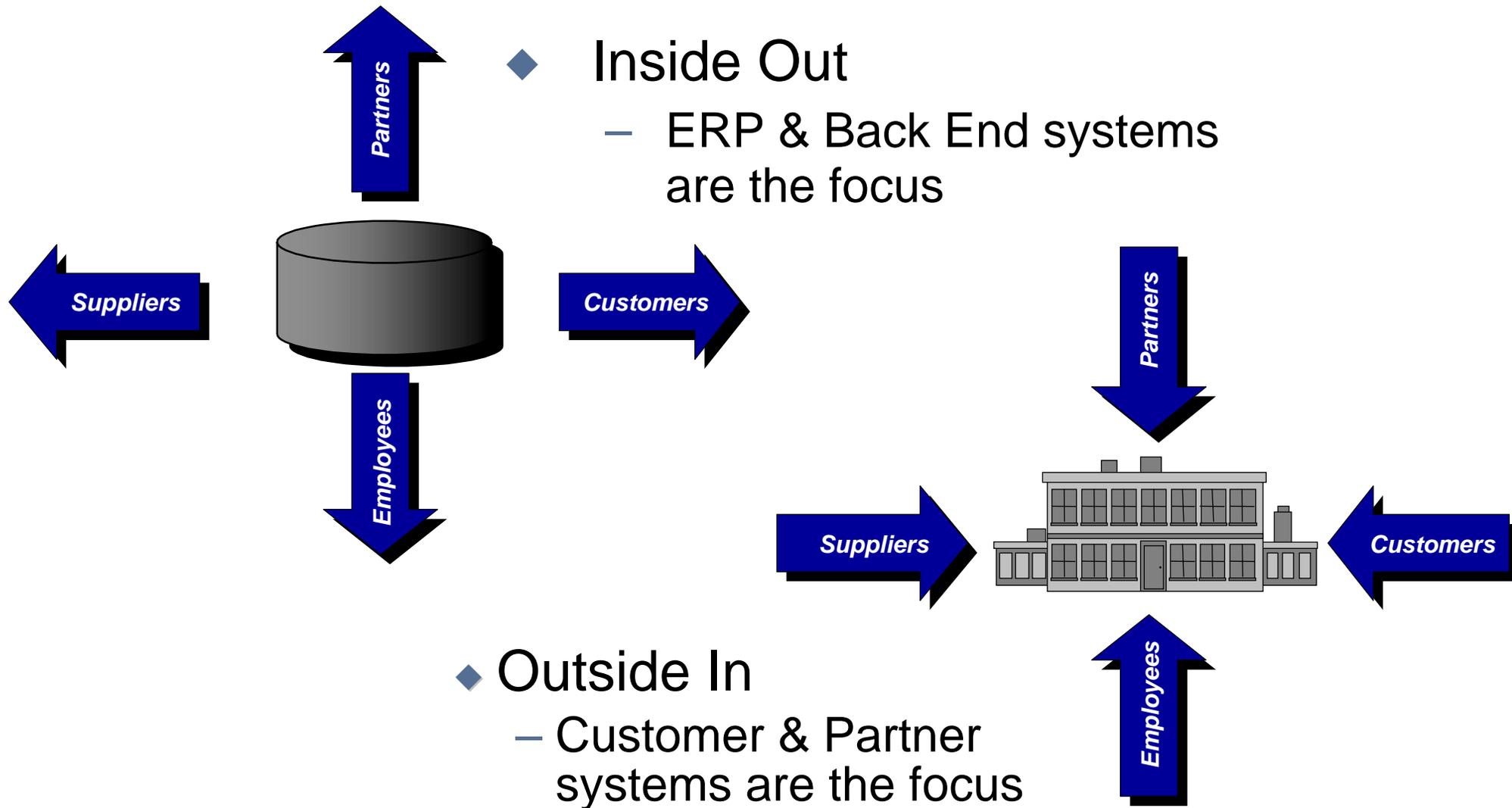


Set the end goal and then determine intermediate steps to achieve it



# How does your organization think?

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Source: Adapted from  
eBusiness Advisor

# Questions for Building an eBusiness Model

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## Areas

- **Customer**

## Questions

- How can we use the Internet to address our customer's changing priorities?
- How do we use the Internet to provide better customer service and create lasting relationships?
- How do we use the Internet to make our sales channel more effective?

Source: Adopted from  
Gartner Group

# Questions for Building an eBusiness Model

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## Areas

- Customer
- Competition

## Questions

- How might traditional competitors and eBusiness startups change market dynamics, or take away market share?
- Which divisions or product lines are most exposed because competitors or startups are establishing Internet businesses?
- Will failure to act now precipitate a crisis within the next two years in any of our lines of businesses?
- Can we afford to ignore the Internet as a cost-saver if our competitors are using the Net to gain pricing advantages?

Source: Adopted from  
Gartner Group

# Questions for Building an eBusiness Model

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## Areas

- Customer
- Competition
- **Organization**

## Questions

- Do our management, business, and IT team have the appropriate skills to run an Internet business? If not, how do we secure them or who do we partner with?
- What are the appropriate business and financial structures for managing Internet business risks?
- What will it cost to fix weaknesses, exposed by our Internet business strategy, in our processes, infrastructure, and enterprise systems?

Source: Adopted from  
Gartner Group

# Questions for Building an eBusiness Model

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## Areas

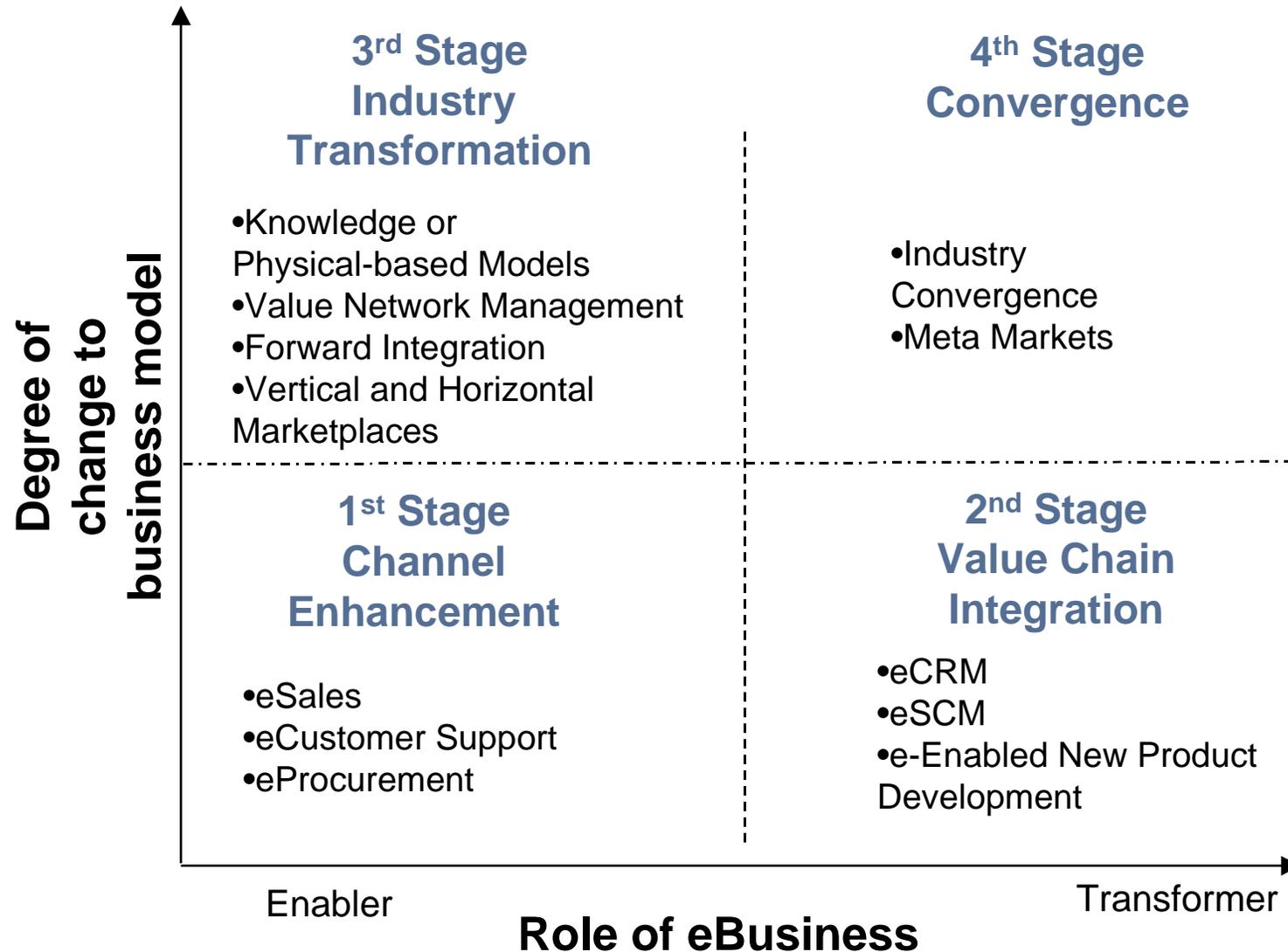
- Customer
- Competition
- Organization
- Sources and operations

## Questions

- What assumptions are we making on our old ways of doing business that do not fit the Internet?
- What are relevant business models that 1) match ours; 2) threaten us; 3) are suitable new ways to conduct business
- How can we use the Internet to make supply chains more efficient?
- How can we use the Internet to lower our operating costs? How long will it take?

Source: Adopted from  
Gartner Group

# A Sample Decision Framework for eBusiness Initiatives



Source: Price Waterhouse Coopers

# A Sample Project Portfolio for a Large Chemical Manufacturer

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