
Evolution of Net Markets and B2B Exchanges

HP World Presentation

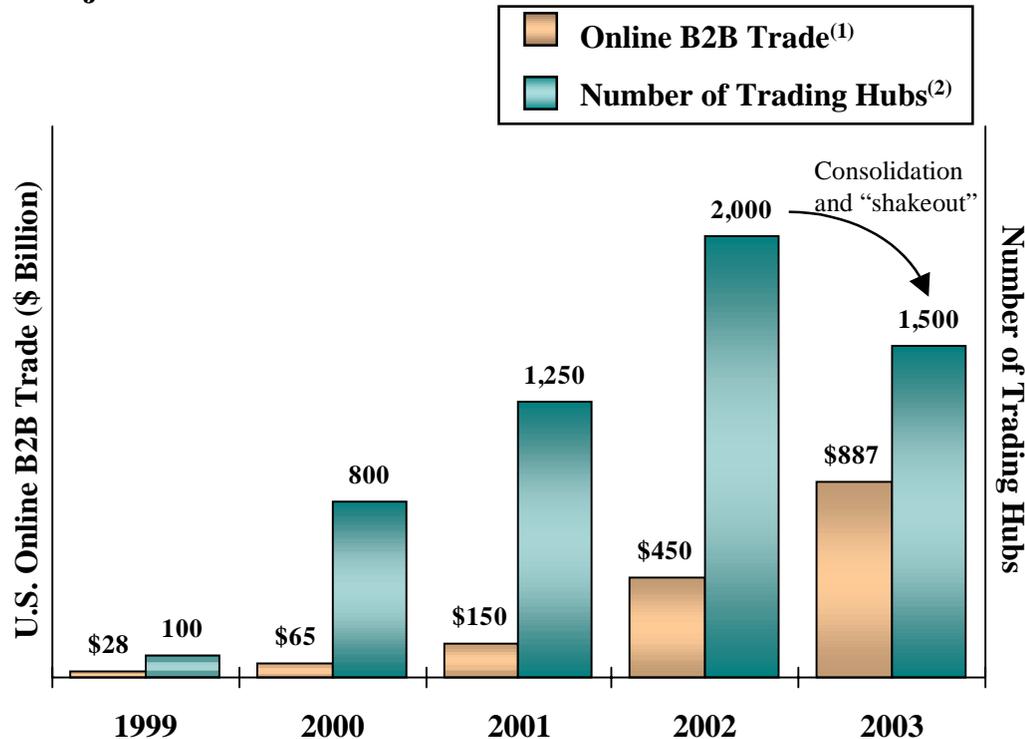
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The opportunity presented by B2B Trading Communities is clear, with explosive growth projected to continue over the next several years

Projected B2B Growth in U.S.



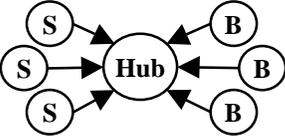
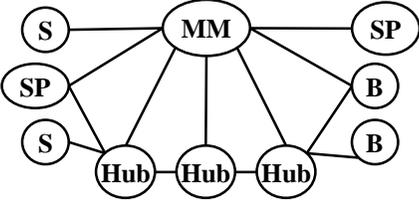
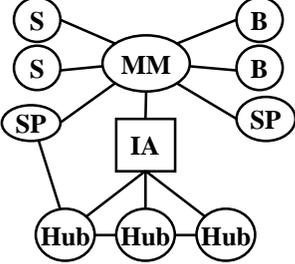
Drivers of B2B Growth

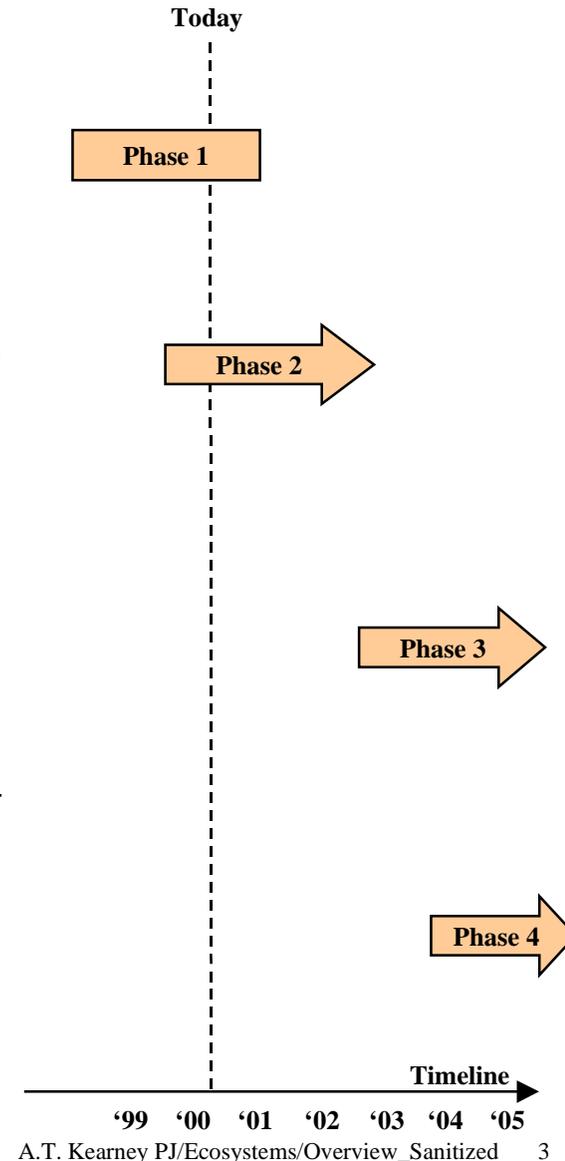
- Access to broader base of buyers and suppliers
- Cost savings resulting from price and process efficiencies
- Overall supply chain integration and “transparency”

Drivers of Hub Consolidation

- Emergence of large, dominant competitors
- Lack of sufficient liquidity to support thousands of hubs
- Need to provide competitive service offerings
- Lack of profitability

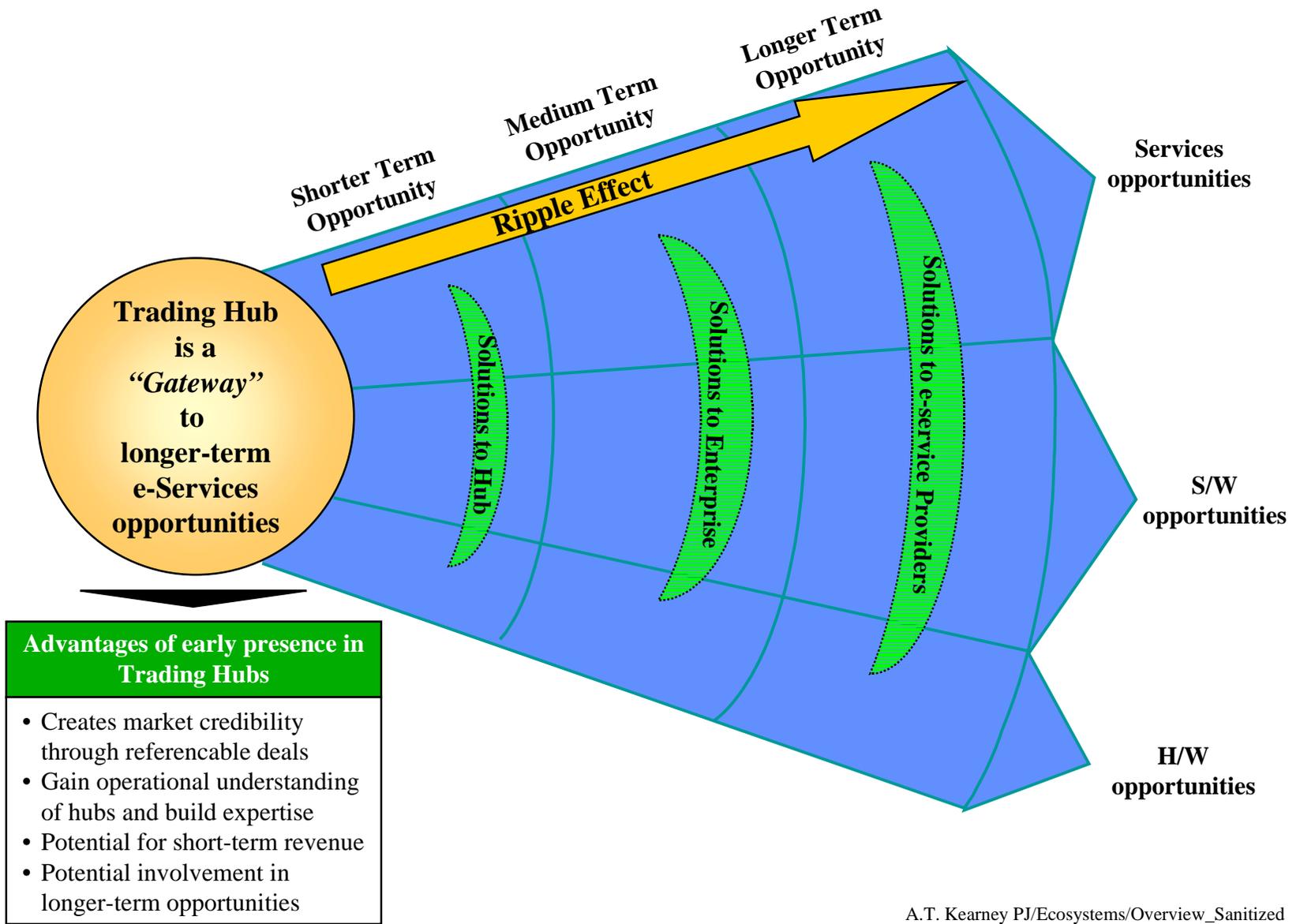
We predict that trading communities will evolve in four phases over the next several years

	Phase of Evolution ⁽¹⁾	Description	Potential "Customers"	Opportunity
Short Term	Phase 1 "Build Out" 	<ul style="list-style-type: none"> Basic exchanges offer core procurement services and transaction functionality 	Hubs	Procurement solutions and technology infrastructure
Medium Term	Phase 2 "Collaboration and Integration" 	<ul style="list-style-type: none"> Hubs add collaboration services and integrate with participants' supply/demand chains 	Hubs ----- Participants	Collaboration solutions ----- Integration services and middleware
Long Term "Predictions"	Phase 3 "Cross-hub interconnection" 	<ul style="list-style-type: none"> Combinations of interconnected hubs (metahubs) and new metamediaries emerge 	Metamediaries and Participants ----- Hubs	Integration services and middleware ----- Collaboration solutions, integration services and middleware
	Phase 4 "Efficient Networks" 	<ul style="list-style-type: none"> Integration of intelligent agent technology Metamediaries, hubs, and participants move to hosted environments 	Metamediaries ----- Hubs ----- Service Providers	Intelligent agent solutions ----- Intelligent agent enablement ----- Hosting solutions



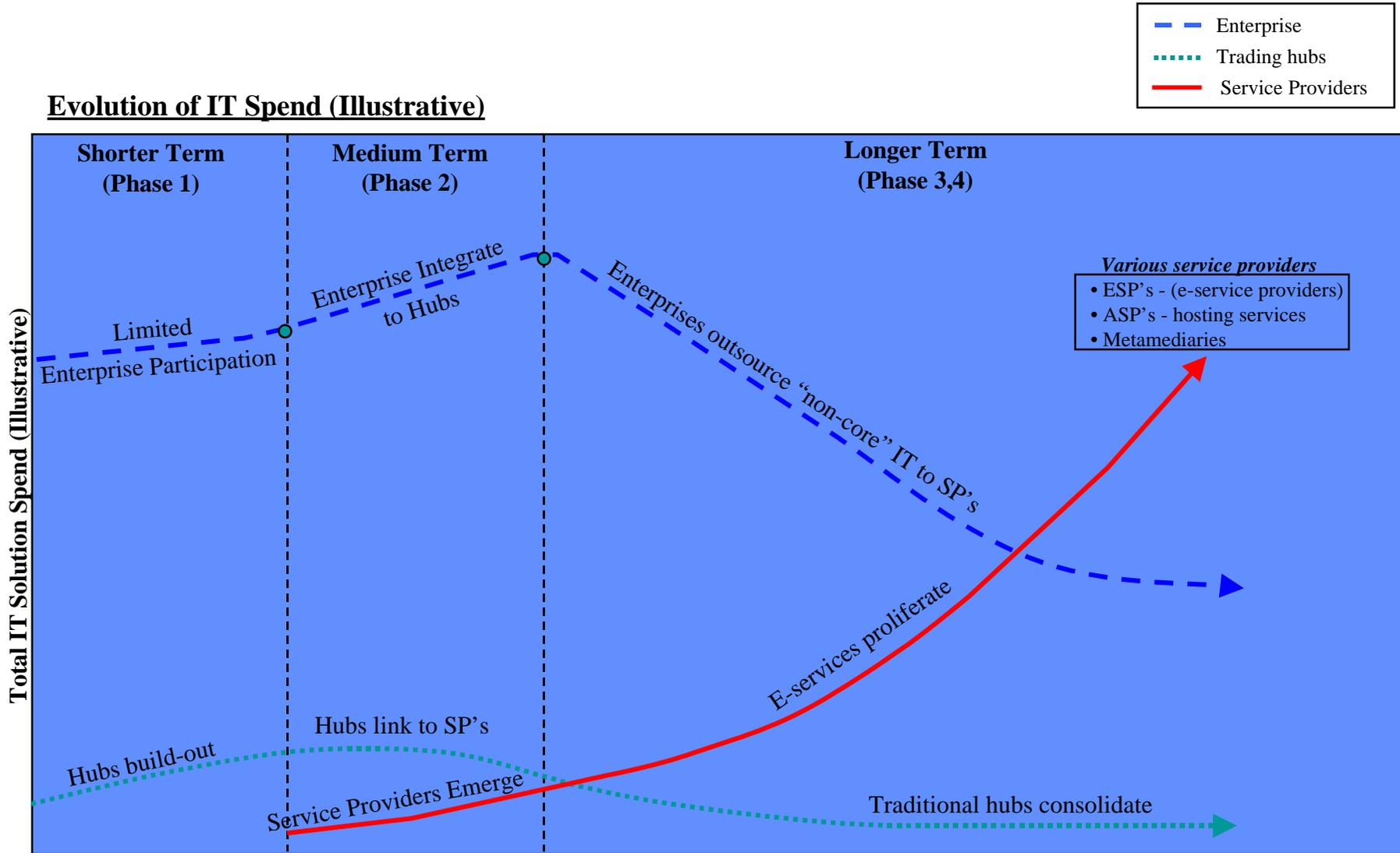
Notes: (1) B=Buyer, S=Supplier, SP = Service Provider, IA = Intelligent Agent, Hub = Trading Hub

Trading Hubs will, over time, create a gateway to larger B2B opportunities within traditional enterprises and eventually with emerging e-service providers

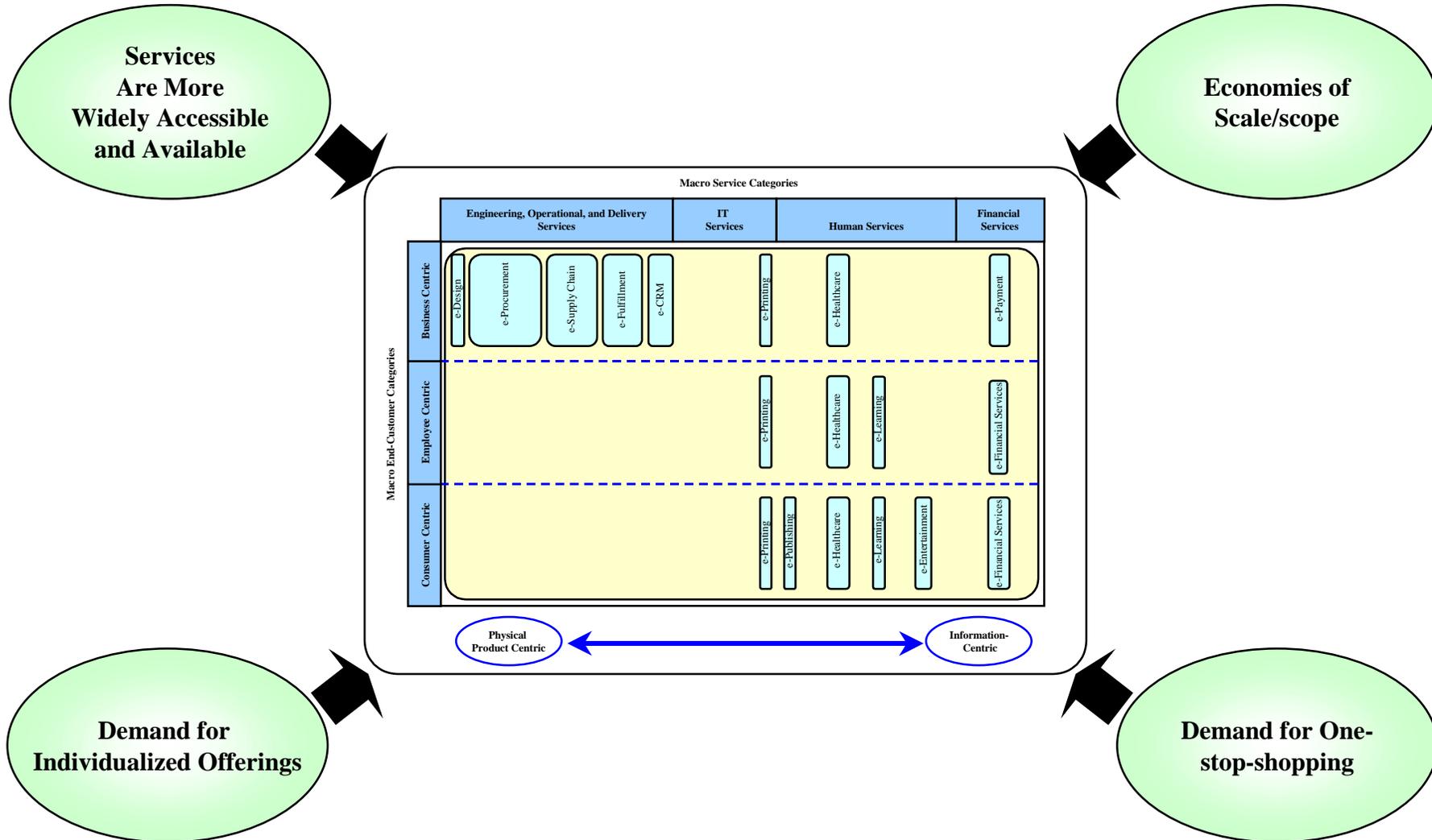


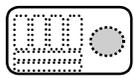
It is predicted that the overall magnitude of these “medium-term” and “longer-term” opportunities will be far greater than at the hub itself

Evolution of IT Spend (Illustrative)

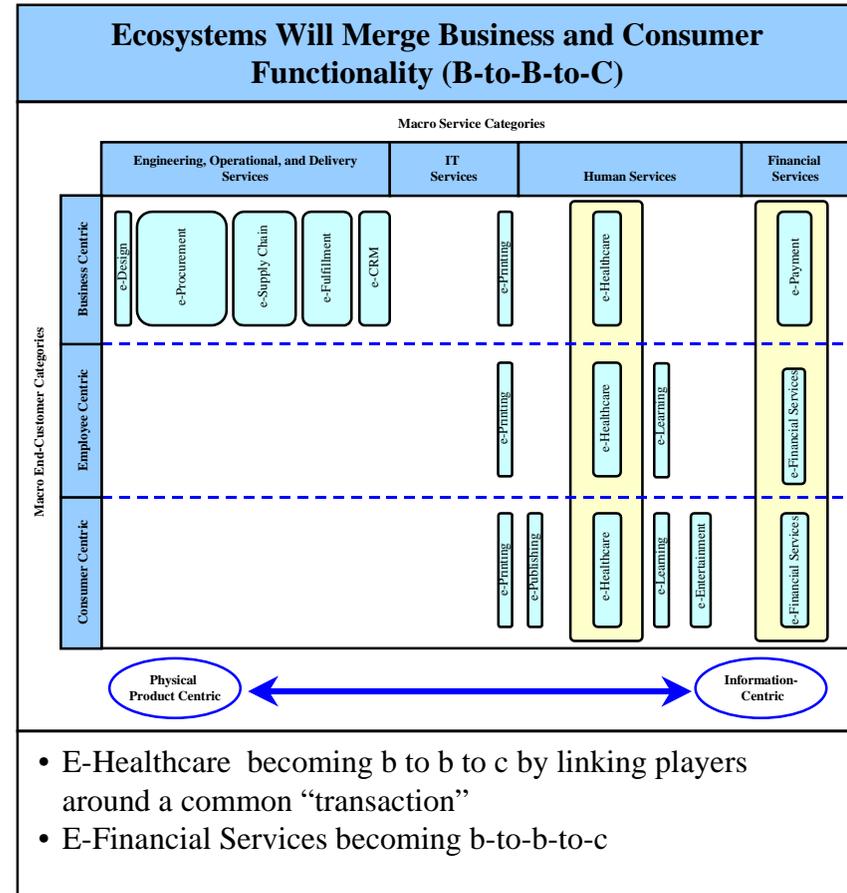
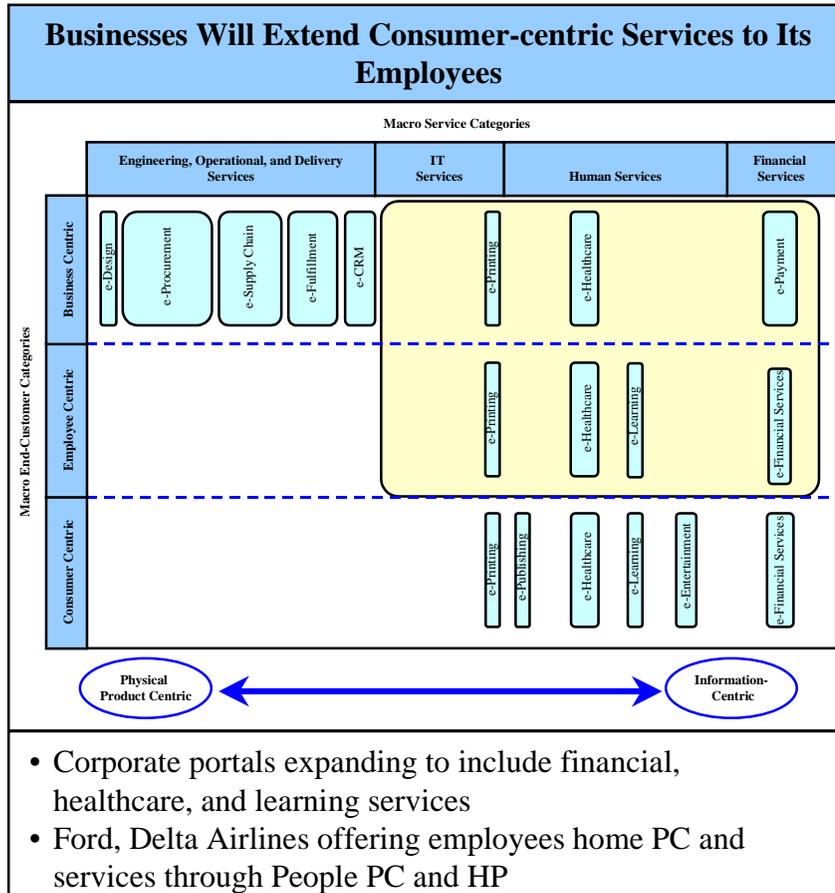


Across all ecosystems, four forces are emerging - driving ecosystems to evolve toward each other

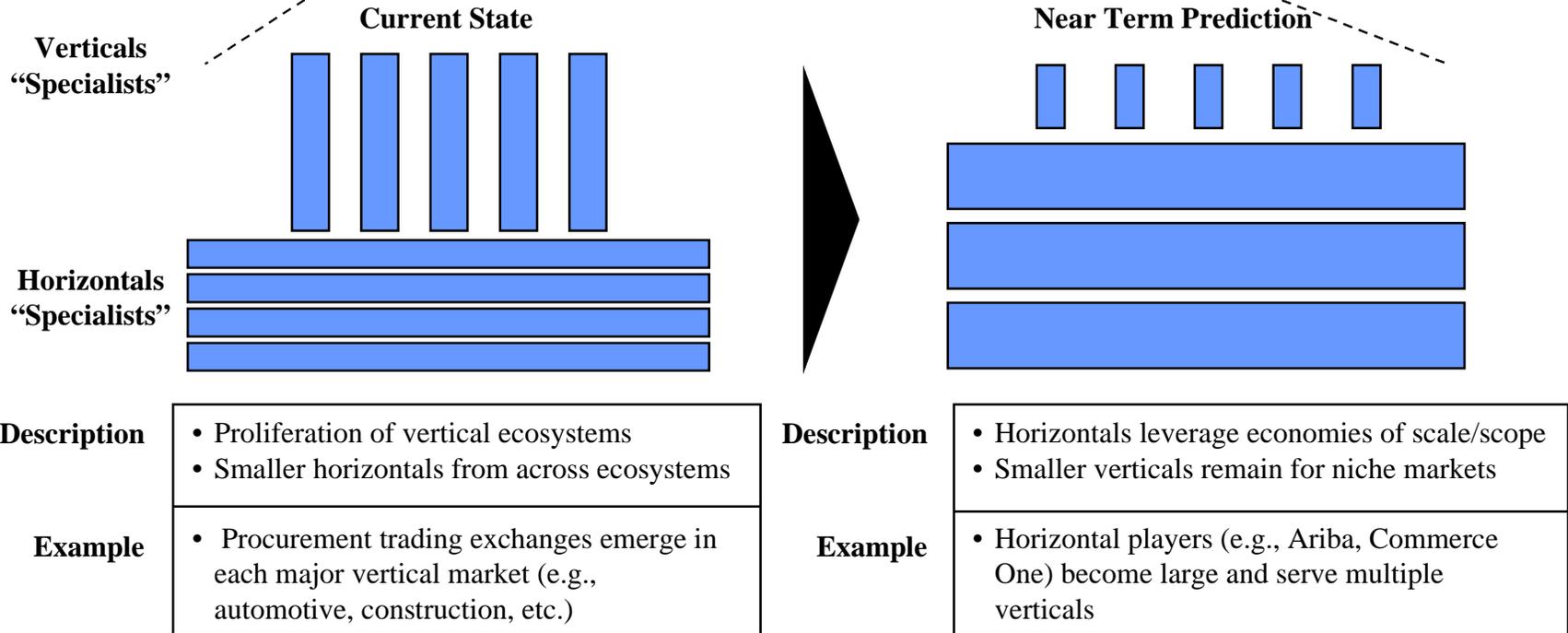
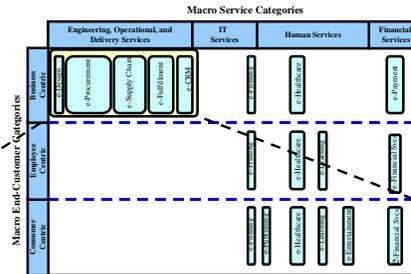




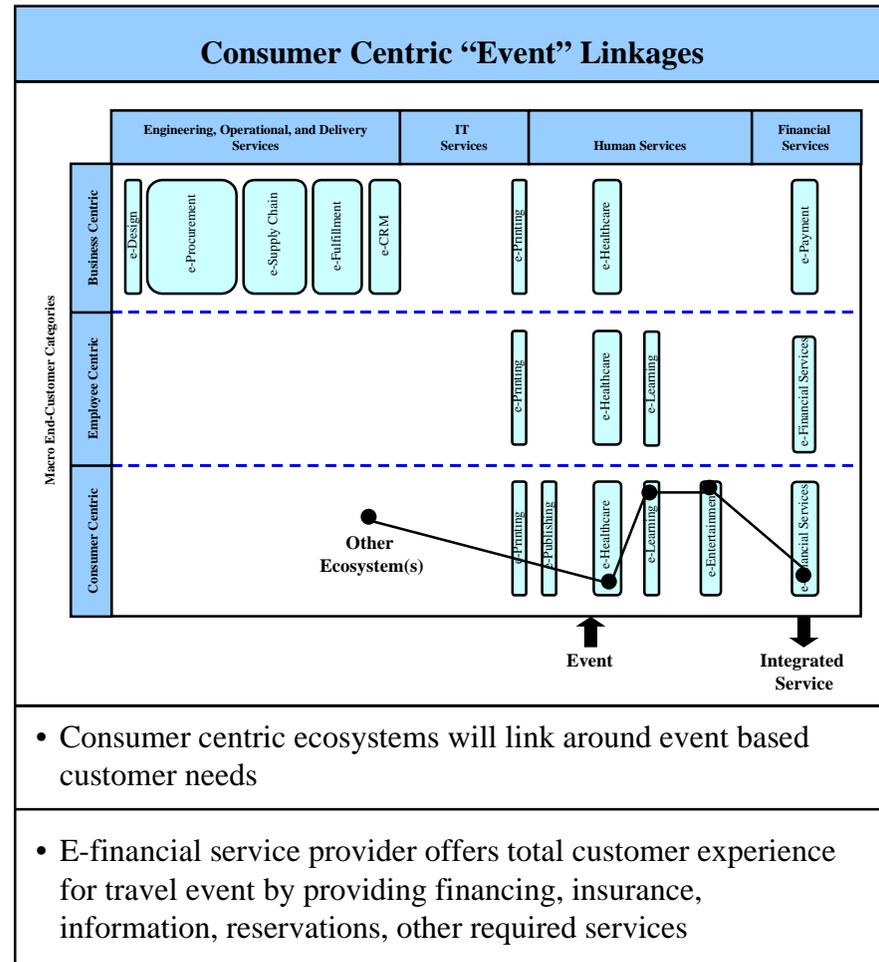
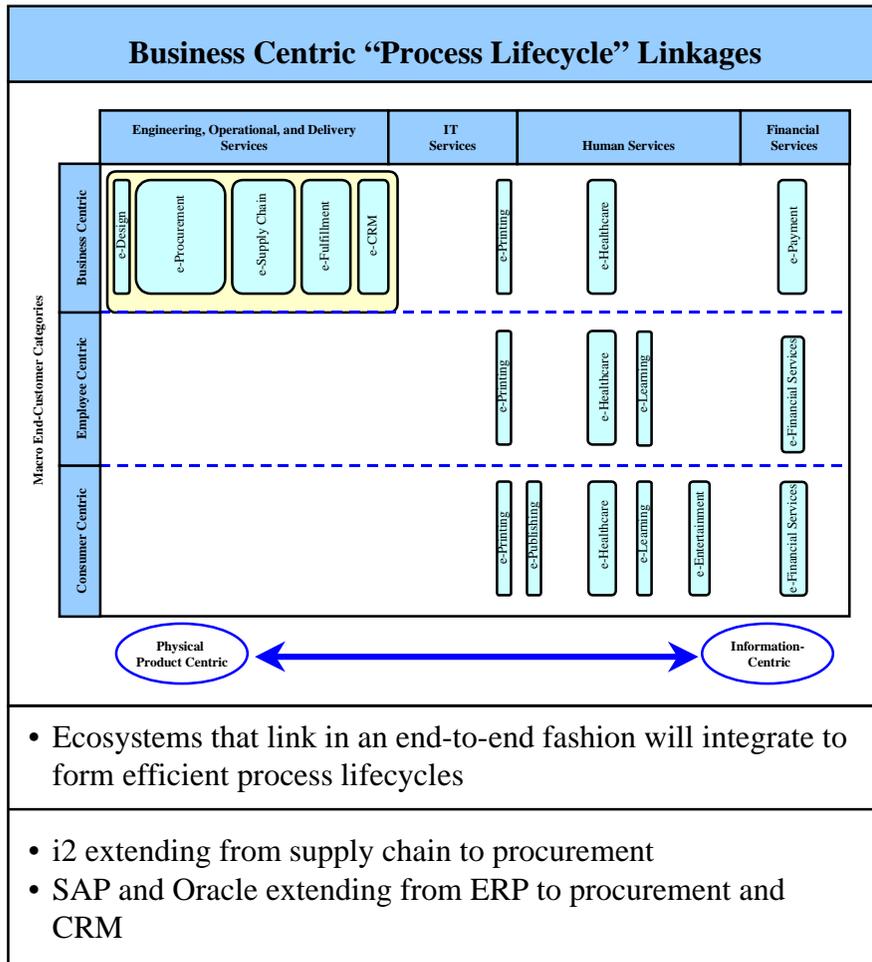
Prediction #1 — Ecosystems begin to cross multiple customer segments



Prediction #2 — “Horizontal” ecosystems get larger while industry-specific “vertical” ecosystems shrink



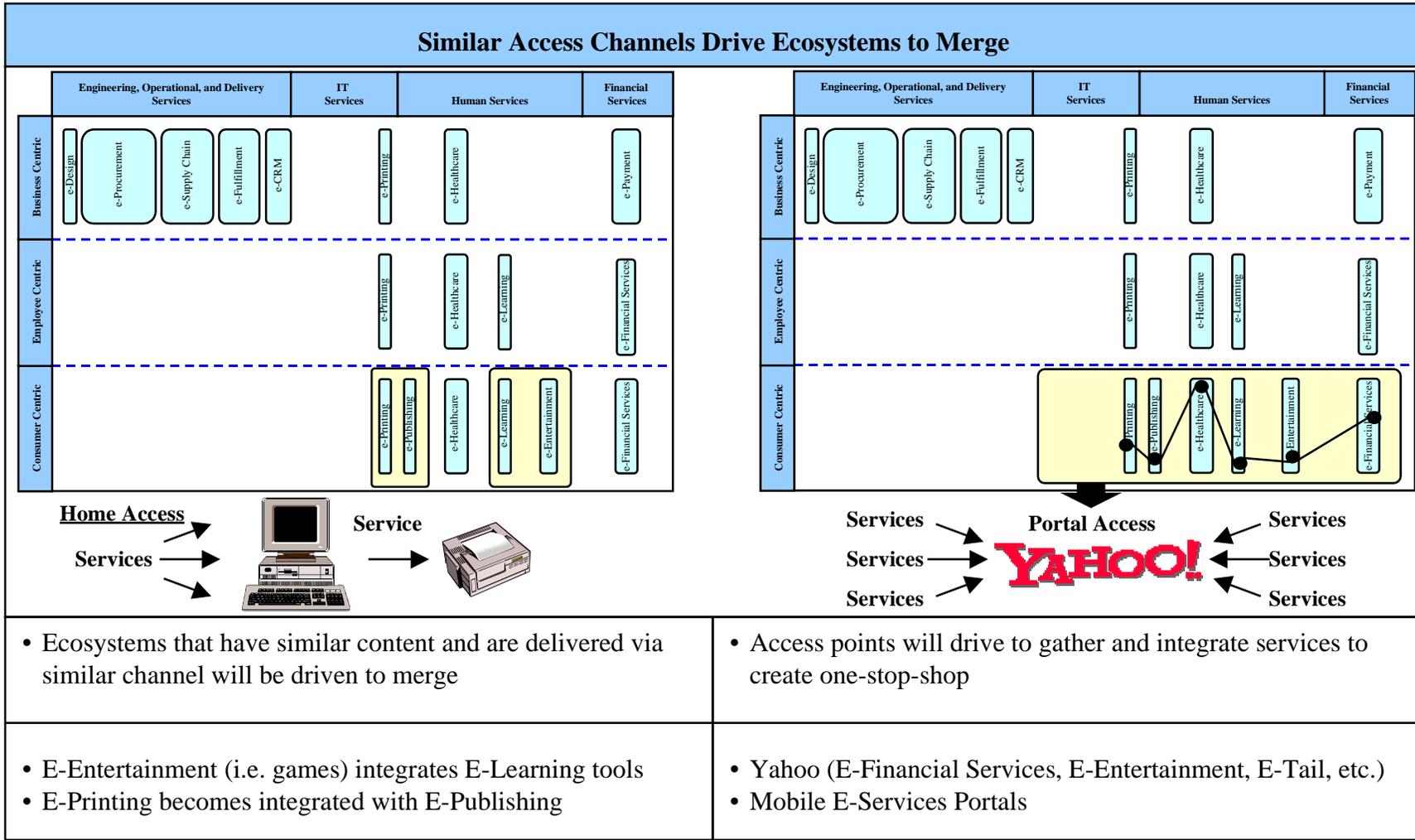
Prediction #3 — Ecosystems begin to link across “lifecycle” events

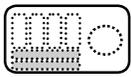


Example Description

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Prediction #4 — Ecosystems that are delivered in similar ways begin to converge





Prediction #5 — Infrastructure becomes less ecosystem specific, thereby increasing the pace at which an ecosystem can change

