



Evolution of the Supply Chain:

The Tools and Information You'll Need to Keep Up

Don Willis
Chairman and CEO

IPNet Solutions Inc.
4100 Newport Place, Suite 800
Newport Beach, CA 92660
dwillis@ipnetsolutions.com
949-476-4455

Today's Objectives



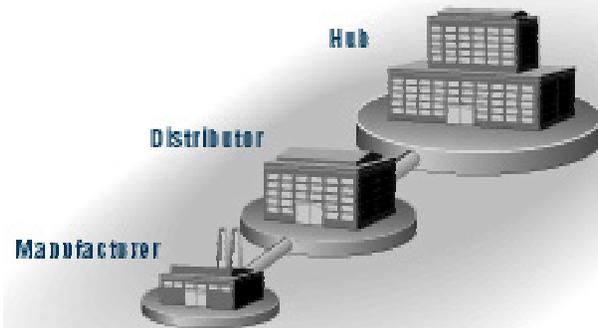
- Explore the future of e-business
- Focus on supply chain execution
- Examine the criteria for a successful B2B implementation
- Discuss how to prepare



Where We Are, Where We'll Be

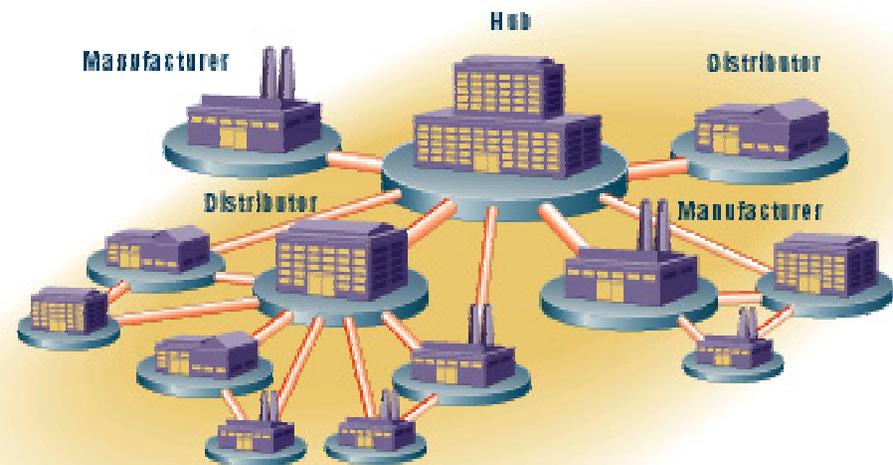
Supply Chains Past and Present

Supply Chain Inefficiencies



- High VAN transaction fees
- Fax machine transport
- No collaboration
- Disjointed
- Optimize flow of products

Supply Web Optimization



- No cost Internet
- Automated processes
- XML-based collaboration
- Increase efficiencies
- Optimize flow of information

Trading Exchange Spending

“For most companies, the PTX will be the most important computer systems project ever undertaken. AMR Research believes every enterprise with revenue exceeding \$1B should build a PTX.”

Source: John Bermudez, AMR Research

B2B Commerce Transactions by 2004 (U.S.)	\$5.7T
Trading Exchange Pass-Through by 2004 (U.S.)	3.0T

Source: Private Trading Exchanges: The Cornerstone for \$5.7T in B2B Commerce, February 26, 2001 © AMR Research

Expectations for the Future



- 100% of trading partners are connected
 - Companies of all sizes - from leaders to laggards
 - Lay the groundwork
- Collaboration drives effectiveness
 - Leverage ERP/MRP applications
 - Shared business processes

Expectations for the Future



- Supply chain vs. supply chain
 - Extend enterprise processes through entire supply chain
 - Pass savings to consumer



Supply Chain Execution

Impact of Supply Chain Glitches

- Average decrease in stock price when glitch announced – 9% (adjusted for normal movement)
- Average destruction of shareholder value – \$120 million
- Average loss of shareholder value (90 days before announcement to 90 days after) – 20%

Source: “The Effect of Supply Chain Glitches on Shareholder Wealth” study by Vinod Singhal, Associate Professor of Operations Management, Georgia Institute of Technology

Success Criteria



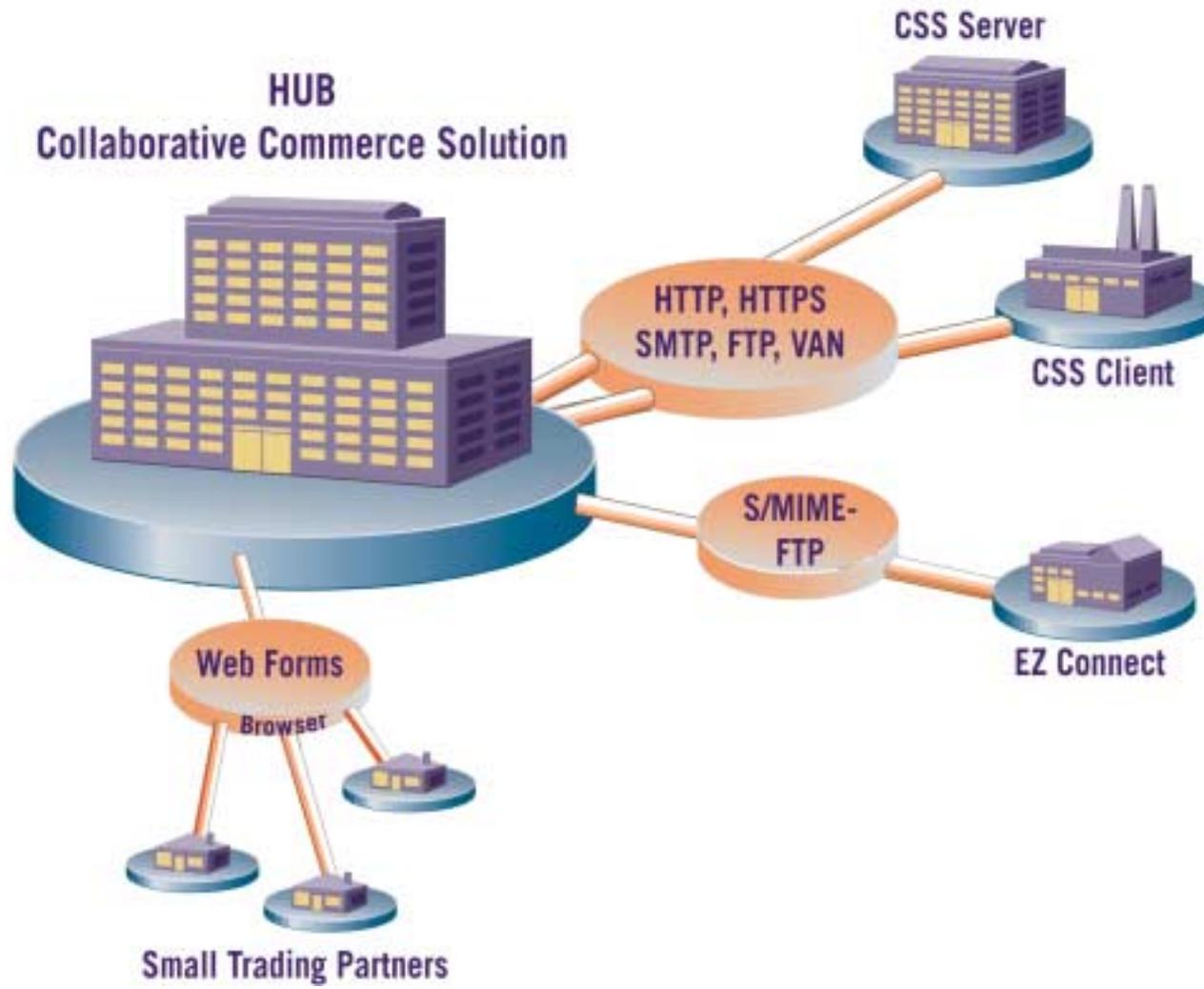
- Trading partner management
- Integrate and leverage existing ERP systems
- Rapid return on investment

Trading Partner Management



- Maximize participation
- Options for larger trading partners
 - Server-to-server (ERP-to-ERP) integration
 - EDI/VAN and XML compatibility
- Options for smaller trading partners
 - Participate via a Web browser
 - Java client options available to download for next tier
 - PC-based solutions

Connect the Entire Community



Secure and Interoperable



- Support diverse:
 - Protocols
 - Transaction and document types
 - Translation requirements
- Compatible with industry standards
- Is not required on both ends
- Ensure content and session security
- Encryption over various protocols without sacrificing speed

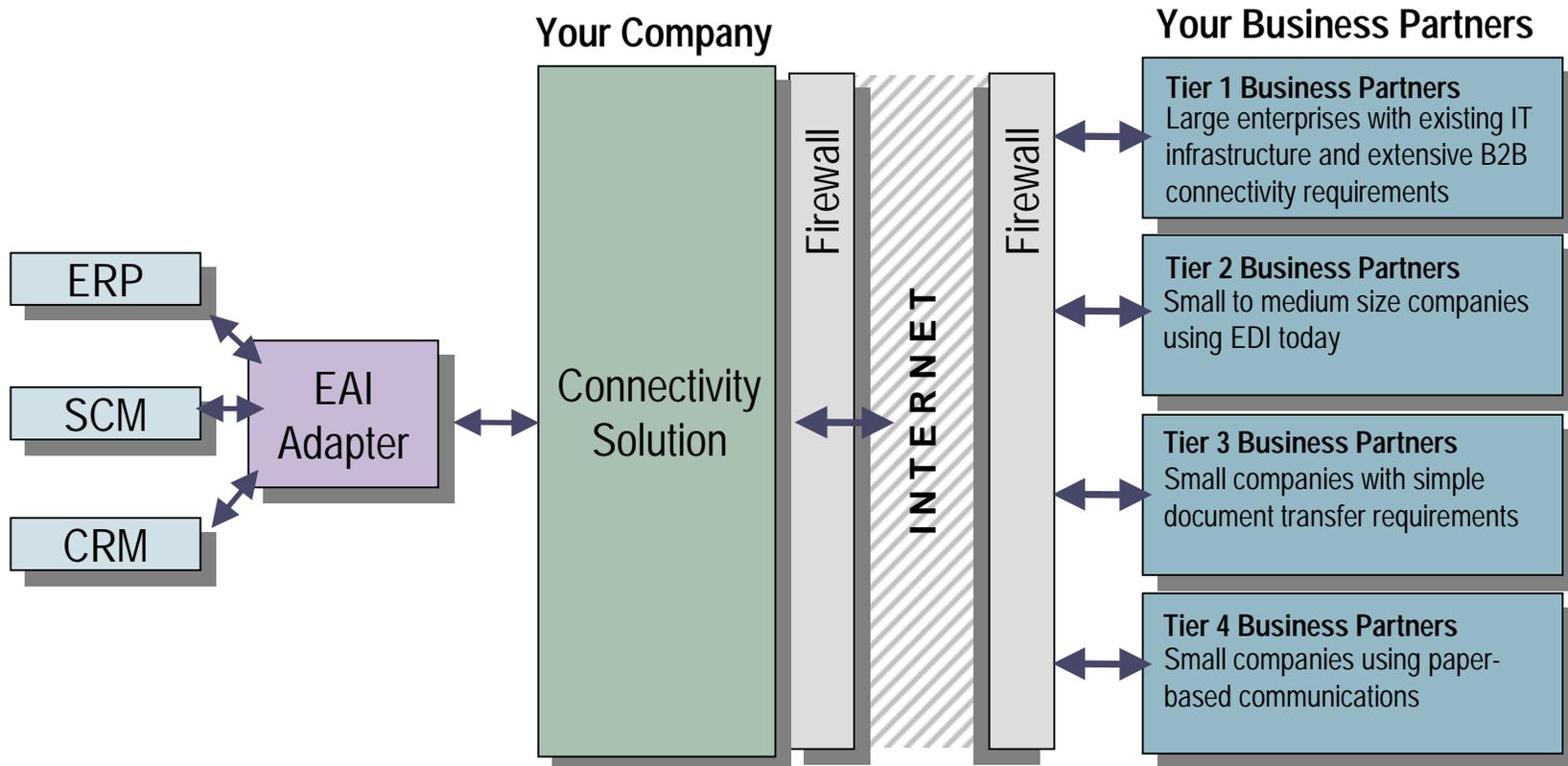
Risk-Free Migration



- Meet the needs of a diverse trading partner community
- Move to the Internet at your own pace
 - By transaction
 - By trading partner
- Protect legacy investments
 - Add incrementally to avoid disrupting existing infrastructure

Integrate and Leverage ERP

- Collaborate to maximize return on ERP investments
- Extend existing business processes



Rapid Return on Investment



- Technology that supports business objectives
- Rapid implementation
- Immediate hard dollar benefits
- Harder to quantify softer benefits

Preparing for Success



- Your solution must:
 - Deliver bottom line value to the supply chain
 - Optimize the supply chain with 100% trading partner participation
 - Be secure and interoperable
 - Implement rapidly
- So you can:
 - Reduce your costs
 - Increase your revenues
 - Leverage your investment in legacy systems
 - Achieve a fast ROI



Don Willis
Chairman and CEO

IPNet Solutions Inc.
4100 Newport Place, Suite 800
Newport Beach, CA 92660
dwillis@ipnetsolutions.com
949-476-4455