

THE GRAPEVINE

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e-commerce: today's electronic goldrush

"There's gold in them thar hills!"

E-commerce is exploding and shows no signs of slowing down. In fact, the most recent projections by Forrester Research (www.forrester.com) blow away all earlier estimates. Due to the unpredicted growth of the Business-to-Business (b2b) e-commerce market, Forrester now predicts b2b e-commerce revenue in the U.S. to top \$842 billion by the year 2002, compared to their previous estimate of \$327 billion.

As companies continue to search for ways to cut costs, reduce inventories and modernize order processing, trim their workforce, and improve information flow – all while reaping sky-high profits – e-commerce is turning out to be the answer. In ways unimaginable just four years ago, Internet technology now allows companies to do all of these things, plus so much more.

Why isn't everyone using e-commerce?

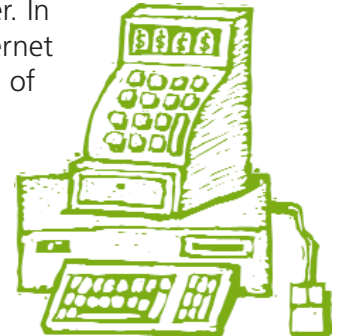
While there are different opinions about which industries are best positioned to capitalize on b2b e-commerce, it's becoming increasingly clear that just about every business needs to implement an electronic commerce strategy. The reality of it is, refusing to adopt e-commerce technologies means giving up a huge advantage to companies who do. Many forward-thinking marketing executives agree.

"It's a no-brainer. It's like businesses in the 1950s sitting around and talking about telephone strategies: are we going to get one? It's going to happen, whether they want it to or not."

Here are some reasons why e-commerce is taking root in American business. Not only are more companies adopting e-commerce because of its unprecedented capabilities to increase revenue, but more importantly, their customers are demanding it. It's the buyers who are driving the surge because of its convenience and cost-savings potential. In fact, if you're a supplier to any major OEM customer, your customer will probably demand an online e-commerce presence.

So you're ready to set up your online cash register? Not so fast!

Unfortunately, b2b e-commerce is more than just an online cash register and building an online store for your customers isn't all that easy. It's far more complex and unlike any other Web site project you may have tackled in the past. It's far from realistic to expect that you can just create an



e-commerce growing, b2b sales set all-new benchmarks

In ways unimaginable four years ago, companies are using Internet technology to successfully conduct trade on the Web.

- Cisco Connection Online is now selling \$11 million in networking equipment a day, which amounts to about 45% of Cisco Systems' total revenue.
- Dell Computers is selling \$5 million a day on the Web, at an annual rate of \$1.8 billion.
- Forrester.com sees an increase in Internet sales to \$3.2 trillion worldwide by 2003, and total online orders booming to over 2.1 billion a year.

please turn to next page

Goldrush *(continued from previous page)*

online store and all your customers have to do is point, click and buy.

Before you spend that first cyberbuck, you need to do considerable research and planning. B2B e-commerce typically involves a learning curve that requires a few visits to the school of hard knocks. This is where you find out that all the information you need to integrate your manufacturing forecasting application from your suppliers varies in format and consistency. Suddenly you're faced with numerous exceptions you didn't expect to take care of to integrate your purchasing, inventory, forecasting, scheduling and accounting. Companies who have ventured down this route are still learning lessons and trying to figure out what works best for them.

Why not wait and learn from their mistakes?

In the old days, you could afford to let someone else experiment with new technology, learn from their mistakes, then leapfrog them. That was back when new technology was just that, new technology.

E-commerce, however, is different. It's enabled by technology, but it involves much more, requiring fundamental changes in your company's strategic direction – even reinvention of your business processes and redefinition of your role in the supply chain.

Bottom line? You need to start doing your research

Get a leap on (your competitors), and let them wonder how your company took so much of their market away.

and corporate planning now. Find out what you need. Develop a back-end system (or infrastructure) that links together your accounting, purchasing, customer service, warehousing/inventory, delivery and manufacturing segments.

The important thing is to get started now, before all your competitors figure it out. Get a leap on them, and let them wonder how your company took so much of their market away.

All the advantages, fewer of the disadvantages

Now that online sales and distribution is the norm, many companies are eagerly tailoring their websites to provide what their customers are clamoring for. Product configurators (detailed in the story below) assist customers in choosing exactly the product they want online, while making the purchase environment more accurate. And online catalogs allow customers unprecedented access to a business' products, while allowing the business to update easily and efficiently.

If you'd like to learn more about b2b e-commerce and don't know where to start, call the Internet Business experts at Colburn & Associates at **(219) 483-0423**. We can help you take the first steps to successful e-commerce marketing.

product configurators make online buying an easy choice

For companies who already have an online presence, the challenge is providing an easy-to-use interface that allows clients to fully access their products, and to allow clients to configure those products to their unique requirements. The answer is Colburn's Product Configurator, a system that allows businesses to individually construct a series of choice-screens that offers their customers direct access to the business's products.

Fully customizable by business and client

One of the biggest advantages to using the Product Configurator is that the entire process is customizable, based on what your product needs are. Instead of having a large Sales and Customer Service



NTN's website displays the Product Configurator to excellent advantage. Customers can search through entire catalogs of NTN bearing products (right).



staff answering phones, your online customers can select the information they want, quickly and easily.

The Product Configurator organizes complex lists of products and models into easily manageable selection lists. After a customer selects the right applications and attributes for the product they want, they can then place an order, which can be routed directly to the department specified by the business. And multiple selection processes can be saved, so that a customer can reorder just by accessing their personal History from previous orders.

The business can decide how many choices are

let it snow, e-work keeps on rolling

The importance of accessibility to online work connections was never more noticeable than during the big East Coast blizzard of January 1997. According to *The Wall Street Journal*, during the days when the East Coast was virtually shut down, office-based Internet connections dropped by 15%, while home use rose a staggering 60%. That means that all those executives and office staff that couldn't get to work because of the snow and traffic snarls, were able to go online and get their work done anyway.

Of course, not all of those people were working online, but a sizeable majority reported after the blizzard that home connections to the Internet allowed them to complete jobs that otherwise would have had to wait until the

roads were cleared.

What does this mean for the future? We already know that online work allows more of the workforce to clock in from home (remember the recent attempt by OSHA to set standards for the home office?). It's more clear than ever that the work day doesn't have to end at 5 pm.

Now, secretaries can order products from their home machines via online stores, copywriters can submit stories

(Due to the storm,) office-based Internet use fell by 15%, while home use rose a staggering 60%.

from vacation spots around the globe, and executives can check their company's stock price while their partners tee up on the fourteenth green. That great idea that can't wait can be jotted down and sent via email on Saturday afternoon. And all of us can be more productive while we sit back and wait for three feet of snow to melt.

b2b websites attract industry attention

Many new websites are winning attention from industry insiders for their sharp look, ease of customer access and innovative ways of product presentation. Here are some of the sites we think are worth a second look:

- **www.bizrate.com**
rates and lists online commerce
- **www.ebay.com**
the premiere auction site
- **www.dell.com**
the giant pc seller's cozy site
- **www.outpost.com**
the online shopping megastore
- **www.ecommercetimes.com**
great source for b2b info
- **www.technewsworld.com**
real-time info on b2b and other e-commerce happenings

available, what information is viewable by the client, even add diagrams and cutaways for further education. With a fully computerized interface, the entire process is faster and more accurate than traditional methods. And updating is as simple as submitting new files to the Configurator, whether it's new product launches or current price lists.

Takes the load off of the manufacturer

With an automated front end system like this, new products are brought quickly to the customer's notice, relieving the manufacturer of the burden. It places all the information at the hands of the customer, available day or night. And because it's fully customizable, it works with any product, from industrial manufacturing products to autos and planes!

A good example of the benefits of the Product

Configurator is on the website of **ntnamerica.com**, a leading North American bearing supplier. NTN placed entire catalogs of their bearings online, but then went one step further. They used the Product Configurator to create a series of screens where clients can determine the exact product they need to order. Initial choices begin with selections of Bore Size, O.D. or Width, and progress through subsequent screens to create a final product that matches what the client needs with the appropriate NTN part, one of over 30,000 unique parts online.

The Product Configurator allows customers direct access to the products they're ordering now, and quicker info for future orders. To see more of what the Product Configurator can do, visit us at **askcolburn.com**, or call us at **(219) 483-0423**.

Bore	O.D.	Width
1.5149 in. (39mm)	2.2831 in. (58mm)	0.5118 in. (13mm)
1.5713 in. (40mm)	2.3405 in. (59mm)	0.5118 in. (13mm)
1.6277 in. (41mm)	2.3979 in. (60mm)	0.5118 in. (13mm)
1.6841 in. (42mm)	2.4553 in. (61mm)	0.5118 in. (13mm)
1.7405 in. (43mm)	2.5127 in. (62mm)	0.5118 in. (13mm)
1.7969 in. (44mm)	2.5701 in. (63mm)	0.5118 in. (13mm)
1.8533 in. (45mm)	2.6275 in. (64mm)	0.5118 in. (13mm)
1.9097 in. (46mm)	2.6849 in. (65mm)	0.5118 in. (13mm)
1.9661 in. (47mm)	2.7423 in. (66mm)	0.5118 in. (13mm)
2.0225 in. (48mm)	2.7997 in. (67mm)	0.5118 in. (13mm)
2.0789 in. (49mm)	2.8571 in. (68mm)	0.5118 in. (13mm)
2.1353 in. (50mm)	2.9145 in. (69mm)	0.5118 in. (13mm)
2.1917 in. (51mm)	2.9719 in. (70mm)	0.5118 in. (13mm)
2.2481 in. (52mm)	3.0293 in. (71mm)	0.5118 in. (13mm)
2.3045 in. (53mm)	3.0867 in. (72mm)	0.5118 in. (13mm)
2.3609 in. (54mm)	3.1441 in. (73mm)	0.5118 in. (13mm)
2.4173 in. (55mm)	3.2015 in. (74mm)	0.5118 in. (13mm)
2.4737 in. (56mm)	3.2589 in. (75mm)	0.5118 in. (13mm)
2.5301 in. (57mm)	3.3163 in. (76mm)	0.5118 in. (13mm)
2.5865 in. (58mm)	3.3737 in. (77mm)	0.5118 in. (13mm)
2.6429 in. (59mm)	3.4311 in. (78mm)	0.5118 in. (13mm)
2.6993 in. (60mm)	3.4885 in. (79mm)	0.5118 in. (13mm)
2.7557 in. (61mm)	3.5459 in. (80mm)	0.5118 in. (13mm)
2.8121 in. (62mm)	3.6033 in. (81mm)	0.5118 in. (13mm)
2.8685 in. (63mm)	3.6607 in. (82mm)	0.5118 in. (13mm)
2.9249 in. (64mm)	3.7181 in. (83mm)	0.5118 in. (13mm)
2.9813 in. (65mm)	3.7755 in. (84mm)	0.5118 in. (13mm)
3.0377 in. (66mm)	3.8329 in. (85mm)	0.5118 in. (13mm)
3.0941 in. (67mm)	3.8903 in. (86mm)	0.5118 in. (13mm)
3.1505 in. (68mm)	3.9477 in. (87mm)	0.5118 in. (13mm)
3.2069 in. (69mm)	4.0051 in. (88mm)	0.5118 in. (13mm)
3.2633 in. (70mm)	4.0625 in. (89mm)	0.5118 in. (13mm)
3.3197 in. (71mm)	4.1199 in. (90mm)	0.5118 in. (13mm)
3.3761 in. (72mm)	4.1773 in. (91mm)	0.5118 in. (13mm)
3.4325 in. (73mm)	4.2347 in. (92mm)	0.5118 in. (13mm)
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3.5453 in. (75mm)	4.3495 in. (94mm)	0.5118 in. (13mm)
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The configuration process begins with the choice of any client-specified fields, in this case Bore, O.D. or Width (far left). A business-determined series of screens allows the customer to fully customize his choice, culminating in a list of fully configured products (near left).

NEW TERMS
IN THE ONLINE
WORKPLACE:

through the eye of the vortal

the next wave of online servers is here, and they fit every need from nursing to construction sites

One of the hot new terms in e-commerce sounds like something right out of Star Wars: **vortal**, short for "vertical portal." It describes the new breed of all-in-one websites designed specifically for market-based communities. For example, a company in the real estate industry may create a vortal with info on recent housing starts, and add to it with up-to-the-minute lumber prices, 30-year mortgage rates, alternative building methods – in short, everything a real estate salesperson needs from an online resource.

One of the more intriguing vortals is **Bidcom**, a



The comprehensive site for the construction industry at Bidcom.com.

vortal designed to provide for the needs of the information-intensive construction industry, from floorplans and blueprints on up to architect listings, project leads, and thousands of part specifications.

The benefits of such a site are numerous: links to industry-beneficial sales groups (such as special insurance groups) help lower costs, while access to the global marketplace allows for greater efficiency and faster, more informed decisions. Vortals are even making inroads into online marketplaces, allowing auction-price purchases by industry insiders.

Colburn & Associates is a marketing development, services, and software firm, specializing in business-to-business and industrial markets. Our clients produce a wide range of products from spices to ball bearings, and dot the map from St. Louis to Baltimore.

As diverse as they are, they all have one thing in common: an aggressive corporate commitment to growth. And they all face the same challenge: how to achieve that growth in an increasingly competitive marketplace. Colburn & Associates combines over 25 years of experience with leading computer technology to make our clients market leaders. Here are a few of the ways we help:

- Market Research
- Creative Services
- Public Relations
- Web Page Development
- Integrated Database Marketing
- Sales Automation Software
- Product Configurators
- Electronic Publishing
- Computerized Catalogs

For more information on our company, we encourage you to give us a call at **(219) 483-0423**.

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