



# eBusiness adoption in the U.S. Wood Products Industry

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# Most Important Market Forces Affecting Business

Pressure to reduce overall supply chain costs	58.5%
Pressure to compress total time to market/cycle time	41.0%
Pressure to collaborate more effectively with trading partners	33.2%
Unstable/unpredictable demand for products/services	22.9%
Movement toward a more global marketplace	22.0%
<b>Proliferation of the Internet</b>	<b>20.5%</b>

## Top Five Information Systems Issues: 1996-1999

	'99	'98	'97	'96
Integrating systems	1	1	1	1
Reengineering business processes through I/T	2	2	2	2
Connecting to vendors and/or retailers	3	5	4	3
Aligning I/S and corporate goals	4	4	3	*
<b>Developing effective strategies to leverage the Internet</b>	<b>5</b>	*	*	*

(Ernst&Young 1999)

# What is eCommerce?

The process by which organizations conduct business electronically with their customers, suppliers and other external business partners, using the Internet as an enabling technology.

*The Information Systems Audit and Control Association (ISACA)*

# What is eBusiness?

Where organizations connect electronically to existing information technology systems and business competencies via the Internet and the World Wide Web.

*Deloitte & Touche*

# eCommerce Predictions

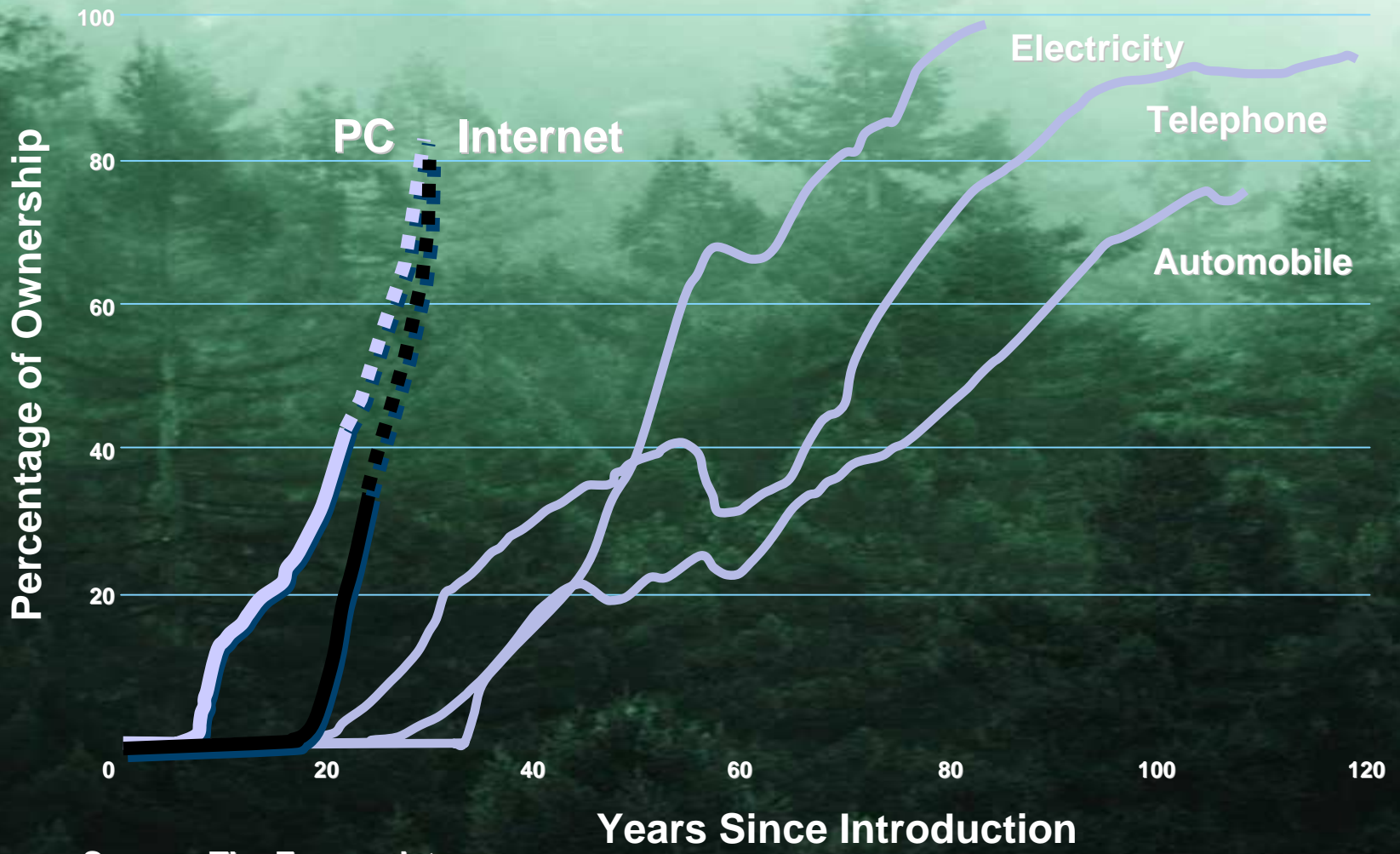
Forrester Research  
\$2.7 Trillion by 2004

Gartner Group  
\$7.3 Trillion by 2004

Boston Consulting Group  
\$2.8 Trillion by 2003



# The Internet is the Catalyst



Source: The Economist

# Internet Adoption Wood Products vs. U.S. Industry?





Where are We Going?



In 2000,  
World Wide Wood Network  
teamed with  
LSU and Dr. Richard Vlosky  
to find out

# The Studies

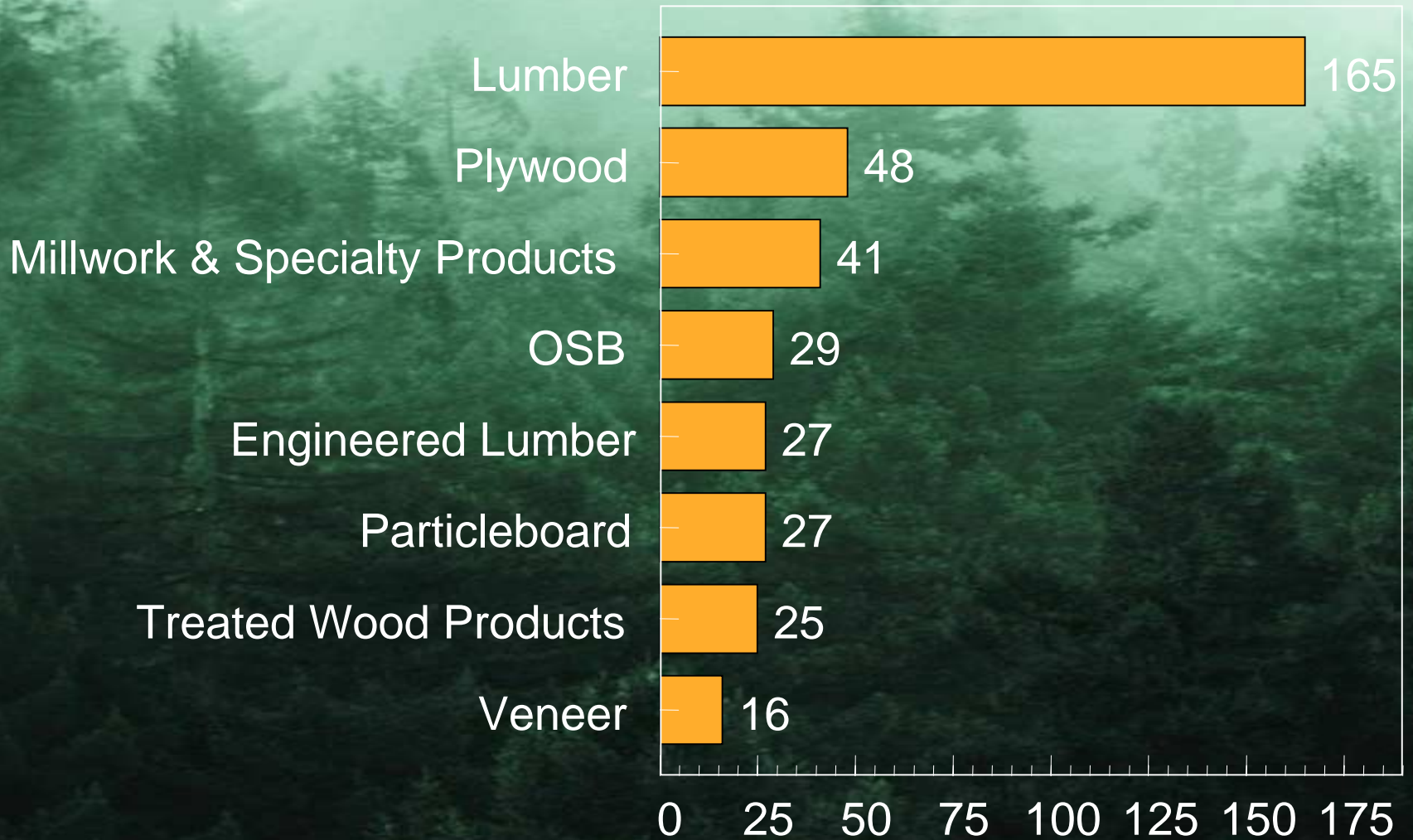
- eBusiness was studied in the context of the wood products industry in the United States.
- One thousand solid wood products and pulp and paper companies were studied
- Five Hundred Home Centers were surveyed

# Objectives

- Determine adoption rates of eBusiness in the wood products industry.
- Examine the current and future uses of eBusiness in the wood products industry.
- Identify how the wood products industry is investing in and leveraging eBusiness.

# Solid Wood Products

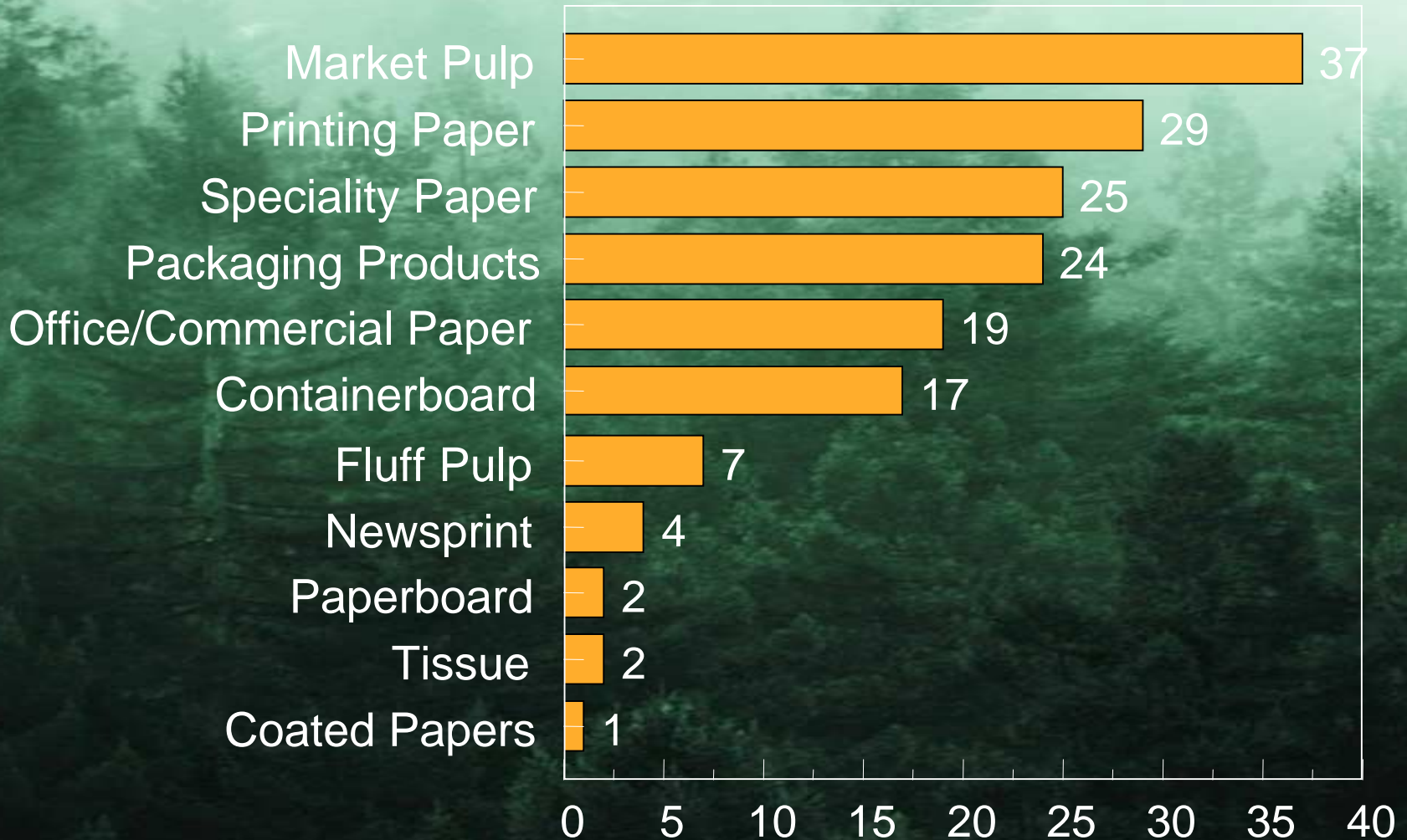
Number of Respondents  
(Multiple responses possible)



# Pulp & Paper Products

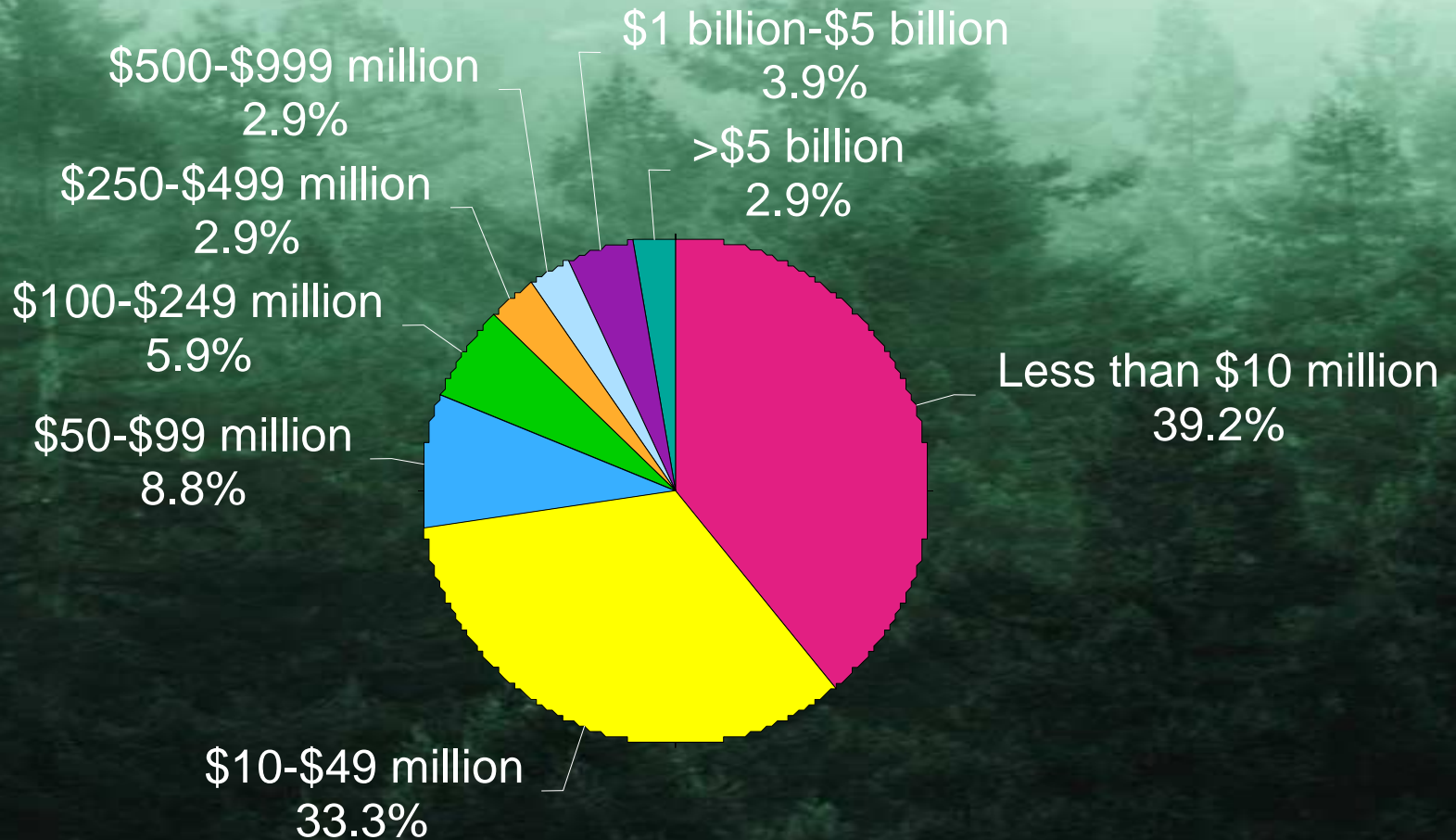


Number of Respondents  
(Multiple responses possible)



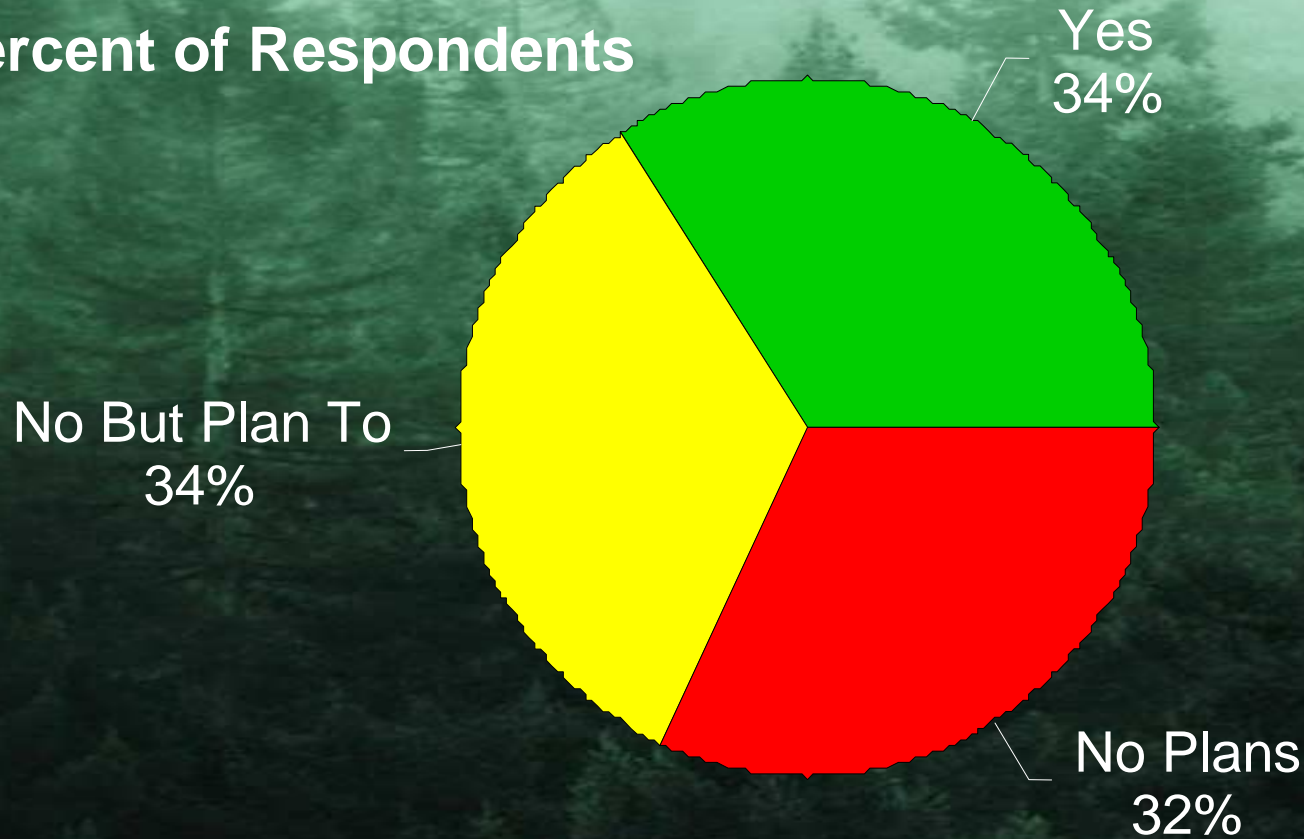
# Respondent Size

## 2000 Sales



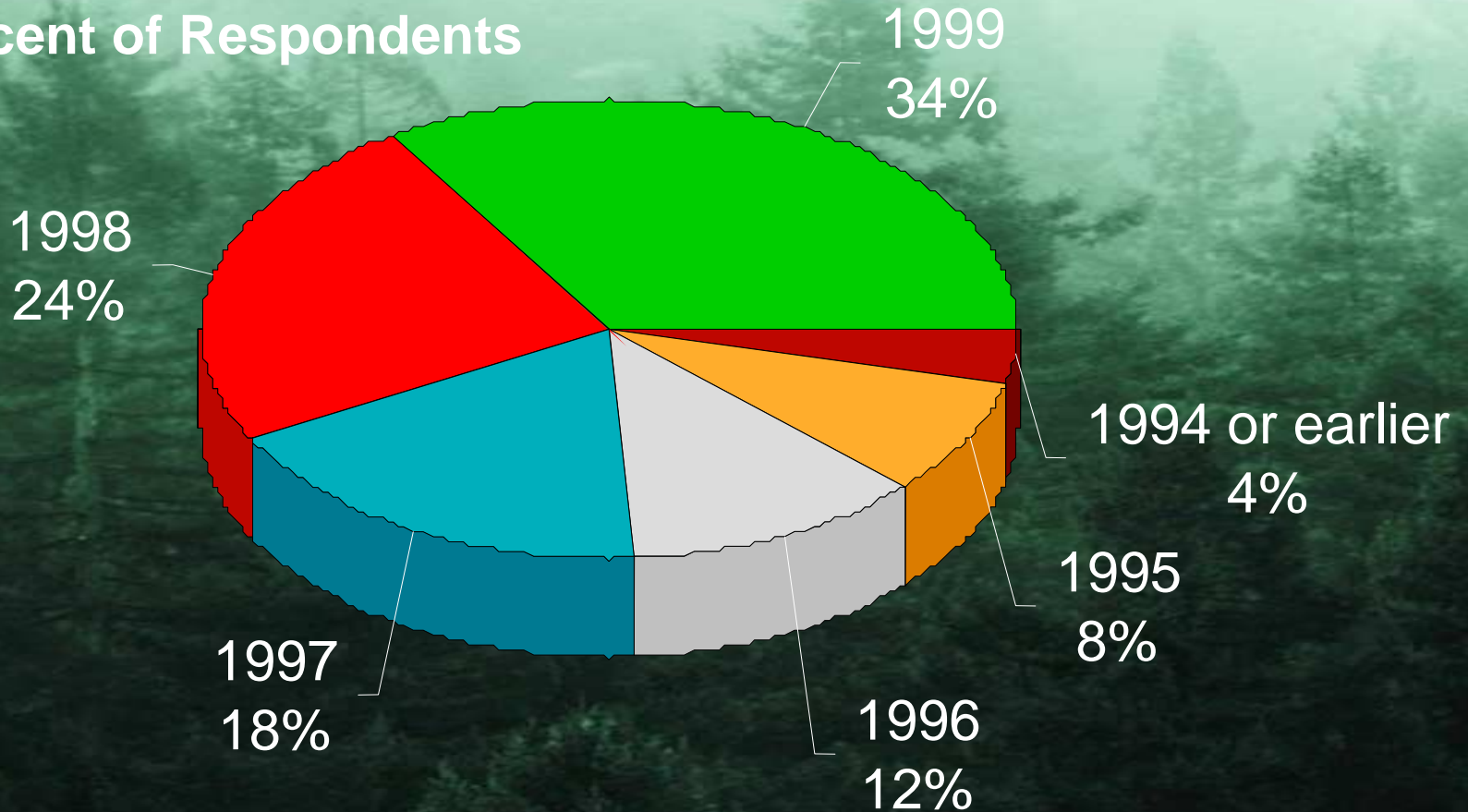
# Use or Plans to Use the Internet to Conduct Business

Percent of Respondents



# When Web Site Was Developed

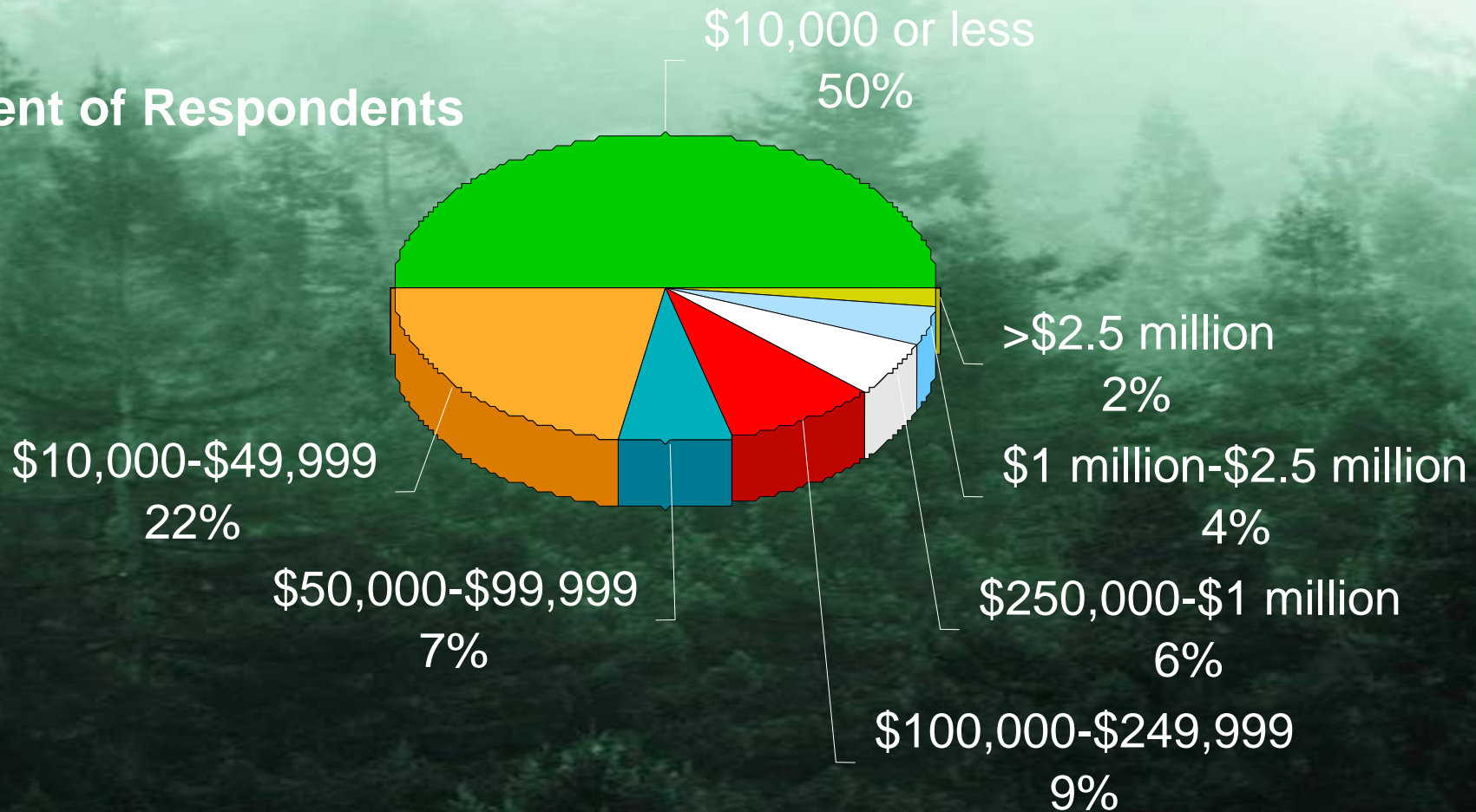
Percent of Respondents



# Investment Made to Date on Internet/Web Site



Percent of Respondents



# Reasons for Implementing Internet Capabilities



1. part of corporate strategy
2. retain customers
3. customer request
4. increase accuracy of data
5. reduce errors
6. reduce cycle time
7. create a cost saving
8. implement JIT inventory

# eBusiness Value Propositions

Scale: 1=Strongly Disagree to 5=Strongly Agree



# eBusiness Value Propositions

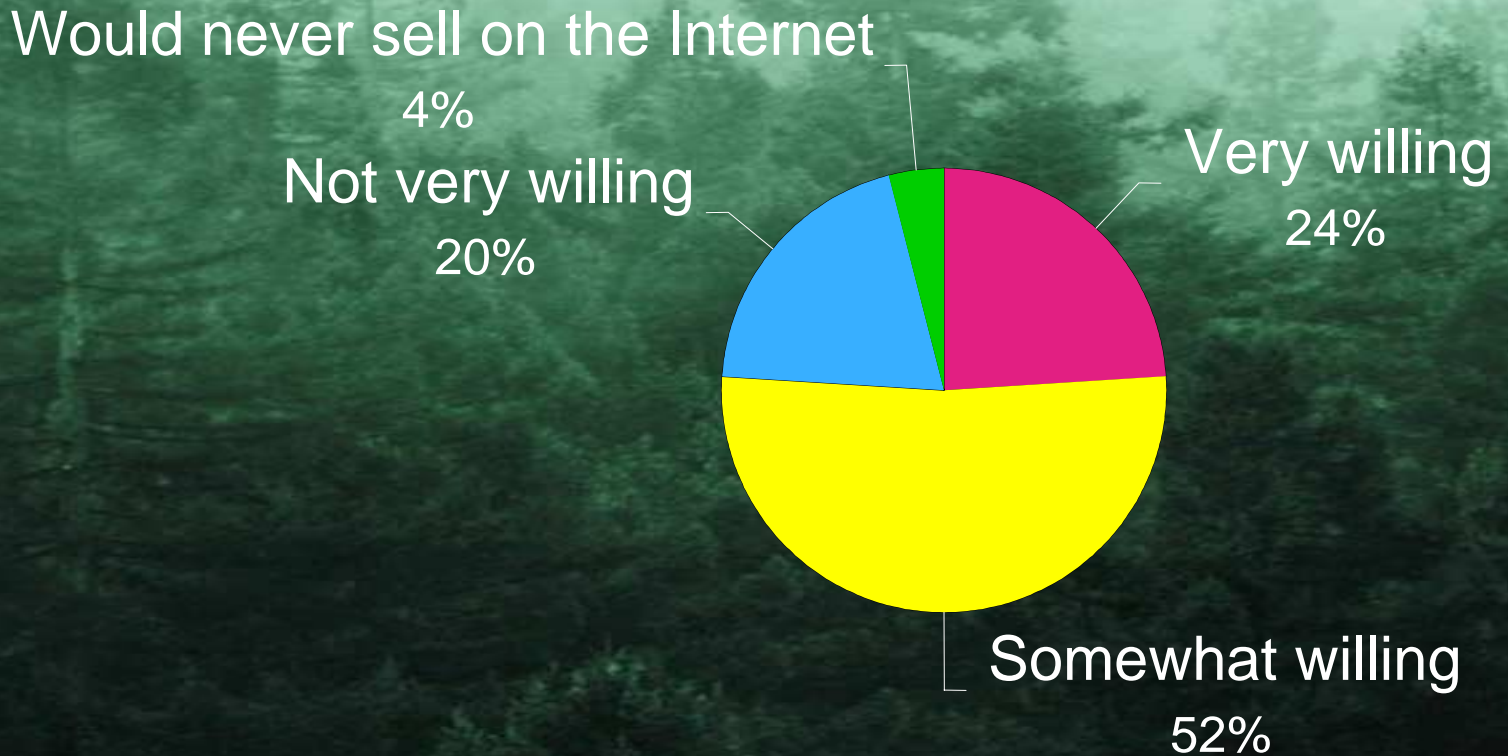
Scale: 1=Strongly Disagree to 5=Strongly Agree



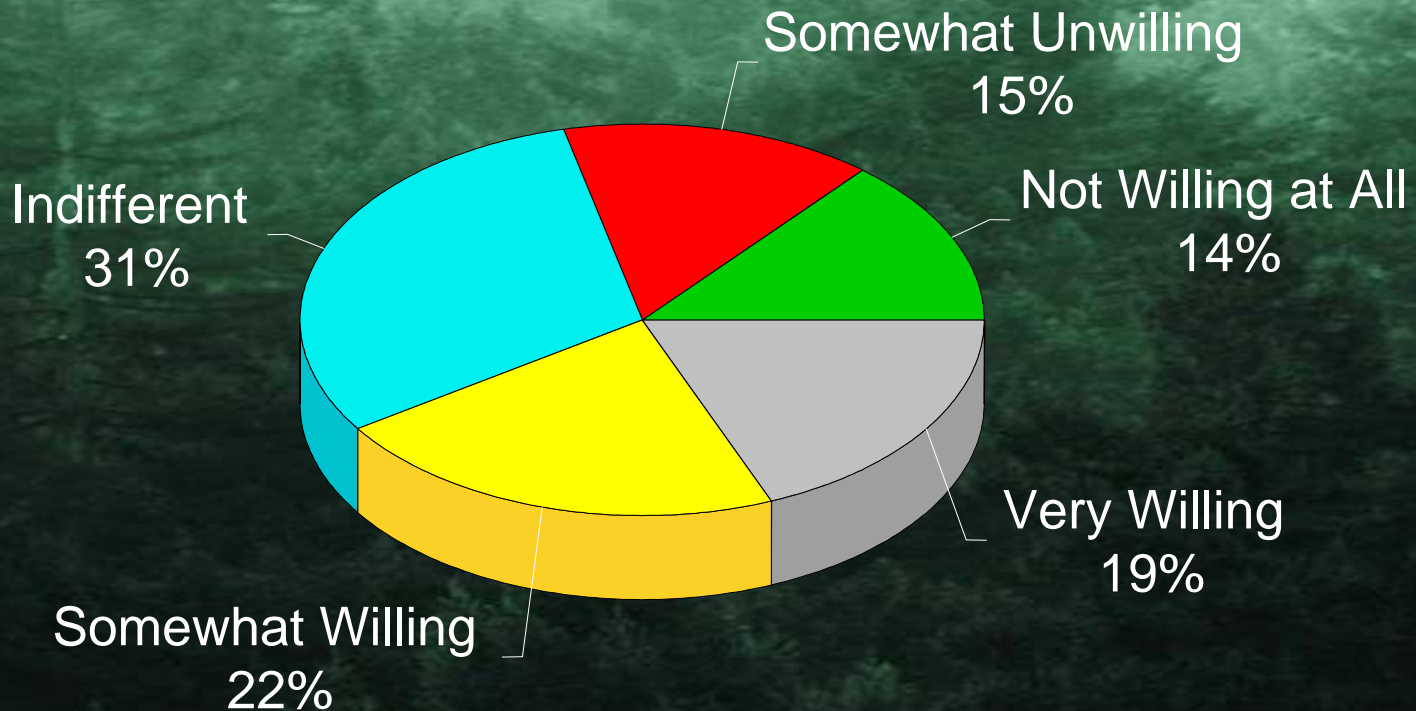
# eBusiness Applications Current & In the Next Year



# Willingness to Sell Products via the Internet

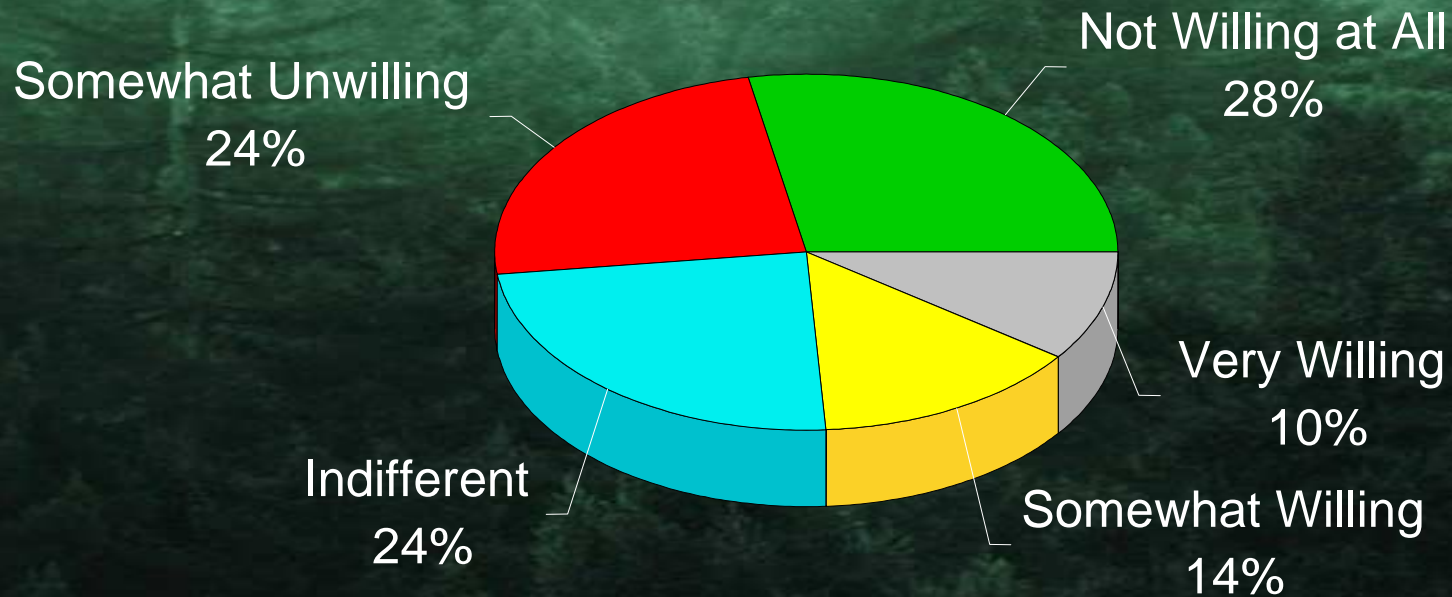


# Willingness to Purchase/Sell Products through a Secure Third-Party Exchange Internet Web Site?



# Willingness to Integrate Your Back Office Systems With a Third Party Exchange

(n=70)



# Impediments to Implementing Internet Capabilities



Impedes MOST

- Lack of skilled IT staff
  - Lack of an understanding of benefits
  - Expense of development
  - Expense of hardware and software
- 
- Inadequate application tools
  - Lack of technology infrastructure (TCP/IP, networks, firewalls, security)

Impedes LEAST

- Customer resistance

# What are They Saying in the Trenches

- Depends on eBusiness strategy or not
- Also depends on internal A2A integration
- Back office integration is primary value today
- This is a relationship business
- What about security
- Standards would make it easier
  - Product, language protocol, documents
- Confusion over who provides what

# Sorting out the Confusion

## Classifications of eCommerce Services

- Content Aggregation (information)
- Virtual Community – (networking)
- Auction – (traditional and reverse)
- “Dating Service” (posting products for sale)
- Store Front (display catalog)
- Exchange (purchase and sale transactions)
- Supply Chain Solution Provider

# Questions about Exchanges

- Neutral and Independent vs. Consortia Led
- Open application (translation)
- Market liquidity vs. Connecting existing customers
- Fees and costs
- Want to back the winner – Will it be only one?
- Management must have industry experience
- Staying power (\$)
- Strategic partners (collaboration)
- Process must be intuitive and simple

# Adoption across Country and Sectors

- Manufactures – Distributors – Dealers
- Secondary vs. Primary
- Softwood vs. Hardwood
- Why the West may lead

# What's the Bottom Line?

- Companies seek products, processes, and technologies that add value to their offerings in an effort to become or remain competitive in the marketplace
- The Internet is one means for developing such a competitive advantage
- The Internet is another sales channel and point of market entry for customers

# What's the Bottom Line?



- Companies see eBusiness as an enabling technology tool to improve connectivity to Customers and improve supply chain management.
- Successful eBusiness companies will have to provide solutions that meet their customers where they do business, the way the do business.

# What are the International implications

- Global application
- Allows business to function 24/7
- Facilitates faster communication
- Lower cost channel (no long distance)
- Disparate back office systems
- Disparate languages
- Can bring your market closer to you
- It's still a relationship business

It's not a matter of If –  
It's a matter of When !!!!

It will happen faster than you  
expect.