

Can eCommerce Really Bring Value to the Wood Products Industry?

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The Internet has enabled a new business paradigm called electronic commerce. Commonly referred to as eCommerce, eBusiness, or Business to Business (B2B), these electronic methods of doing business are projected by various prognosticators to reach between 6 and 8 trillion dollars (USD) in annual business exchange by 2004.

Within eCommerce discussions, you have no doubt heard a lot of hype about how the Internet is going to change the way you do business. Well, let's get one thing straight, right out of the chute, the Internet is not a change agent, it is only a delivery mechanism. It is the software solutions running through the Internet that really determine how effective the Internet will be in optimizing business processes.

While eBusiness is limited to how an organization or enterprise integrates its internal business processes with the digital world, eCommerce encompasses the much broader scope of electronically integrating supply and value chain practices between other enterprises (E2E) or businesses (B2B).

So, what is the promise of the Internet in the business environment? Some people say it amounts to three key benefits:

1. The Internet helps businesses run more efficiently.
2. The Internet collapses time and space, allowing businesses to eliminate geographic and time barriers.
3. The Internet can dramatically improve the way businesses attract, track, serve and retain their customers

Again, the Internet does not do this just by its existence. It is essential to have access to useful solutions that allow a business to leverage the promise of the Internet. A properly structured Third Party Exchange can be a good business partner to deliver the right eCommerce solutions to businesses throughout the supply chain.

Sometimes called an eMarketplace, Net Market or Vertical Hub, a Third Party Exchange is an outgrowth of B2B eCommerce. As the name implies, a Third Party Exchange is a neutral and independent forum that is not owned by any of the market participants. The primary purpose of the exchange is to connect buyers and sellers electronically. In the very basic form, an exchange may be no more than a “match maker” or “dating service”. In the most useful form, the exchange will offer deep enterprise to enterprise (E2E) systems integration between existing trading partners, as well as providing useful tools for supply chain integration and management.

The models for exchanges vary greatly, and it behooves the potential participant to understand what a particular exchange may or may not provide before joining. **Matching the business needs of an enterprise with the tools offered by the exchange is critical.** An enterprise should not have to change the way it does business to use the services of an exchange. A properly modeled Third Party Exchange will have solutions available that enable the existing business processes of an enterprise to be optimized through application of those solutions.

The concept of an exchange is nothing new to business. The trading exchange format has existed in the physical world since the beginning of commerce. For thousands of years man first brought his wares to sell at a centralized public market. To this place, all buyers came in search of products and negotiated prices. Over time, the advent of new communication devices and delivery mechanisms allowed commerce to decentralize. As the telegraph, telephone, telex and FAX were introduced and embraced by business as a tool to facilitate business processes, commerce began to spread over larger geographic distances. Then the train, automobile, airplane and other transportation methods began to move products between those locations at commercially affordable rates and times. These advances evolved gradually to the point where we have conducted commerce the way we have for the last hundred or so years.

An electronic exchange is just another market channel to the traditional market channels we have dealt with in the past. As long as the exchange is only positioned to facilitate business, then it can be a valuable tool. If the purpose of the exchange is to get between you and your trading partners, then it ceases to be a tool, and becomes an impediment.

Beyond connecting buyers and sellers, a well positioned Third Party Exchange will offer supply chain fulfillment tools as well.

If you want to learn about Third Party Exchanges in more detail, you can contact Thomas J. Westbrook, President/CEO, World Wide Wood Network, Ltd., at tjw@wwwood.net and request a copy of a whitepaper entitled "The Role of Third Party Exchanges in Buying and Selling Wood Products."

World Wide Wood Network, Ltd., (wwwood.net[™]) is a privately owned company with offices in Yelm, Washington. Although company ownership and management have deep roots in the wood products industry, they have no other current business presence in the industry, making wwwood.net[™] a truly independent and neutral trading environment. A wood products company that facilitates the trading and transactional process between buyers and sellers via its *patent pending* W³Net[™] Trading Exchange, World Wide Wood Network[™] provides the industry a virtual community and electronic network. The company also offers eCommerce workshops, technical expertise and IT consulting for wood products companies wanting to develop an eCommerce strategy.