



eBusiness adoption in the U.S. Wood Products Industry

Presented by:

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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%
Proliferation of the Internet	20.5%

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	*
Developing effective strategies to leverage the Internet	5	*	*	*

(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

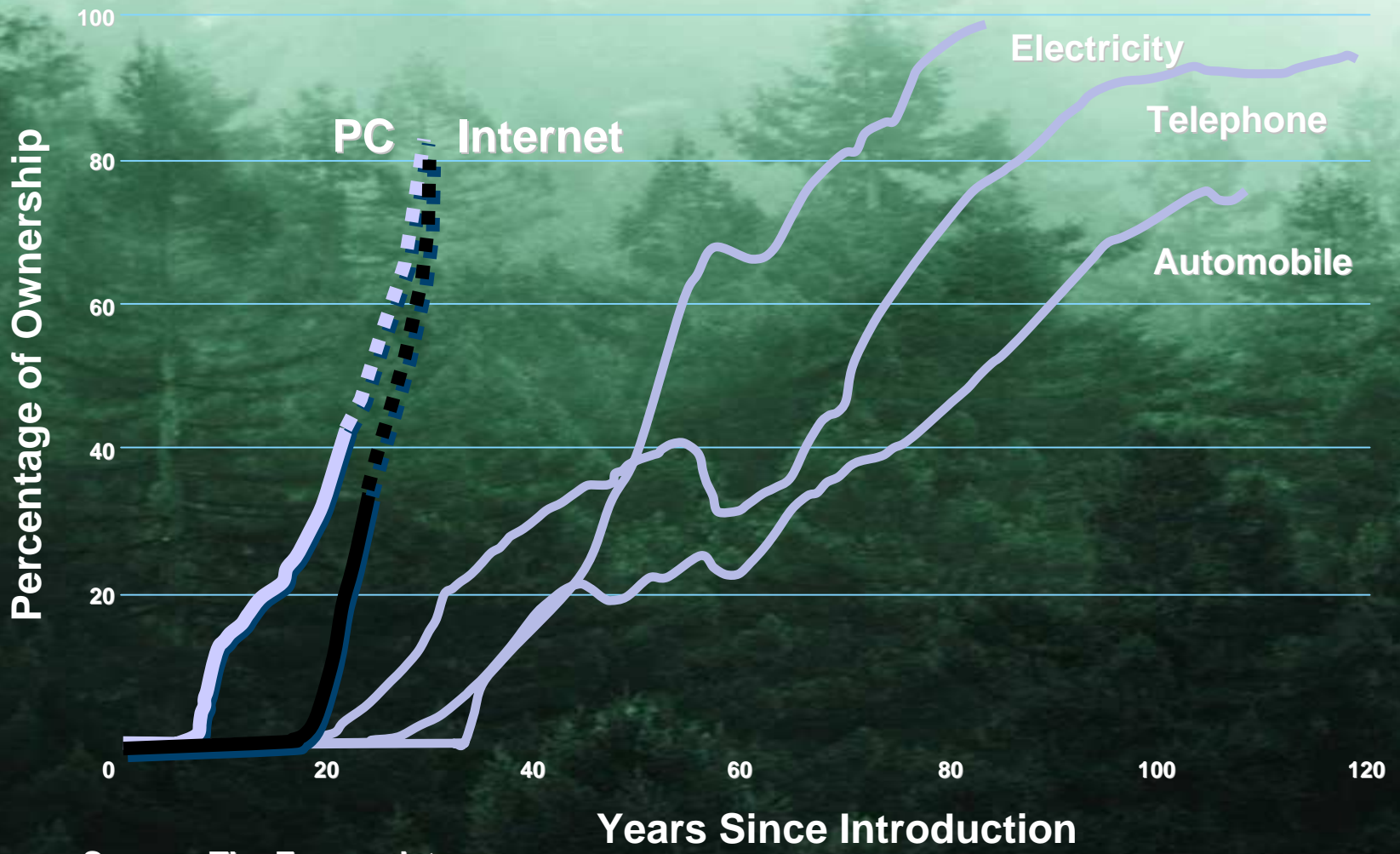
Forrester Research
\$2.7 Trillion by 2004

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

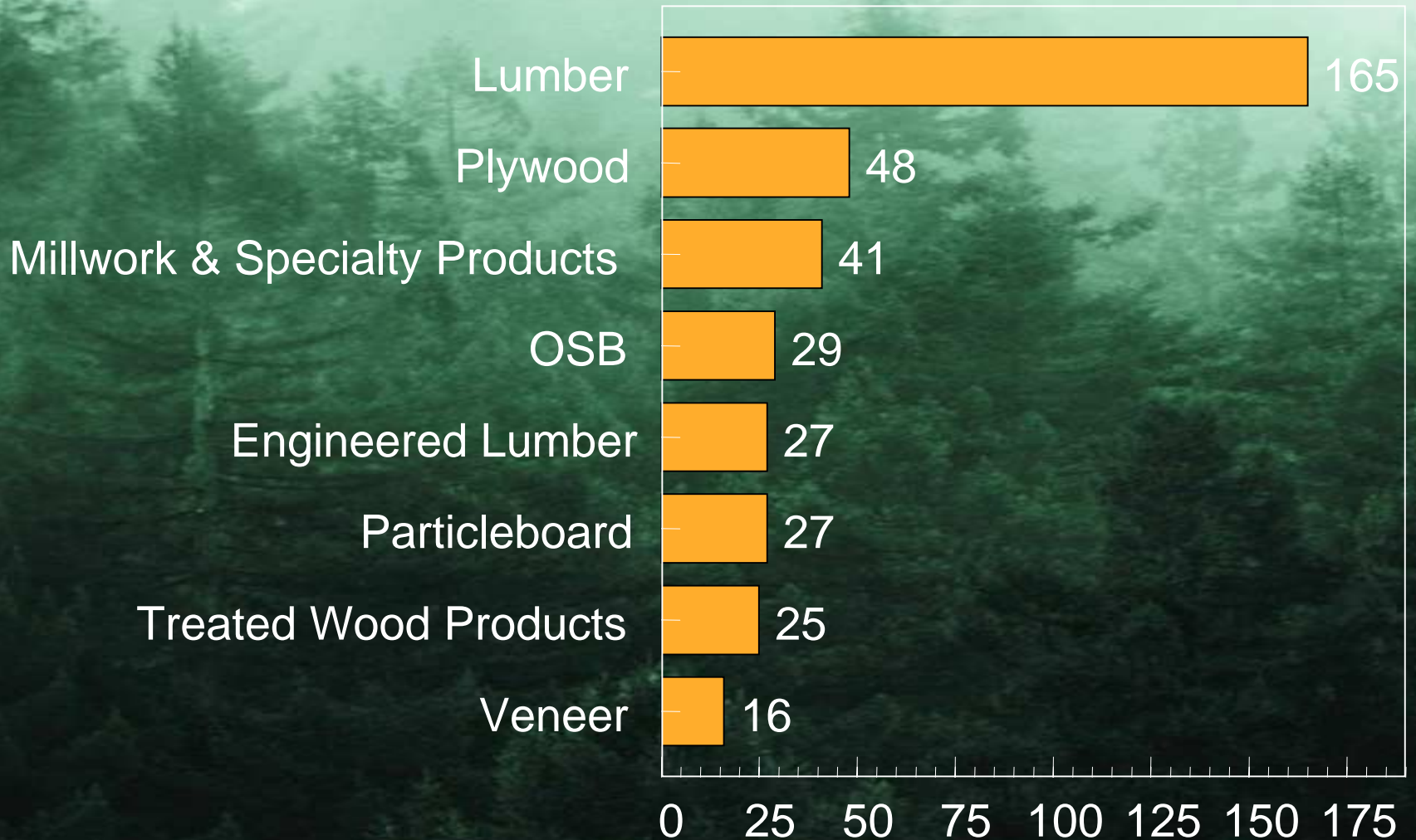
- eBusiness was studied in the context of the wood products industry in the United States.
- One thousand solid wood products and pulp and paper companies were studied
- Five Hundred Home Centers were surveyed

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

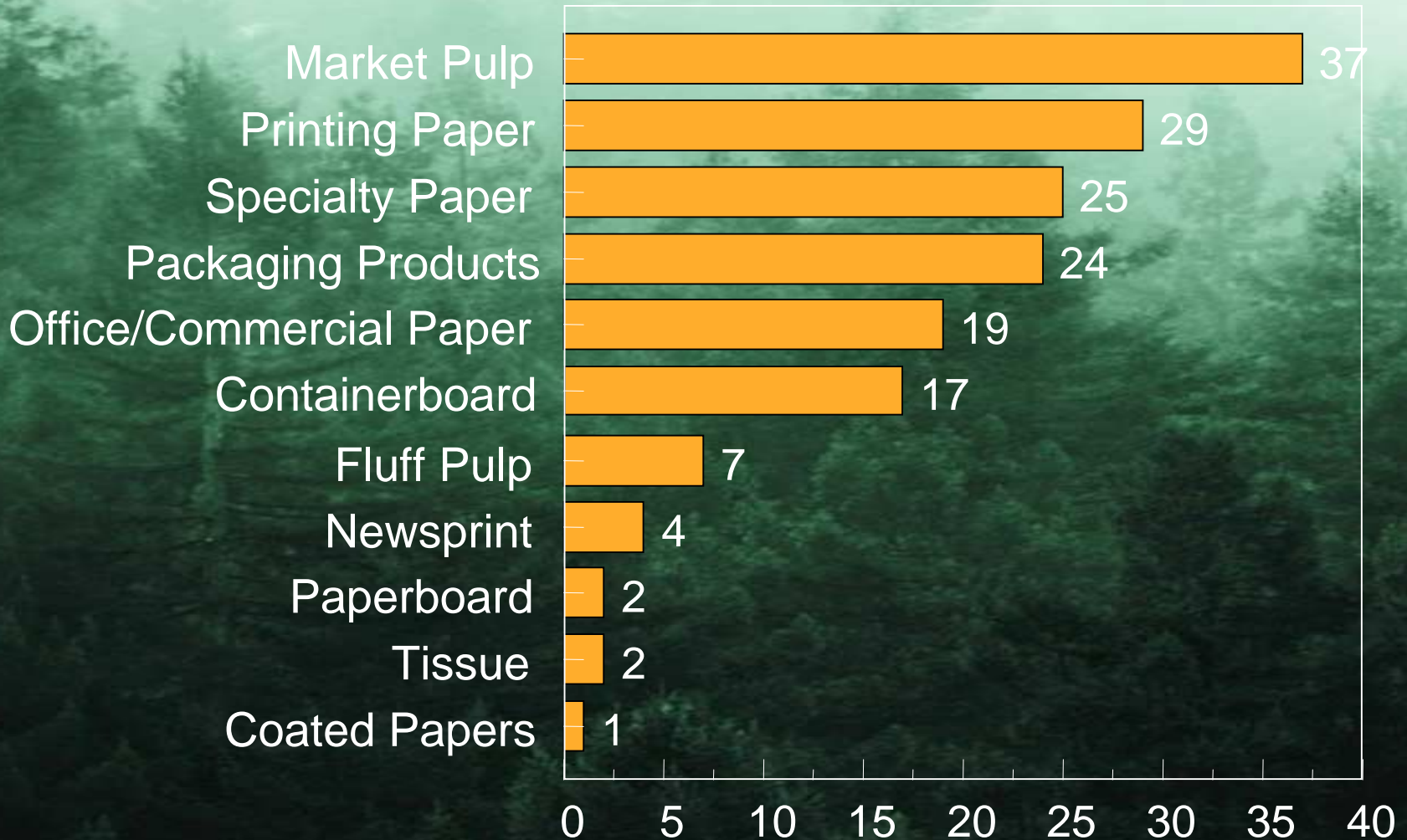
Number of Respondents
(Multiple responses possible)



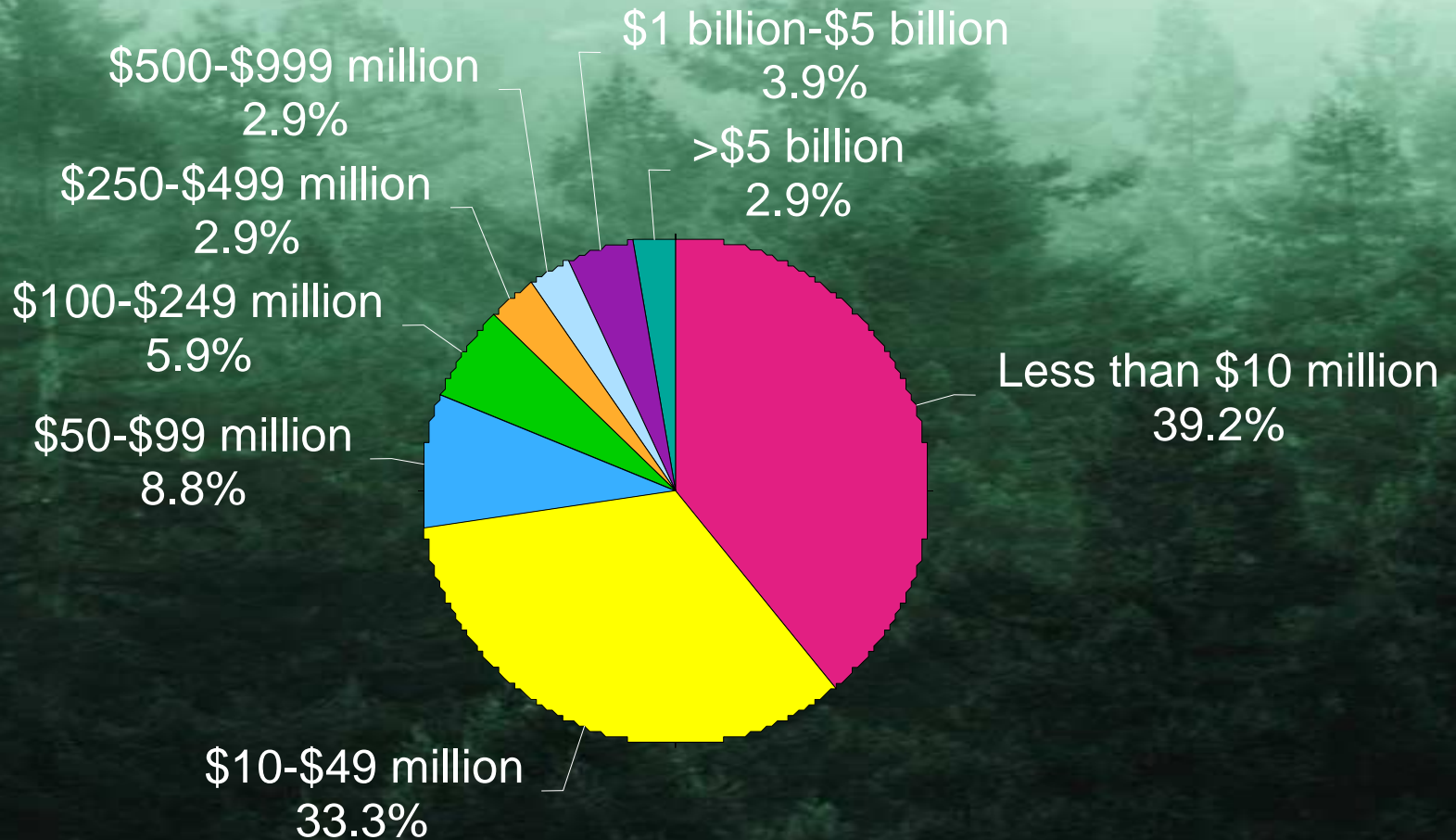
Pulp & Paper Products



Number of Respondents
(Multiple responses possible)

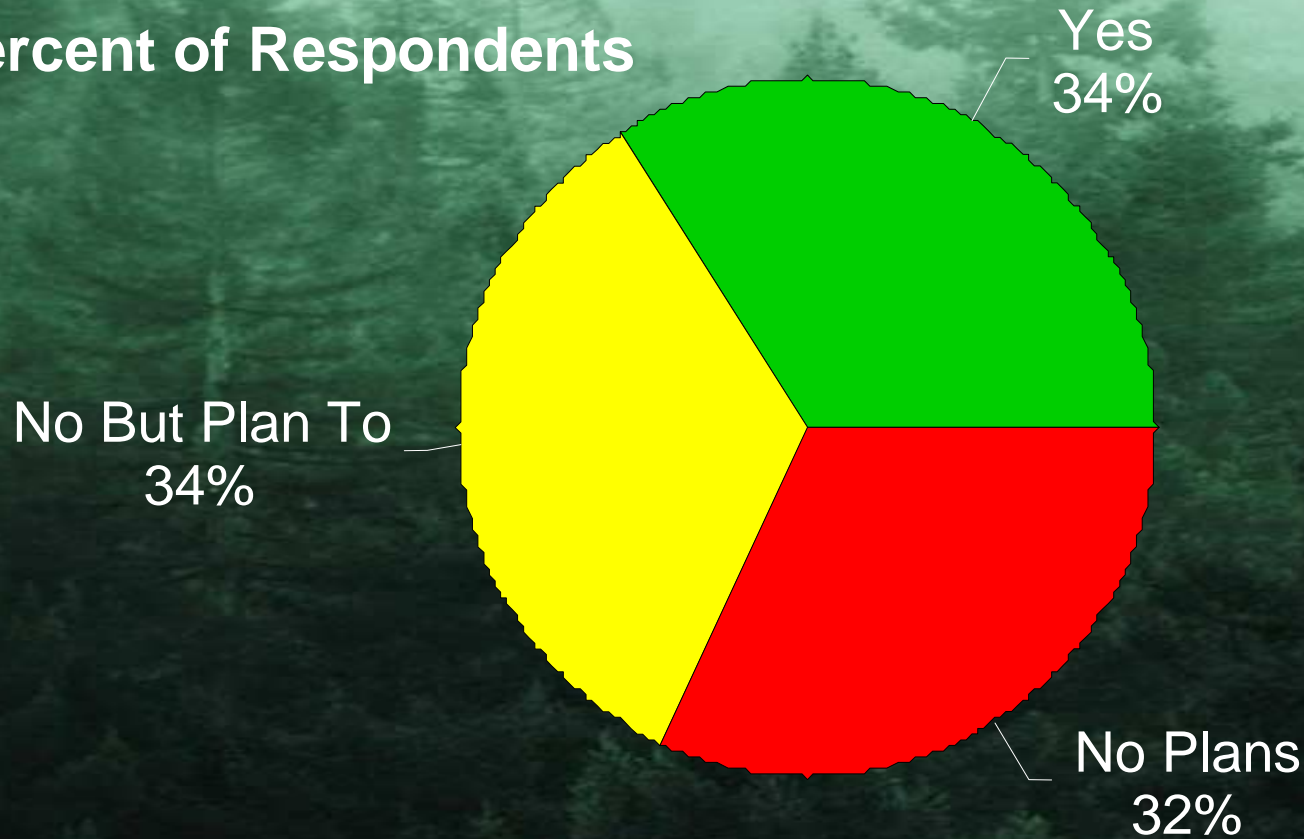


Respondent Size 2000 Sales



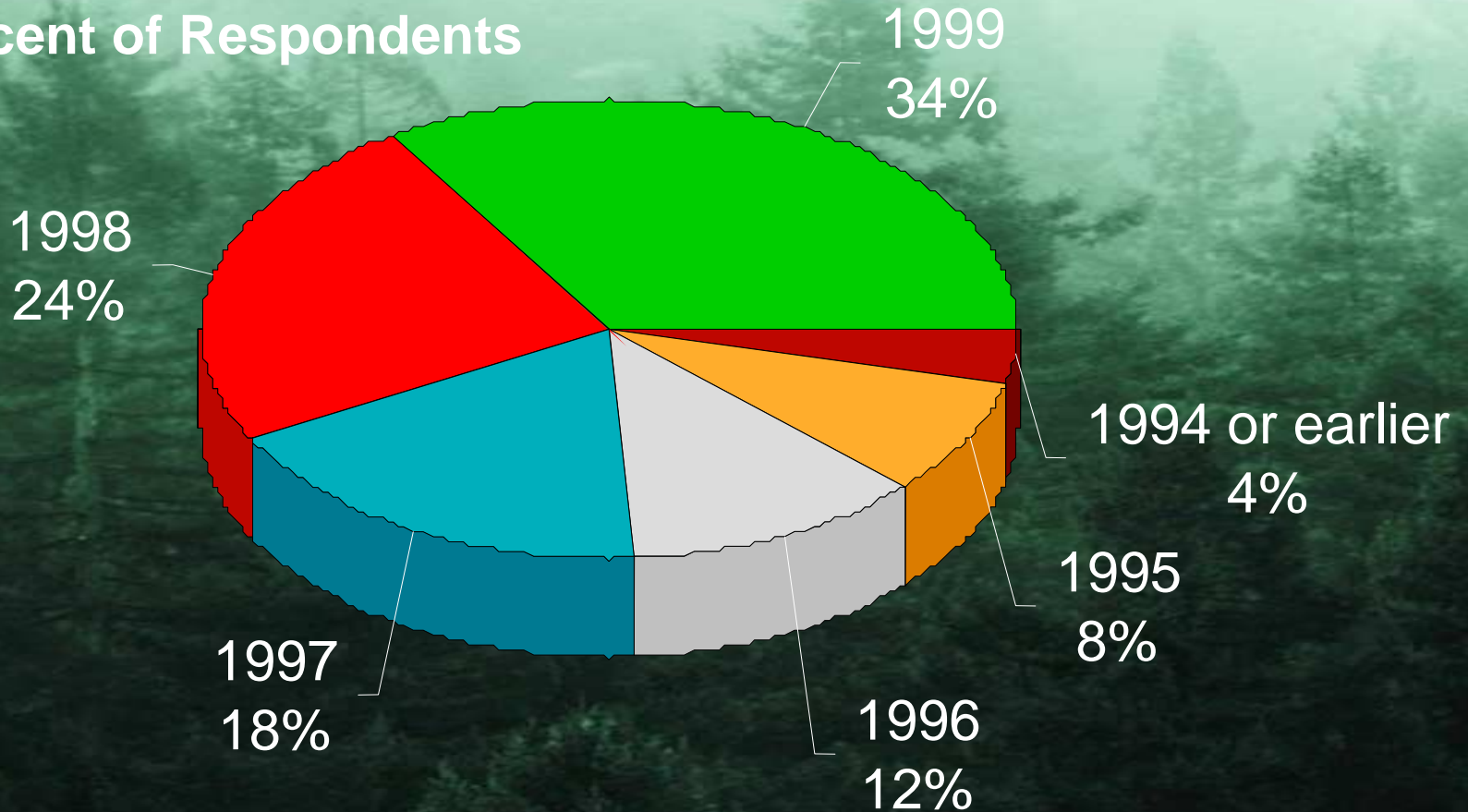
Use or Plans to Use the Internet to Conduct Business

Percent of Respondents



When Web Site Was Developed

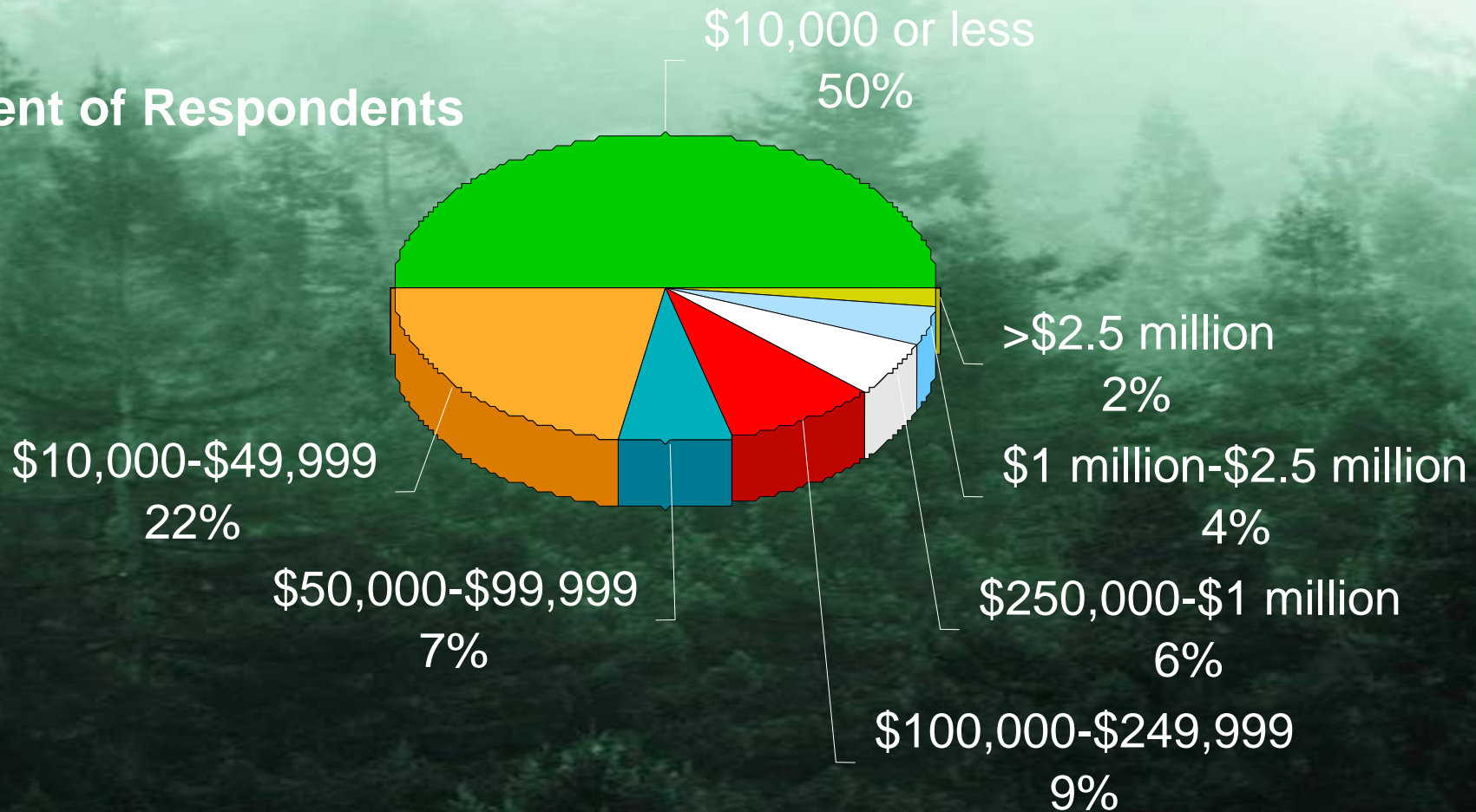
Percent of Respondents



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

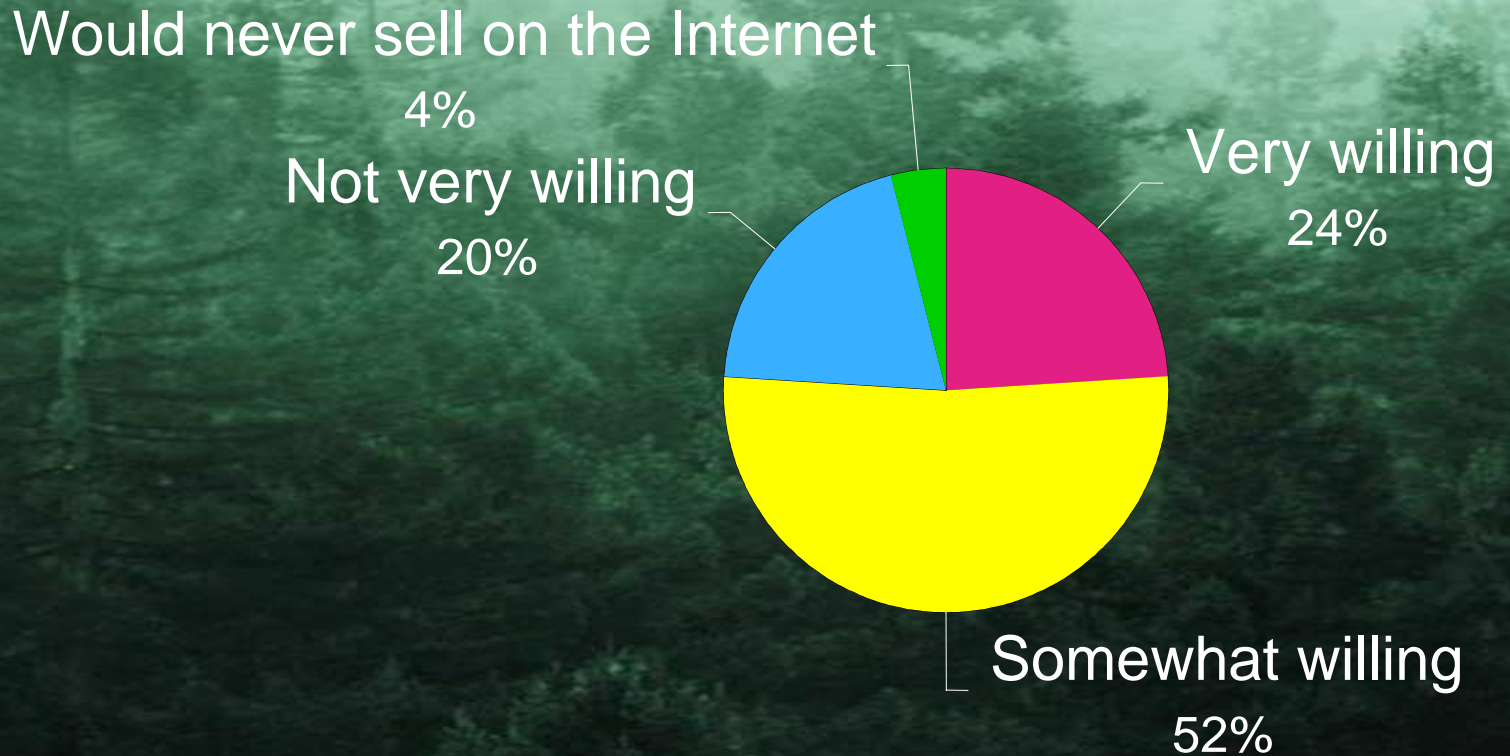
Scale: 1=Strongly Disagree to 5=Strongly Agree



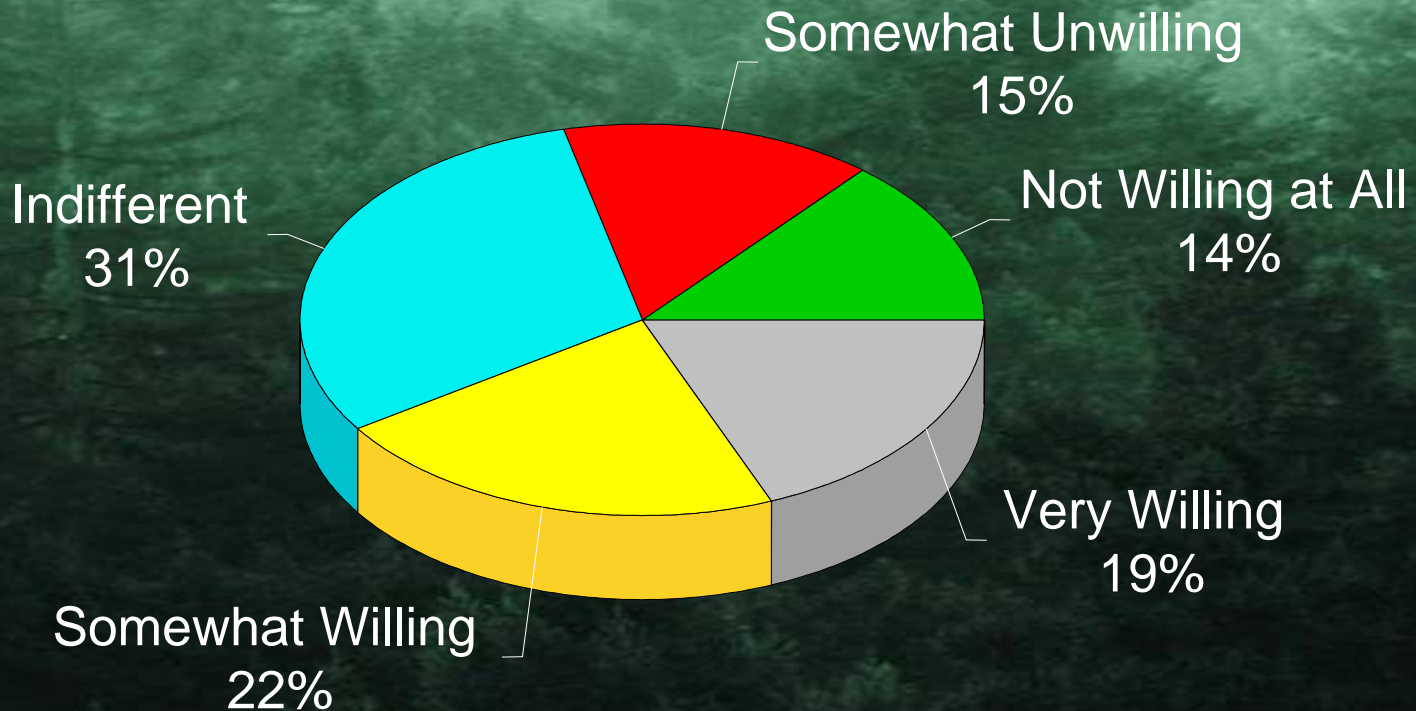
eBusiness Applications Current & In the Next Year



Willingness to Sell Products via the Internet

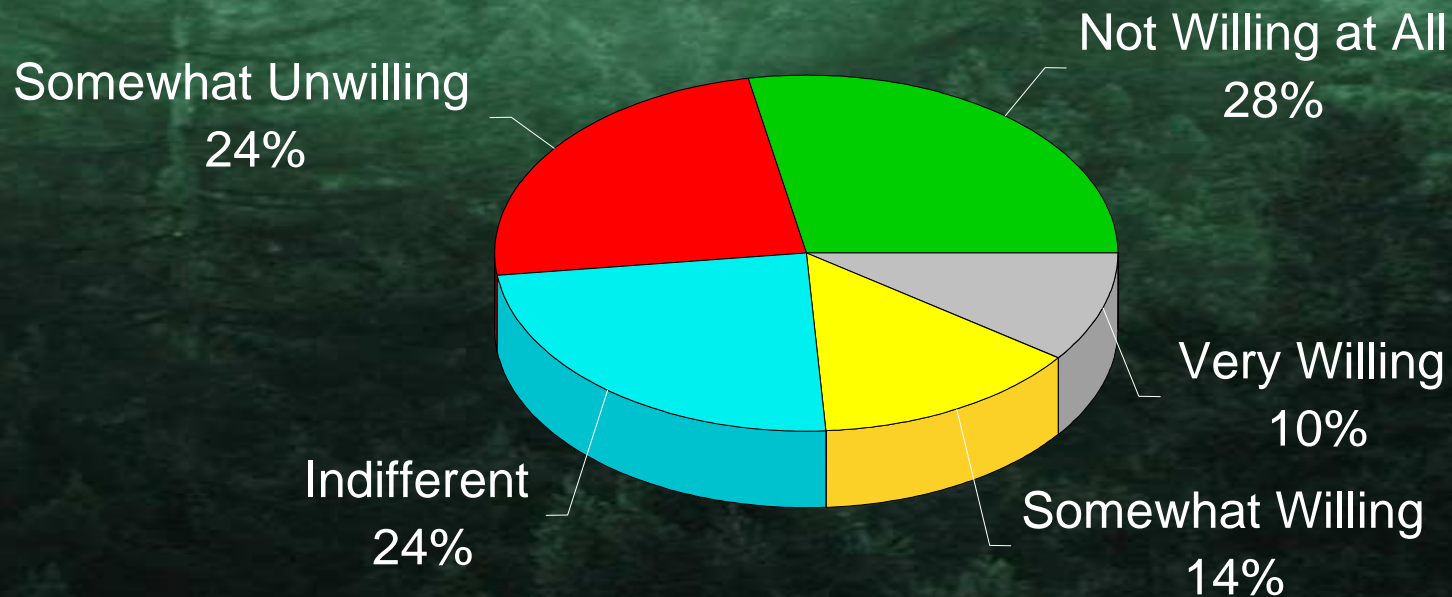


Willingness to Purchase/Sell Products through a Secure Third-Party Exchange Internet Web Site?



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 Management Solutions

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 they do business.

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

It will happen faster than you
expect.