

The Role of Third Party Exchanges



» in Buying and Selling Wood Products

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The Promise of the Internet

Communication

Connectivity

Community

Collaboration

Content

Collapsing time
and space

Cost savings



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

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)

Understanding a Third Party Exchange

An Exchange is Just Another Business Tool

Types of Third Party Exchanges

- Disintermediary
- Reintermediary
- Utility Provider
- Market-maker



Understanding a Third Party Exchange

eCommerce Sites that are not Exchanges

- Content Aggregator
- Match-maker
- Auction
- Collaboration Hub
- Translation Hub



Where Can an Exchange Help?



- Reliable and real time product price reporting
- Connecting, communicating and collaborating with your trading partners electronically (E2E)
- Improving channel selection
 - Another point of market entry for buyers
 - Another sales channel for suppliers
- Improving transactional processing efficiency



Where Can an Exchange Help?



- Supply chain optimization: shifting traditional inventory, sales, and supply chain strategies:
buy-hold-sell
sell-source-service
- Shipping and order tracking
- Industry news, information and statistics
 - Credit checking
 - Online payment



Marketplace Friction



- Search Costs
- Contracting Costs
- Coordination Costs

Important Considerations in Choosing an Exchange

Domain Expertise

Staying Power

Open - Not a Disintermediator

Deep Integration (E2E)

Best of Breed Technology

Intuitive Process

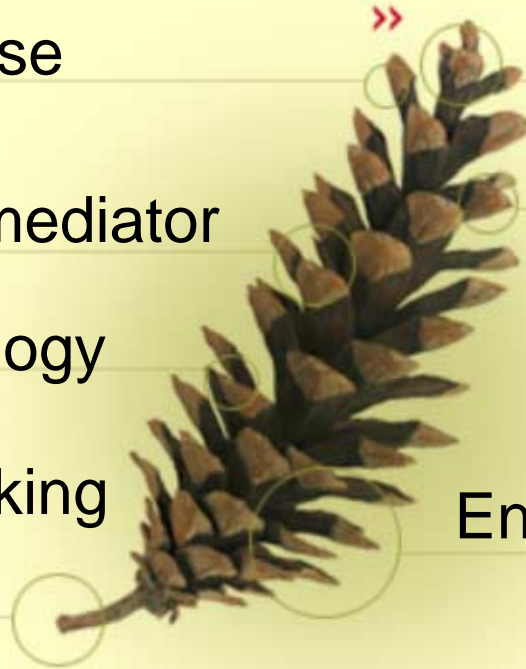
Shipping & Order Tracking

Enhance Relationships

Community & Content

Supply Chain Collaboration

Low Fees and Costs



Concerns Expressed



- Loss of personal relationships
- Price compression
- Security of information
- Negotiation process is too slow

Buy Side Transaction Process



Sell Side Transaction Process



What Products Are Best Suited To An Exchange?

- Standardized products are low touch
- Custom products are high touch
- Move low touch products to low cost channels

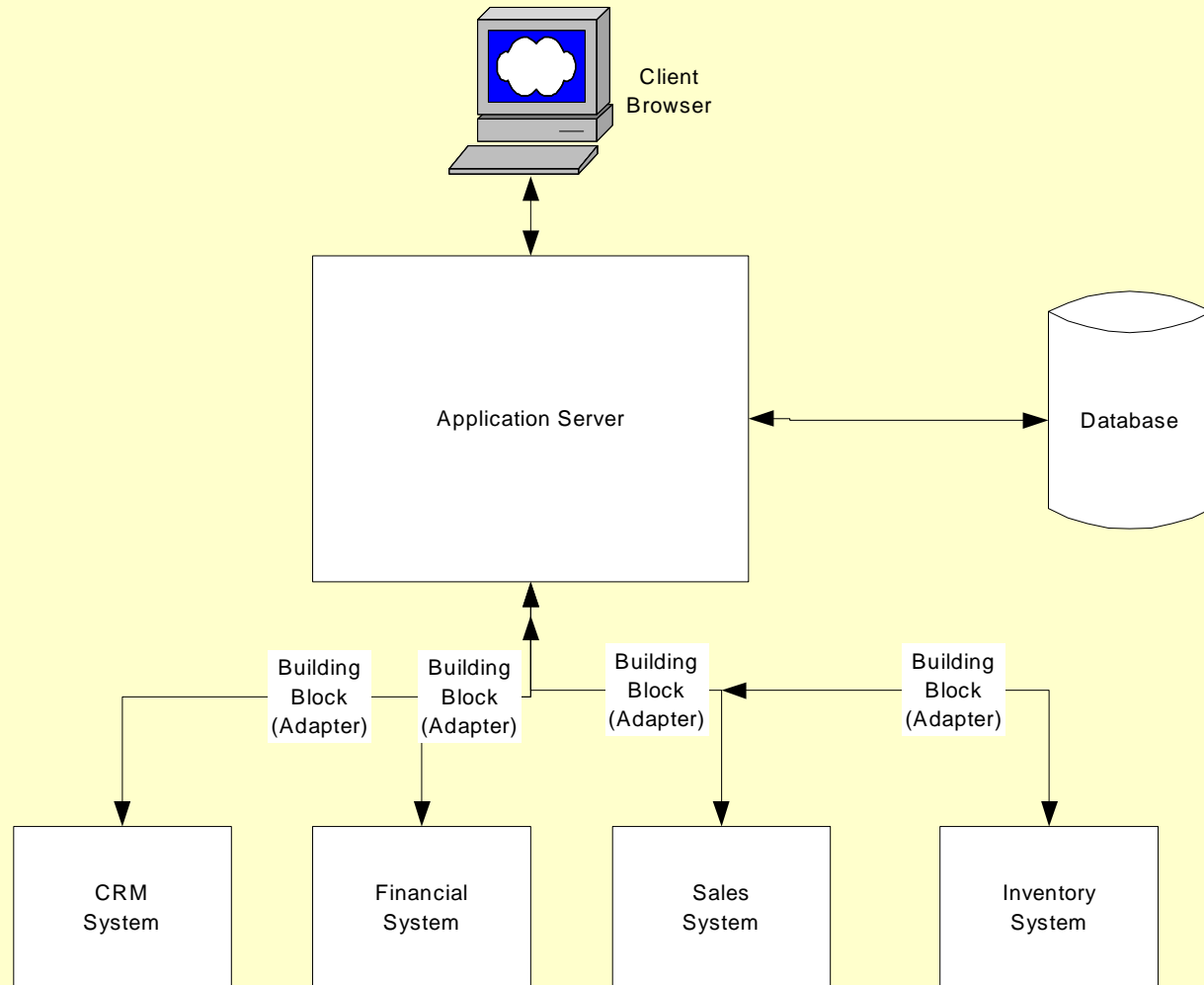


What Industry Sector is Best Suited to an Exchange?

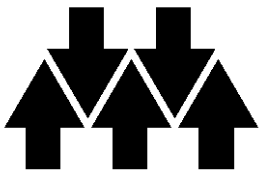
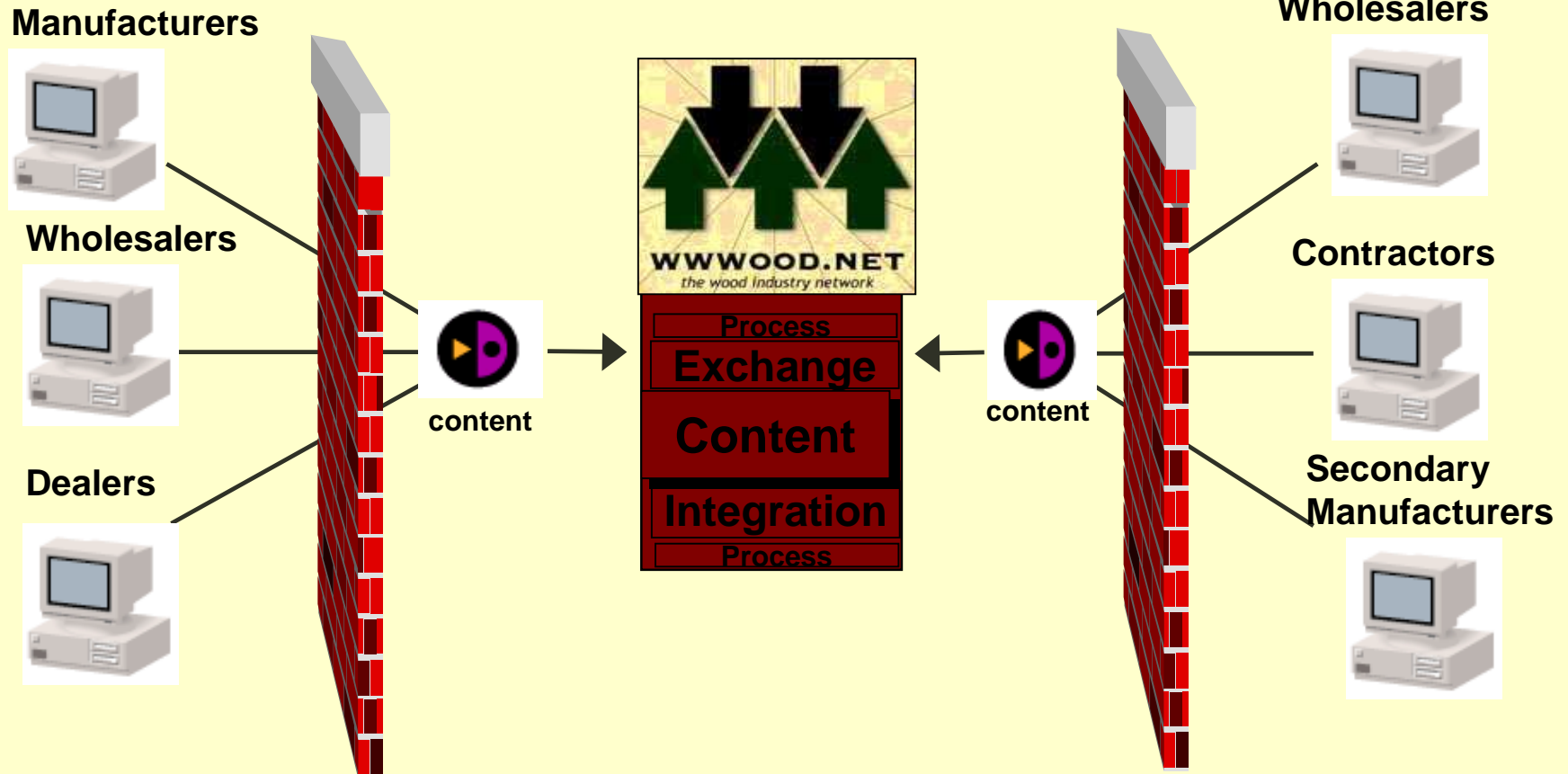
- Primary Producers get only one bite out of the apple
- Secondary Manufacturers, Wholesale Distributors and Dealers can take advantage of both sides of the transaction.



Application to Application Integration (A2A)



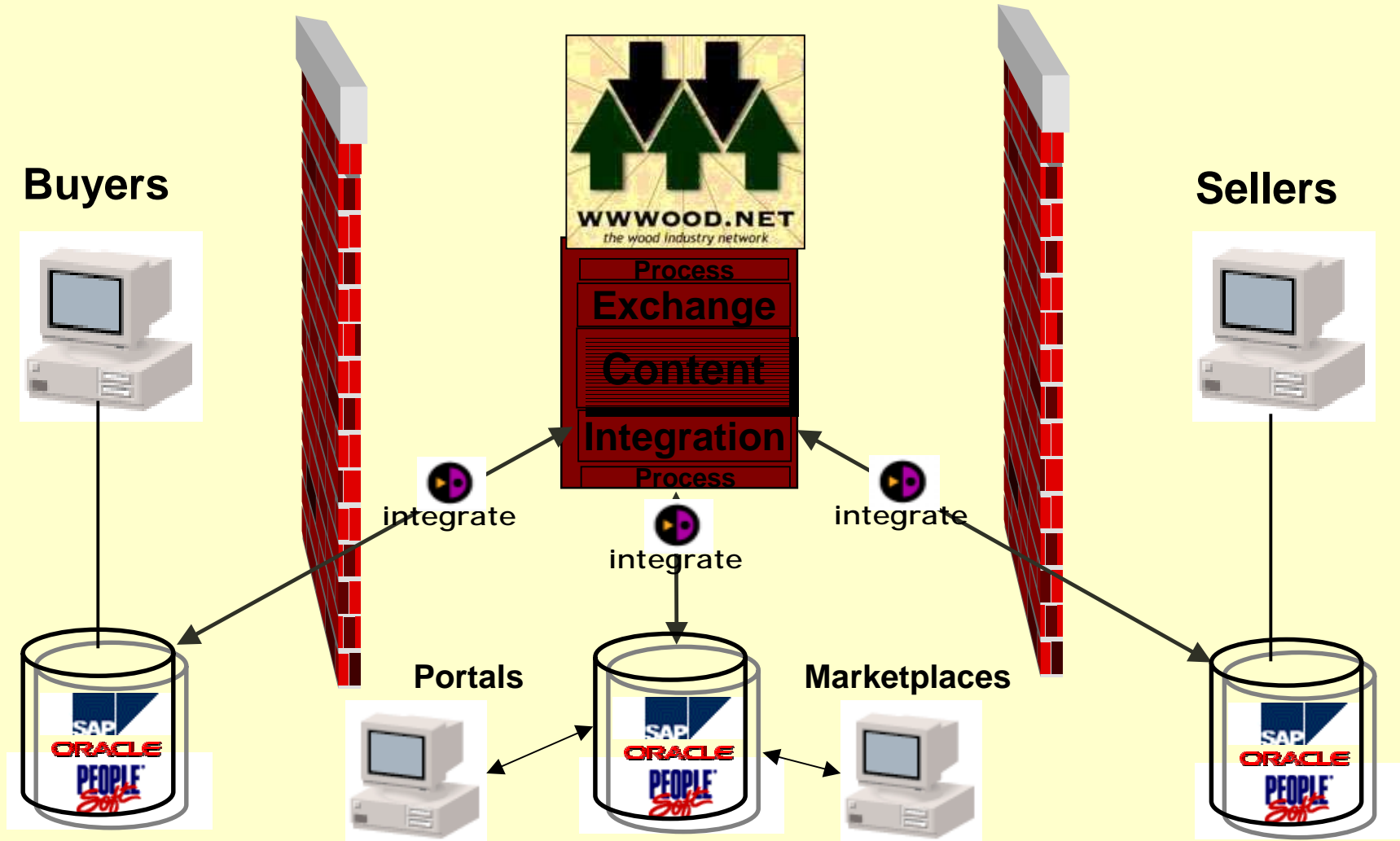
Disparate Back Office Systems



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Enterprise to Enterprise (E2E) Integration



Do What You Do Best



And Buy The Rest



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Conclusion



- The Right Third Party Exchange Can Deliver the Promise of the Internet
 - Get Your House in Order
 - It's Not Enough to be a Match-Maker
 - Industry Expertise is a Must

