



# Industry reaches for next level

e-business has only begun to change the way companies operate

The pace of change in the chemical industry has stepped up as companies determine their new roles. An overriding issue is how to compete and grow in an industry with cyclical profitability. One ramification has been the frenzy of mergers, acquisitions and divestitures during the past four years as new lines are drawn between types of companies.

Specialty chemical companies, for example, are competing with the more resource-intensive diversified chemical producers. Large diversified chemical companies have several choices: transform themselves into life science firms, become conglomerates or develop powerful alliances with former competitors to achieve synergy.

## New models

Companies are considering new models for their businesses as information technology and the Internet broaden the field of opportunity and change the nature of business.

Take a look at how new technology is creating markets, as described by IBM's Edward Kornberger at the recent *Chemweek* conference on "Information Technology in the Chemical Industry":

Traditional chemical business	Web era chemical business
We sell	We sell or rent
Products	Products, services, knowledge
We make	We make or others make
With our own assets	Using the best, most cost-efficient combination of assets
Using our own processes	Using best-in-class processes, no matter whose they are
Giving away service to get business	Service as a growth opportunity

IBM's Ambuj Goyal also told the group that "the transformation of businesses over the last few years is only the beginning of a revolution—the real transformation is yet to come! Technologies here today and on the horizon will combine to form new disruptions—not just disruptions of how we use computers, but of how we run businesses and how customers view what products and services we provide them. These disruptions will create the opportunities for new competitive advantages and whole new marketplaces—and they are just around the corner."

Important new technologies to watch are the Web, pervasive computing and deep computing. Speed in adopting technologies will also become critical to securing market position.

## Knowledge management

According to keynoter Cinda Hallman of DuPont, as we move into the world of e-commerce, knowledge management

becomes more important as traditional lines of command are by-passed. Decision-making often becomes a simultaneous process, and the traditional value chain model does not necessarily reflect today's commercial reality. That becomes especially important in our information age as the key assets of many companies are their collective knowledge of employees, business partners, and customers.



A recent survey of corporate executives puts knowledge management second only to globalization on a list of the top 10 issues occupying CEO's thinking.

## e-business as the enabler

Reports indicate the industry has recently averaged expenditures of \$20 billion a year in enterprise systems (including software packages and implementation costs) to improve management and integration of their businesses. In many cases, the results have fallen short of expectations. The rub, in part, seems due to their limitations in delivering the expected level of effective supply chain management.

An e-business-enabled supply chain, using a network-based framework to link people and organizations, is coming on the scene. It offers substantial benefits, compared to the traditional supply chain and comes at a time when integration to the plant floor is high on the agenda of companies hoping to maximize return on their already sizable information technology investments.

The Internet and a networked world are transforming the processes of doing business. Are you ready?

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## P.S.: e-business at *Chemical Processing*

*Chemical Processing* is also getting into the e-business act with the imminent introduction of *Chemical Processing's* e-Buyers' Guide. Watch our Web site at <http://www.chemicalprocessing.com> for details.