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## E-commerce accelerates virtual companies

E-commerce is creating virtual companies—communities of cooperating businesses that concentrate on their core competencies, according to Leif Erikson, research director, Manufacturing Strategies, AMR Research, Boston.

"What the Internet really does for businesses," he said, "is reduce the cost of transactions—not just physical transactions but also information transactions."

That means companies no longer need to handle functions outside their main business. No more will a single entity have to take orders, make product, deliver the merchandise, warehouse inventory, manage maintenance and build a plant.

"All of these are different competencies," says Erikson. "Some of which you do well, and some which you don't do well."

He suggests that business people take a hard look at what functions they should perform and which they could delegate.

Companies can more easily form alliances, each taking on what they do best, because people no longer need to work in adjacent offices. The Internet allows them to work together in real time even when they're in different cities or even different parts of the world.

An early version of that kind of virtual company emerged recently when a firm that sells chemicals online announced a partnering arrangement with a transportation company.

Alliances among companies could shift to form different virtual companies for different markets, adds Erikson, who notes that "A given real company might belong to several virtual companies or communities that deal with different end-users."

"With the Internet," Erikson concludes, "companies have the ability to build communities and exchange information, creating a scenario, as Bill Gates puts it—'Business @ the Speed of Thought.'"

## Chemical industry leads in ITE's

The chemical industry lags behind the electronics and high-tech sectors in adopting e-commerce in general but is on a par with any manufacturing group in establishing independent trading exchanges (ITEs).

"Electronics and high-tech companies, with products that become obsolete in a few months, can't abide a loose supply chain that leaves product in the pipeline," notes Leif Erikson, Manufacturing Strategies research director at Boston-based AMR Research. That's why companies in those businesses have led the charge to e-commerce and its electronic exchange of information, he adds.

Still, notes Erikson, process industry people are showing keen interest in e-commerce as a way to lower costs.

Erikson asserts that where the chemical industry is on a par with virtually any other sector is with independent trading exchanges such as Chicago-based PlasticsNet, Houston-based CheMatch, or E-Chemi-cals, Ann Arbor, Mich. Others include ChemConnect, San Francisco, Calif., Sciquest, Charlotte, N.C., Chemdex, a directory of chemistry on the Internet based from the Univerisity of Sheffield, England, and Vertical Net, Horsham, Pa.

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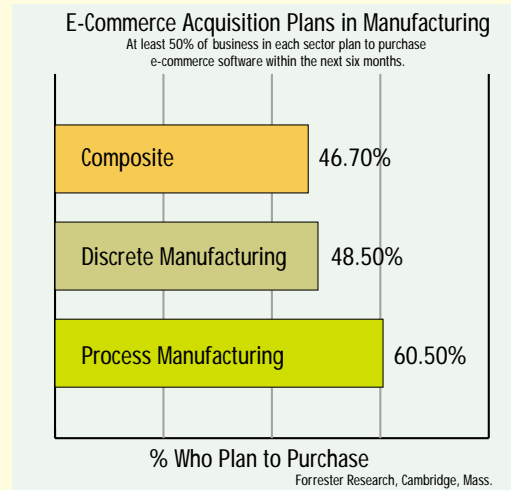## Energy market gaining control, competitive edge

What's driving e-commerce initiatives in the energy industry?

"The energy industry is focusing more on customer relationship management," says David Caruso, vice president and service director for Enterprise Applications Strategies at Boston-based AMR Research.

Caruso points to aspects of the energy industry that companies cannot control, such as market price. "Saavy companies are relying on aspects of their business that they can control: superior technology that reduces costs and improves customer service."

The BP Amoco division of British Petroleum, one of the most competitive multinational companies in the world, is one such company. BP plans to extend the capabilities of its existing applications by embedding Microsoft Windows CE into new fuel pump systems to provide multimedia features to its consumer users and prepare for feature and functionality needs of the future.

With Windows CE, the new gas pump will feature a 10.4-inch touch screen display and graphical interface, enabling multimedia advertising messages and Internet content on demand. Behind the scenes, the pump system will use Windows CE to make preventive maintenance service calls via the Internet, increasing uptime and reducing total cost of ownership. The futuristic fuel pumps should appear early in year 2000 at BP gas stations throughout the United States.

**E-Commerce Acquisition Plans in Manufacturing**
At least 50% of business in each sector plan to purchase e-commerce software within the next six months.

| Sector | % Who Plan to Purchase |
|---|---|
| Composite | 46.70% |
| Discrete Manufacturing | 48.50% |
| Process Manufacturing | 60.50% |

% Who Plan to Purchase

Forrester Research, Cambridge, Mass.

## Pharmaceuticals win with accessibility, manageability options

The pharmaceutical industry is undergoing a great deal of reform with regard to the way it does business. Most of this reform is due largely to external forces such as greater competition, the rise of generic drug manufacturers and the impact of managed health care organizations. Internal improvement goals, such as decreasing the costs of sales, optimizing research and development and optimizing manufacturing processes, also loom large for the industry as a result of these external factors. And, of course, governmental regulatory requirements constantly place pressure on the industry to ensure compliance.

To address these business issues, Microsoft offers a number of solutions, both directly and via its Certified Solutions Provider partners. Consider Solvay Pharmaceuticals, Marietta, Ga., one of the nation's fastest-growing pharmaceutical firms.

Solvay migrated to Microsoft Windows NT Server coupled with Backup Exec from Veritas Software, Heathrow, Fla., (previously known as Seagate), to handle all its mission critical data. Backup Exec empowered Solvay to create a "lights-out" backup management operation, protecting data for more than 600 users in three sites from a central location. In addition, ExecView collects real-time statistics and reports from the Veritas Backup Exec installations, offering Solvay remote monitoring and direct administrative access to every backup site.

Bristol-Myers Squibb, Stamford, Conn., one of the largest pharmaceutical manufacturers in the United States, is deploying Microsoft Windows NT Workstation 4.0 to thousands of its desktops in the U.S. and Canada as part of a move away from mainframe computing to a more client-server-oriented environment. This has enabled the company to achieve a more stable desktop environment for employees, and provided benefits in the areas of security, manageability, accessibility and Internet development and deployment.