

# What's Driving eBusiness

Based on the 2006 eBusiness Survey

A COMERGENT WHITEPAPER

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## EXECUTIVE OVERVIEW

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Comerгент recently undertook a comprehensive survey to reveal key drivers influencing corporate eBusiness initiatives, including a specific look at how eBusiness supports corporate goals. According to the survey, the big three top drivers behind deploying eBusiness were optimizing the customer experience, improving operational efficiency and staying competitive.

1. **Optimize the customer experience** - 68% of respondents said that eBusiness enables customers to select the right products and services, at the right price and ordered the right way. Customers should be shielded from underlying business complexities including product lines, service offerings, business units and build-to-order offerings, as well as multiple back-end systems and processes. eBusiness should also provide customers and partners with personalized interactions and a seamless experience.
2. **Improve operational efficiency** - 60% of survey respondents cited the need to solve their complex problems and aligning internal and external systems. eBusiness should meet these needs by managing, collecting and syndicating various data across multiple systems; automating sales and service end to end; and capturing, distributing and fulfilling orders from multiple sources and sales channels. This driver also includes integration with multiple back-office ERP and CRM systems.
3. **Stay competitive** - 57% of respondents stated that staying competitive means growing business models through new markets and customer segments. Surveyed companies see eBusiness as a way to achieve a more efficient and effective sales process. Companies gain competitive advantage by creating and managing customer storefronts and self-service portals while integrating multiple lines of business across the enterprise.

The survey also covered key eBusiness applications in specific implementations. Over 54% of respondents reported that improving their order management cycle (OMC), traditionally including ERP, CRM and SCM (supply chain management), is the primary reason for initial deployment. 50% of survey participants cited online promotions and product catalogs for the number two ranking for key eBusiness applications, and portals came in third at 46%. Other top applications included customer service/call center support, lead management and quoting and proposals.

In fact, over 61% of respondents characterized their eBusiness deployments' ROI as either strong positive, positive, meeting, and even exceeding expectations.

Comerгент's annual eBusiness Survey serves as a barometer of eBusiness adoption and practices across enterprises. The survey returns invaluable information by discovering where companies are focusing as they endeavor to expand sales, lower costs and increase revenue. Year after year, responses indicate that these three dynamics are increasingly intertwined and companies are realizing that eBusiness is the way to achieve many of their corporate objectives.

## TOP-RATED EBUSINESS DRIVERS

Many companies struggle to control complex product and services offerings and distribution channels. The sheer complexity of the task impacts the bottom line: sales and support personnel are overwhelmed, customers are confused and dissatisfied, and profits are eaten up in inefficient ordering and distribution methods. These are serious challenges for today's corporations, who find they look to eBusiness to coordinate multiple sales and service touch points and drive measurable improvements in sales and channel effectiveness.

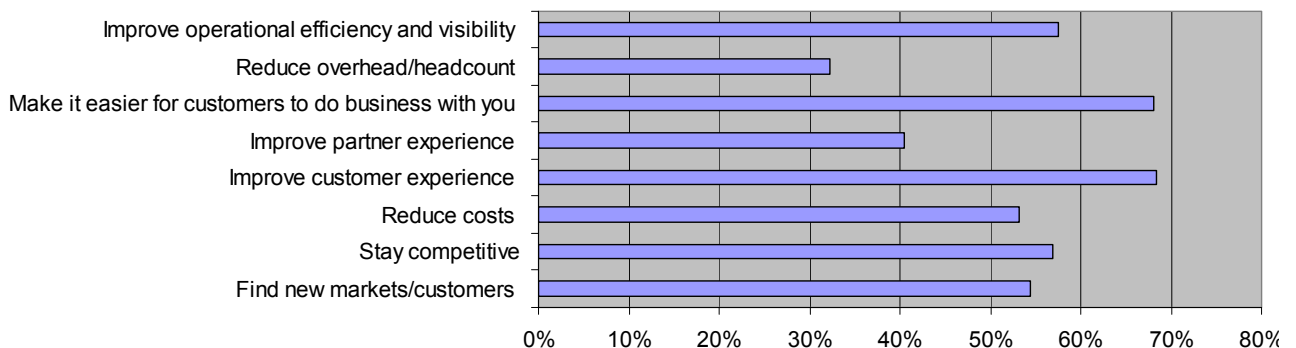
"People using B2B sites accomplish what they set out to do only 58 percent of the time, compared to 66 percent of the time for consumer e-commerce sites."

*Nielsen Norman Group conducted 12 focus groups, observed 55 business professionals using nearly 200 B2B sites, and performed field studies at seven companies.*

### Optimize the Customer Experience

"Improving the customer experience" and "making it easy for customers to do business with a company" tied as the number one drivers behind deploying eBusiness. 68% of survey respondents selected one or the other as their top choice out of a range of options. One of the less popular options included "reducing costs," which used to come in at the top of most corporate IT driver lists. At 53% and in fifth place it was still a concern, but no longer topped the list. These results suggest that the corporate landscape is changing: given the success and impact of Amazon, who redefined B2C customer relationships, all companies are waking up to the fact that the Web has changed their business landscape forever. Customers today expect quick and easy access to the right products and services at the right time, with personalized interactions and direct links to suppliers and other parties involved in the eBusiness process.

## Key Drivers for eBusiness Initiatives



How can a company optimize the customer experience via eBusiness? At the highest level, eBusiness can make it fast and easy for customers to do business with an organization however they choose – online, in person, via call center or in channel. To avoid customer frustration, the underlying complexities of the business operations must be seamless and transparent, no matter what interaction or combination of interactions the customer chooses. These complexities may include product lines, service offerings, business units and build-to-order offerings as well as multiple back-end systems and processes.

eBusiness further optimizes the customer experience by providing customers and partners with unique and personalized access to products and services. This includes automatically support the quoting, pricing and selling processes to help customers buy the right products and services to best fit their needs.

## Improve Operational Efficiency

The second most important driver of eBusiness cited by respondents – nearly 60% – is to “improve operational efficiency.” This means companies are turning to eBusiness to solve complex problems and align internal and external systems.

eBusiness solutions accommodate these needs in three ways:

- 1. eBusiness manages, collects and syndicates product/service, price and configuration information across multiple systems and organizations, both internal and external.** eBusiness solutions also create and manage online catalogs and marketing and sales promotion processes that transcend the extended enterprise.
- 2. eBusiness automates sales and service end to end – from initial inquiry to point of fulfillment to invoice payment.** More comprehensive eBusiness solutions even enable customers to custom assemble sophisticated products and product and service bundles that they can price in an almost endless number of ways.
- 3. eBusiness yields operational efficiency by capturing, distributing and fulfilling orders from multiple sources and sales channels.** Advanced solutions can even split and distribute orders for processing and fulfillment across multiple lines of business or distribution partners. They also make integration with multiple back-office ERP systems easy.

### Comergent@Work

#### WWT Provides Web Self-Service

World Wide Technology (WWT) is a systems integrator that provides innovative technology and supply chain solutions to the commercial, government and telecom sectors. Before WWT had its current Web self-service solution, it required customers to verbally contact the company's Customer Service Representatives (CSR) to place orders and retrieve order status. The original solution was expensive, error-prone and did not achieve a satisfactory level of customer service. WWT wanted an improved Web self-service customer experience including better ordering and sales patterns and promotions tracking and analysis.

Today WWT provides a single, scalable system that improves customer service and enhances the selling process. WWT customers each have their own personal storefront, and can easily locate the products and services they need from a 600,000-item catalog, generate quotes, place and change orders, and view the status of business transactions. In addition, customer employees outside corporate procurement departments now can purchase pre-approved, standardized products. With the new Web self-service offering, WWT's online revenues increased more than 500%.

## Stay Competitive

Companies today are looking at ways to stay competitive and grow their business models through new markets and/or new customer segments. Thus “staying competitive” ranked as the third key driver for eBusiness, according to 57% of the respondents who see eBusiness as a way to drive greater selling efficiency and effectiveness.

In this area, eBusiness applications can automate what a company sells and how they sell it while integrating sales and service touch points inside and outside the company. Companies can benefit customers by creating and managing individual or multiple online customer storefronts and customer self-service portals. Transaction-based storefronts or portals also can seamlessly integrate multiple lines of business across the enterprise to present a common and unified face to the customer; and they can weave together multiple distribution and channel partners to enable and support multi-tiered channel eBusiness and alleviate channel conflicts.

Sales efficiency is another benefit of eBusiness. Integrating online interactions with call center sales and services representatives (CSRs) can provide a unified customer experience. Automating direct, indirect and distributed sales models and transactions benefit the sales team by streamlining quote preparation, opportunity tracking, order fulfillment and customer information management and analysis. And distribution partners sell more efficiently and collaborate more seamlessly via eBusiness, which in turn better serves the demands of customers.

## Comergent@Work

### NEC Powers Their Online Stores

NEC’s Visual Systems division had a vision to service its customers the way they wanted to be serviced. This meant enabling customers to place their own orders in a self-service model, if they preferred, and avoid waiting on the phone to check order and invoice status. They also wanted to reduce the number of routine phone calls and increase order and sales volumes without adding CSR head count. From a strategic standpoint, NEC determined that implementing an online offering to complement its current phone, EDI and fax sales methods for product selection, purchasing and ordering, and invoice status was the solution to achieve its internal and external goals.

NEC implemented Comergent’s eBusiness solution because of its power and ability to support for their sales channel business model. Comergent also easily integrated into NEC’s existing SAP legacy back-end system. Every order is integrated from Comergent into SAP.

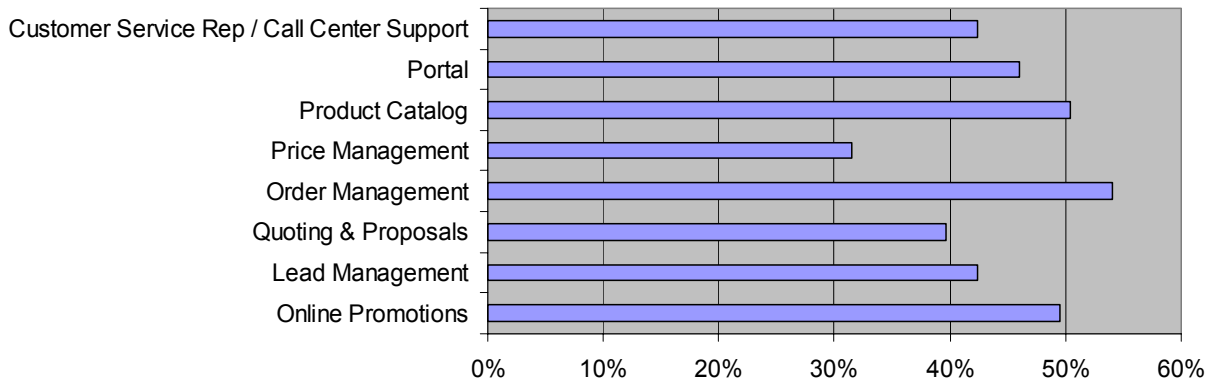
The new NEC online site enables customers to be serviced the way they want to be – they can place and check orders via the self-service offering but they also have options to phone and talk to a live person for order placement or status or to fax in their order. Equally important, NEC has immediate visibility to orders, and its customers can get status and availability immediately as well. In addition, most calls previously placed to the call center were to obtain order status and invoice copies. Now all of this information is available online. Increased sales, streamlined processes, more efficiency in the department and stable headcount are the primary returns.

## KEY EBUSINESS APPLICATIONS

Customer satisfaction, operational efficiency and staying competitive are key drivers for companies looking to deploy eBusiness solutions. Specific implementations indicate that eBusiness is being used for a range of functions, but primarily for order management. Over 54% of respondents cited order management as their primary eBusiness application.

The emphasis on order management is in line with what Forrester calls the growing need for Order Hubs. In its April 2006 report "The Forrester Wave: Order Hubs, Q2 2006" Forrester identified an emerging need for unified solutions to manage the Order Management Cycle (OMC) in the enterprise. OMC traditionally combines enterprise resource planning (ERP), customer relationship management (CRM) and supply chain management (SCM). Order Hubs manage these cross-functional business processes to maximize the global "opportunity-to-cash" process.

### Key Application Areas Current Deployed with eBusiness

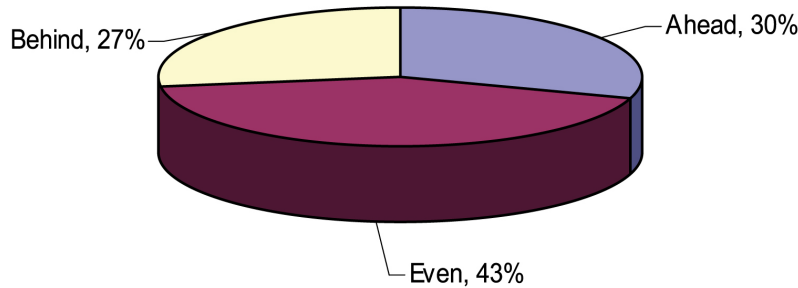


Online promotions and product catalog – both cited by 50% of survey participants – shared the number two ranking for key eBusiness applications. Portals, cited by 46% of survey participants, filled the number three position.

Customer service/call center support, lead management and quoting and proposals were also among the top eBusiness applications. Other application areas implemented by some of the surveyed companies included guided selling and configuration and account management. Many companies reported that their first implementation included order management and product catalog, and that future add-on implementations may include contract management, partner storefronts and returns/replenishment capabilities.

In fact, only 30% of surveyed companies felt that they were ahead of their competition, while 70% believe that their company is either ahead or even with their competitors in their eBusiness initiatives.

### Respondents View Relative to Competition



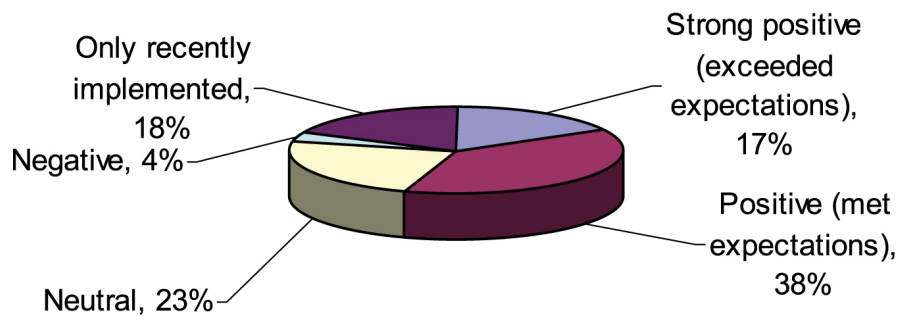
### SUMMARY

“The customer is always right” continues to hold true based on the results of this eBusiness survey. Successful companies are those that deploy eBusiness solutions that focus on “improving the customer experience” and “making it easy for customers to do business.”

Focusing on the customer was followed by “improving operational efficiency” and “staying competitive.” While one is internal and the other external-facing, both drive home how significant they play in providing the customer with best customer-facing eBusiness solution. Internal systems can be masked for customer-facing operations to hide internal business complexity. However, competitive activities are always changing and its best to constantly improve your selling efficiency and effectiveness to meet competitive threats.

About 20% of respondents had very recently implemented eBusiness solutions and could not yet report their return-on-investment (ROI). But over 61% of respondents characterized their deployments’ ROI as either strong positive, positive, meeting, and even exceeding expectations.

### Respondents Qualitative ROI



Looking across the eBusiness landscape, many companies are building eBusiness sites to explore new ways to conduct business and open new revenue channels. Others use transaction-based sites to orchestrate very complex product, selling and order management processes across multiple enterprise systems, business organizations and sales channels.

Comergerent eBusiness software makes it easy for companies to adopt eBusiness. Comergerent's proven technology simplifies selling and ordering processes so that customers and partners get the right products and services at the right price and delivered the right way.

The Comergerent eBusiness System™, an enterprise suite of modular applications, helps companies coordinate and unify multiple sales and service touch points to drive measurable improvements in sales and channel efficiency and effectiveness. Partners and distributors are involved in the selling and delivery value chain; customers enjoy a seamless experience on-line, via the call center and directly with an internal sales organization.

Customers and partners expect to engage online, and are demanding a comprehensive, individualized and efficient experience. Companies are responding by using eBusiness to optimize the customer experience, and also to improve their own operational efficiency and competitive advantage. This level of change requires a strategy to drive eBusiness throughout the extended enterprise. Comergerent is here to help.

## ABOUT THE SURVEY

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Each year, Comergerent Technologies surveys companies across industries regarding their enterprise eBusiness efforts. This eBusiness survey was conducted in June of 2006 and provides a window into the current and future eBusiness activities from over 200 global companies.

2006 survey respondents represented over 20 industries, including High Technology, Financial Services, Automotive & Transportation, Telecommunications, Manufacturing, Healthcare and Retail. The majority of companies surveyed, 75%, reported annual revenue of more than \$500 million, 13% with annual revenue between \$251 - \$500 million, and 12% with revenue between \$100 - \$250 million.

## ABOUT COMERGERENT

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Comergerent is the leading provider of eBusiness solutions for the extended enterprise. The Comergerent eBusiness System™ orchestrates complex product, selling, and order management processes across multiple enterprise systems, business organizations, and sales channels. Comergerent's customers are able to increase revenues while reducing the cost of sales by making it fast and easy for their customers to do business with them. Customers include industry leaders such as Applied Biosystems, Best Buy, Cisco Systems, Gates Corporation, InterContinental Hotels Group, J. C. Penney, NEC Solutions America, Pearson Education, Pitney Bowes, Symbol, The Toro Company and World Wide Technology. Comergerent is privately held with headquarters in Redwood City, Calif.

For more information about Comergerent, visit [www.comergerent.com](http://www.comergerent.com).