A Japanese Perspective

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CommerceNet Purpose

- CommerceNet exists to address the business agenda for global electronic commerce
  - Provide insight and hands on experience into the future
  - Nurture and sustain flow of innovation
  - Expand/stabilize the eCommerce marketplace

- Use CommerceNet resources to make an important contribution to the maturation of Internet technologies and infrastructure for business use
  - Provide support for high-risk, high-potential research and endeavors
  - Leverage CommerceNet assets fully
    - Deep insights from the community
    - Global relationships
    - Entrepreneurial spirit

- Create a new kind of knowledge generation engine - expanding the theory and exploring advanced practices in electronic commerce
  - Strong community
    - Mutual benefit research projects to understand the business agenda for electronic commerce
    - Unparalleled business development opportunities
  - Elite membership
    - Based on contribution to the community, not simply dues payment
    - Vehicle to create strategic alliances
  - Enabling entrepreneurs
2001 Agenda for Electronic Commerce

• Evolving Supply Chain
• Security and Internet Payment
• Next Generation Internet Applications
• Wireless and Pervasive Access
• Government, Policy and Advocacy
Panel: Future of eMarkets

• Asia is the headwaters of many of the world’s supply chains

• Standards...
  - We need general rules and general standards, not specific rules and specific standards. Specifics make things fall apart.

• Liquidity
  - Technological issues may come up first, but liquidity will drive ultimate success

• Predictions
  - Competition from Israel
  - Our biggest competitor is the fax machine
  - eMarkets will be huge in Japan -- done right the first time
  - Government is an unexplored opportunity
ICG's Observation

• Japan may seem behind today...but...
  - New technologies may enter late, but are absorbed faster

• Example: B2C predictions from 2 years ago
  - Yet today DOCOMO is becoming the world’s largest ISP

• Playing to the strength of Japanese companies
  - Device-led innovation
  - Design/Quality/Marketing

• ICG will invest more in Japan than rest of the world combined

• Japanese companies are critical to the evolution of B2B technologies and commerce. The time is now.
Panel: How Japanese Companies Can Cope

- Old way: Keiretsu in Japan vs. spot trading in US.
- New way: Combination of both models are emerging in Japan
- Government and its role
  - G2B, G2C
  - eProcurement, eSubmission, eFiling by 2003
  - Local to local and to national government interconnection
  - Government procurement marketplace
- Some still hesitate to participate
  - Fear of eMarkets will last only for a short time

- Driving force for eCommerce will be the combination of the dot com world with the traditional business
- Developing new trading company function with comprehensive offer for customers
How Japanese Companies Can Cope

- We can’t simply import the American model
- There are common elements between Japan and US eMarkets, but there are differences.
- The practice of eMarkets may be more complicated in Japan because of the history of trading companies.
  - Trading companies may contribute to the creation of a more sophisticated eMarket.
  - The risk reduction offered by trading companies needs to be sorted-out before simply transferring business practices to eMarkets
- Replacing business processes with IT and eMarkets will only work if there is an interface with current work practice
- Additional value is required beyond match-making
- You need to make eMarkets attractive to aggressive players with liquidity
  - The times have changed, and Mitsui and Mitsubishi are working together!
How Japanese Companies Can Cope

• Next year, we will see a real explosion of eCommerce in Japan

• Governments can catalyze activity
  - CommerceNet members are a good source of experience and insight around the world

• SME have only one option. They need to participate
  - Computer literacy is an issue

• Object oriented thinking
  - GE may be a model

• Infrastructure, activity, and liquidity are three facets of eMarket success

• IP and business model patent innovations are required
  - SME’s need access to information to claim their IP rights
Setting the business agenda for electronic commerce

Question & Comments
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Barriers 2000: US vs World

US
1 Interoperability between eCommerce applications and with legacy systems
2 Interoperability with complementary companies
3 Lack of qualified personnel
4 Culture
5 Security and encryption
6 Organization
7 Customers can’t find me
8 Robust infrastructure
9 Not sure of benefit
10 International trade barriers

Non-US
1 Security and encryption
2 Trust and Risk
3 Lack of qualified personnel
4 Lack of business models
5 User authentication and lack of public key infrastructure
6 Organization
7 Culture
8 Fraud and risk of loss
9 Legal issues such as contracts and liabilities
10 Internet/Web is too slow and not dependable
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Barriers 2000: US vs World B2C

US
1 Security and encryption
2 Customers can't find me
3 Trust and Risk
4 International trade barriers
5 Culture
6 User authentication and lack of public key infrastructure
7 Lack of qualified personnel
8 Inconsistent tax laws
9 Promoting buyer behavior
10 Interoperability with eCommerce sites of complementary companies

Non US
1 Security and encryption
2 Trust and Risk
3 User authentication and lack of public key infrastructure
4 Legal issues
5 Internet/Web is too slow and not dependable
6 Ability to make and receive payment
7 Lack of qualified personnel
8 Culture
9 Cost justification
10 Customers can't find me