

Setting the business agenda for global electronic commerce

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



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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



Barriers 2000: US vs World B2B

US

- 1 Interoperability between eCommerce applications and with legacy systems
- 2 Interoperability with complementary companies
- 3 Culture
- 4 Organization
- 5 Robust infrastructure
- 6 Lack of standards
- 7 Lack of qualified personnel
- 8 Partner eCommerce readiness
- 9 Supply chain
- 10 User authentication and lack of public key infrastructure

Non US

- 1 Organization
- 2 Culture
- 3 International trade barriers
- 4 User authentication and lack of public key infrastructure
- 5 Legal issues
- 6 Lack of qualified personnel
- 7 Lack of standards
- 8 Inconsistent tax laws
- 9 Executive awareness
- 10 Legal environment



Barriers 2000: US vs World SME

US

- 1 Lack of qualified personnel
- 2 Customers can't find me
- 3 Not sure of benefit
- 4 Complexity of eCommerce
- 5 Cost of entry
- 6 Fraud and risk of loss
- 7 Partner eCommerce readiness
- 8 No customer need
- 9 Lack of business models
- 10 Legal issues

Non-US

- 1 Lack of qualified personnel
- 2 Lack of business models
- 3 Fraud and risk of loss
- 4 Legal issues
- 5 Partner eCommerce readiness
- 6 Customers can't find me
- 7 Not sure of benefit
- 8 Inconsistent tax laws
- 9 Proprietary technology
- 10 Vertical markets



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

