

eMarkets in Operations: Signals of the eEconomy

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Panel Description

E-marketplaces are an innovative application of e-business technologies and processes. E-marketplace is a virtual marketplace where buyers and suppliers meet to exchange information about product and service offerings, and to negotiate and carry out business transactions.

According to Gartner Group, Inc., current business-to-business e-marketplace functions and participation are limited. However, projections for 2005 show that approximately 500,000 companies will participate in e-marketplaces as consumers and/or vendors. AMR Research predicts that transactions will reach 2.8 trillion USD in 2004. Currently there are 2,000 marketplaces worldwide. Approximately 650, or about a third, are in Europe. The number of e-marketplaces, both globally and in Europe, will increase over the next few years to approximately 10,500 e-

marketplaces. Projections show that Europe, by the end of 2002, may have as many as 2,700.

This high growth will increase business activity in mergers as well as company failures. For instance, existing e-marketplaces within certain industry sectors will consolidate through mergers or acquisitions, while others will fail through inadequate funding or insufficient business activity. For a while, consolidation will be offset by the sheer increase of numbers of start-up e-marketplaces. Lack of critical mass, as previously defined, will be a strong driver for e-marketplaces to merge in order to survive. However, predictions show an 80% fall-out through merger or failure by 2004. This may mean that in Europe only about a 100 viable e-marketplaces will survive.

E-marketplaces will be successful only if they attract sufficient volumes of consumers and vendors. This is only possible when the costs do not outweigh the benefits of participation. -- including additional infrastructure -- i.e., preparing and uploading catalog data, linking IOS to the consumer and supplier's internal system, etc. This means that the primary goal for e-marketplace providers is to provide services that create value for both the consumer and vendor.

There are many business opportunities within the e-market place structure. Some opportunities are: lower transaction costs; global access; lower prices (up to 30 %); more effective sourcing; etc. But on the other hand, business faces multiple problems when considering entrance in the e-marketplace. Some considerations are: creating and maintaining e-catalogs; the need for to support multiple sales channels and multiple e-marketplaces; lack of standards, difficult integration of internal systems with e-marketplaces; etc.

While there are many businesses that function successfully in the e-marketplace, many others, rejected the choice of doing business in the e-marketplace. One of the reason may simply be that they are not well enough informed about the possibilities and benefits. Another reason is probably that the level of services in the e-marketplaces is still limited and does not support all business processes. But indeed we have seen a lot of progress with many e-marketplaces that provide a variety of new services.

These panelists explore the advantages of entering the e-marketplace. They will present two successful e-marketplace best practices. In addition, they show that government may be one of the key drivers for e-marketplace development in the field of public procurement. These business-orientated panel members intend to show that e-marketplaces are not something for the future but exist in today's successful business culture. Perhaps some businesses still have a choice about entering the e-marketplace -- but very soon it will no longer be a choice. To succeed in this global fast-paced economy businesses will have to be a part of the e-marketplace.