

BRIEFS

Wireless at CeBit

Bluetooth products demonstrated at CeBit 2000 in Hannover, Germany, last week included handheld computers from Palm Inc. in Santa Clara, Calif. Those devices link wirelessly to PCs and other Palms as well as NEC Corp. laptops that link to one another using Bluetooth chips. Bluetooth is a short-range radio technology that's designed to replace cables for device connections.

Kraft Adopts Ariba

Northfield, Ill.-based Kraft Foods Inc. signed on to use Mountain View, Calif.-based Ariba Inc.'s business-to-business e-commerce and procurement software. The companies said Kraft plans to use the Internet-based procurement application across its supply chain.

AOL Hires FCC Chief

America Online Inc. has named Dennis Patrick, former commissioner and chairman of the Federal Communications Commission (FCC), as president of its wireless division. Patrick, who served at the FCC during the 1980s, will oversee AOL's wireless strategy and operations.

XML B-to-B Platform

Extricity Software Inc. in Redwood Shores, Calif., announced a new XML-based software platform for creating business-to-business Internet trading communities. The vendor also said that three customers have signed up for its new Alliance for Net Markets software: MarketFusion Inc. in San Jose, Need2Buy.com Inc. in Westlake Village, Calif., and RightFreight.com in New York.

Short Takes

INTELSYS ELECTRONIC COMMERCE INC. in New York and **XTRA ON-LINE CORP.** in Dallas signed a deal that will give users of Intelsys' Internet-based purchasing software desktop access to travel planning and management software from On-Line's PowerTrip.com. . . . **MICROSOFT CORP.'s** Windows Millennium Edition, the next version of Consumer Windows, will ship with built-in help desk software from **SUPPORT.COM INC.** in Redwood City, Calif.

Survey: Manufacturers Stalled by B-to-B's Cost

That plus complexity of building secure system keeps 70% of respondents off-line

BY JAIKUMAR VIJAYAN

THE COMPLEXITY and cost of building a secure business-to-business e-commerce infrastructure is slowing adoption of Internet technology in most manufacturing firms, according to a recent survey. But few are surprised.

The nationwide poll of American industrial firms revealed that nearly seven out of 10 U.S. manufacturers aren't using e-commerce as a medium for business transactions.

The survey of 250 companies was completed earlier this month by the Washington-based National Association of Manufacturers, which represents more than 14,000 manufacturing companies.

Sixty-eight percent of the respondents said their companies aren't doing transactions over the Internet. And though 80% claimed to have a Web site, the vast majority offer only

an information storefront with no transactional capabilities or links to back-end systems.

The survey also found that there was little consistency about who is accountable for business-to-business e-commerce ventures within companies. While 35% said their CEO or senior management personnel were in charge, 22% claimed the responsibility rested with IT personnel, and 10% acknowledged that no one was in charge.

Implementation Gap

"No one questions the importance of B-to-B e-commerce, yet relatively few manufacturers are participating in it," said National Manufacturers Association President Jerry Jasinowski in a statement.

The survey "shows a wide disparity between the recognition by business that the Internet is a vital new form of commerce and the actual application of that knowledge by

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Logistics

Participants in the new initiative include Wal-Mart Stores Inc. in Bentonville, Ark., Procter & Gamble Co. in Cincinnati, and J.B. Hunt Transport Services Inc. in Lowell, Ark., said Andrew White, a vice president at Logility Inc. Logility, an Atlanta-based software vendor, is also involved in the new group.

White said the group has yet to set a schedule for releasing any collaboration guidelines. But it plans to publicize its efforts at a VICS conference in Chicago in April, he said.

Simultaneously, vendors are starting to roll out Internet-based applications that are supposed to make collaborative warehouse and transportation management a reality.

For example, both Logility

and San Francisco-based Qiva Inc. this week plan to release software that lets manufacturers and freight carriers interact via the Web to book, schedule and track shipments.

And McHugh Software International, a Waukesha, Wis.-based vendor that shipped a similar product last fall to tie

JUST THE FACTS

Supply-Chain Collaboration

VICS: Voluntary Interindustry Commerce Standards Association (VICS) - a group of manufacturers, retailers, shipping companies and software vendors that develops standards

CPFR: Collaborative Planning, Forecasting and Replenishment - a VICS committee with published guidelines for forecasting demand and planning production

CTM: Collaborative Transportation Management - a new group within VICS that defines guidelines for supply-chain execution

American industry," he said.

"I'm not surprised at all by these numbers," said Andy Chatha, president of ARC Advisory Group Inc., a consultancy in Dedham, Mass.

E-commerce for manufacturing is extremely complex because of the many purchase combinations and configurations involved in business-to-business transactions, said Dave Krauthamer, director of information technologies at Advanced Fibre Communications Inc., a Petaluma, Calif., manufacturer of telecommunications equipment.

For example, while it is relatively simple to accommodate online purchases of single components and parts, it becomes far more complex to do the same with orders that require custom configurations, he said. "It's not like a shopping-basket scenario where you purchase single discrete items," he added.

"B-to-B is a lot more complex," agreed Chatha. "Most [manufacturing companies] are just getting ready here. . . . They have to build their infrastructure, and much of the technol-

Webified Manufacturing

How manufacturing companies are using the Internet:

23% To display product catalogs and new product information

17% To comparison shop

17% To replace electronic data interchange

12% To buy materials, parts or shipping services

SOURCE: THE NATIONAL ASSOCIATION OF MANUFACTURERS, WASHINGTON

ogy is still in its infancy."

What appears to be holding back many companies are uncertainties related to costs and security, said Jo-Anne Prokopowicz, an association spokeswoman. Of those surveyed, more than 50% cited cost concerns as a factor, while 45% said security is a concern, she said.

"Those who have decided to go after a B-to-B [strategy] are still figuring out how to take advantage of it," said Bill McSpadden, an analyst at Plant-Wide Research Group in North Billerica, Mass.

"Some believe there is a significant [financial] risk involved, while others are simply not sure how to proceed," he said. ▀

agree to work together and then to iron out the details.

John Fontanella, an analyst at AMR Research Inc. in Boston, said transportation management is still a manual job for many users. Using the Web to coordinate shipments could help freight carriers do a better job of making sure they have trucks ready when manufacturers need them, he said.

Wickes Furniture Inc., a furniture retailer in Wheeling, Ill, hopes to use Logility's new software and a companion collaborative planning application to reduce delivery times and improve customer service in its stores.

Being able to tell buyers when an item will arrive from a manufacturer's warehouse "is our ultimate goal," said Ken Maher, a vice president at Wickes. It plans to follow the guidelines set by VICS to help make that happen, he said. ▀