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BEYOND THE WEBSITE

Canada has no shortage of intelligent and successful entrepreneurs – which is a great place to start for any nation hoping to prosper in the 21st century. But many of Canada's vibrant businesses could be at risk if we Canadians don't move to keep up with new ways of doing business. And the newest and most promising tool in today's business world is the Internet.

- There are many thousands of Canadian firms that would be more productive (and more profitable) if they would make better use of the Internet.
- The Canadians who run these firms don't need to be technical geniuses to figure out how the Net can save them money. Anyone capable of understanding a balance sheet should have no trouble grasping the Net's potential.
- Look around. The Net is already beginning to transform the way business is done in North America and beyond. Canadian firms that don't turn to the Net soon risk falling behind.

Putting E-Commerce to Work for Canadian Firms



Electronic commerce is in the process of reinventing how business is done. In the 21st century, the Internet is going to be as important a business tool as the cash register and telephone have been during the 20th century.

Why Aren't More Canadian Firms Making Use of the Internet?

Some business owners and operators are probably more comfortable with people than technology. Some may feel that they are already making decent profits, and that expending time and energy on new approaches is only likely to distract them. To some, the Net may still appear peripheral – a chance to put up a pretty website, but so what? And some may have the impression that the Net is only a sales device, with limited application at that.

These may seem like reasonable excuses, but they are blunting the competitive edge of too many Canadian firms. Surveys show that about half the people running Canada's businesses believe E-commerce will be an important business tool in the future. The other half don't. ***Which half would you put your money on?***

Canada

The Internet: *Connecting is Its Business*

The Internet lets us communicate instantly with every supplier, partner, and customer – and, in many cases, lets them communicate with each other. The supply chain we've built up so carefully? Boom! Eventually, it will explode into a supply web."

– Business Week Magazine, March 22, 1999

To be successful, business people need to connect, and connect quickly. With their suppliers. With their customers. With any person or institution whose quick response might help their firms buy, sell and administer more cheaply and efficiently.

There will always be times when the telephone or face-to-face contact will be the best way to do that. Seeing human faces and hearing human voices are part of doing business. None of which diminishes the value of the Internet. Many smart firms are using the Internet to BOLSTER interaction among people – their employees, their suppliers, their partners and their customers.

"Companies are exhausted," says Michael Hammer, author of *Reengineering the Corporation*, a Manifesto for Business Revolution. His advice: "Suck it up. You have to face it again. In the era of E-engineering, risking burnout is better than getting fried."

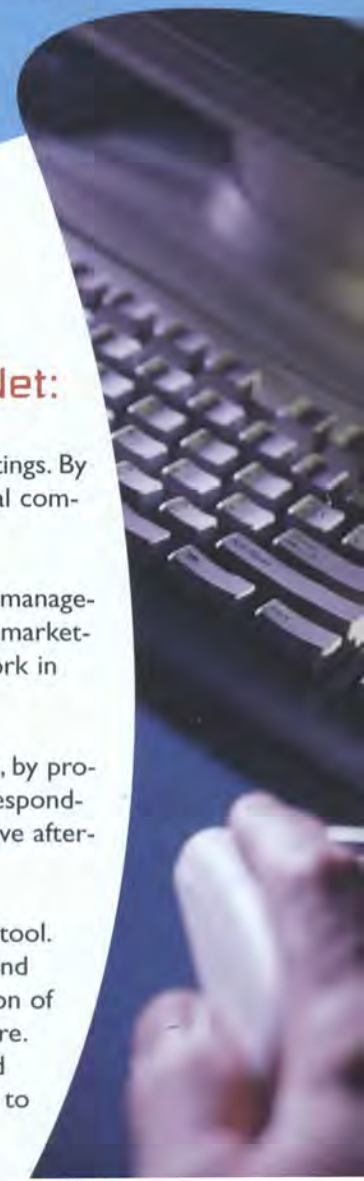
Here is how business people with vision are using the Net:

- Cutting costs and saving time by improving internal functions. By cutting down on meetings. By sharing information. By eliminating endless trails of paper. By assuring that internal communications are precise and understood.
- Cutting costs and saving time by improving the quality of supply chain management. By integrating back-end production and logistics with front-end marketing and sales. By letting computers and software do most of the work in controlling inventory.
- Improving customer service, and increasing market share, by providing new avenues for promotion and distribution. By responding more quickly to orders. By offering more responsive after-sales service.

What's the Hurry?

Internet traffic is doubling every 100 days. The firms that make the Net work for them now are going to be huge strides ahead of firms that are forced to climb aboard five years from now – at every stage of the race. Brand both the quality of your product, and your capacity to deliver quickly, before your competitors do. Innovators inspire loyalty. Stragglers lose respect.

The Internet is a cheap and efficient business tool. The Net's gift is that it cuts through time and distance. It allows "real-time" transmission of data, voice, audio and video – anywhere. All kinds of messages reach unlimited numbers of recipients, who are able to respond quickly and precisely.



Five Degrees of Connectivity

Stage 1: COMMUNICATING - E-mail and Internet Access

If your firm never goes any further than hooking up to the Internet, you will be well ahead of the game. Your staff will be able to talk cheaply and precisely with suppliers, customers, or whomever else matters by e-mail, while creating instant records of the exchanges.

Stage 2: PROMOTING - Creating Your Own Website

The Internet provides access to that world of electronic information resources known as the World Wide Web. Even at its most basic, the Web is like a 21st century Yellow Pages™ – used regularly by growing numbers of well-informed browsers with money to spend. Even if you don't take the next logical step and turn your website into an interactive forum or an order site, at the very least it can serve as a great place to strut your stuff.

Stage 3: LINKING INTERNALLY – Communicate Better Within Your Firm

This is the real takeoff point. There are more useful places for your staff to exchange ideas than at the water cooler or endless meetings. Using Intranet, you can improve company processes such as project management, payroll, human resources, purchase orders and inventory. By sharing information, your team can leverage one another's insights and efforts. If your firm already uses Electronic Data Interchange (EDI), the Net will increase its reach and reduce its cost. Typical Internet connections with customers cost between 1/3 and 1/2 of phone connections.

Stage 4: LINKING EXTERNALLY – Bring in Suppliers and Customers

The exciting payoff comes when a business uses the Net to link with suppliers and customers (Extranet). The Net can serve as a cheap way of increasing sales and as a more cost-effective way of linking with suppliers. Or both. Firms that introduce internal systems that open to suppliers and/or customers can orchestrate production and delivery to minimize delays, shrink inventories and eliminate mistakes. Leaders in supply chain integration currently include the automotive, aerospace, electronic and textile industries. These are sectors in which smaller firms are now being forced to link up through the Net to stay in the game. That list of industries will get longer every year.

Stage 5: CREATING NEW BUSINESS MODELS – Sharing Resources with New Partners to Create Virtual Global Enterprises

The Net has the potential to act as a central nervous system coordinating the business activities of new types of corporate organisms. Imagine setting up an arrangement whereby sales information is shared instantaneously with wholesalers, shippers, manufacturers, designers, and even suppliers of raw material. *Voila* – suddenly you

POTENTIAL NET GAIN:

- 40 to 60% less time to design new products
- 25-35% reduction in development costs
- 40% reduction in manufacturing costs
- 50-90% fewer changes
- 20-25% less inventory (reducing inventory by 20% alone can cut list prices by 5%)

have an integrated supply chain in which everybody knows what to do next without a lot of cumbersome administration gumming up the works. Administrative responsibilities and even marketplace risks can be shared. This isn't a 21st century pipe dream. This is happening in many industries now.



Nygård's electronic
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Which Stage is Your Firm At?
Which Stage Would Serve You Best This Year or Next?

CLIMBING ABOARD

You are probably familiar with the basics. First, of course, you need a computer (\$1,000-\$5,000). Then a modem (\$100-\$150) to connect the computer to a server. Then there is the provider – a company that will charge you a monthly fee of around \$30-\$50 (for small companies) or more to give you access to the Net.

If you want to set up a website, you will need someone to design it for you. This could cost you less than \$1,000, or it could cost considerably more, depending on the size of your company and how thoroughly you want to integrate your site with your business systems. Registering your domain on the Web for two years is unlikely to cost more than \$100, and could cost less.

Once you get beyond the website, a new world of cost-saving opportunities will open up to you. It's the world of making full use of the Net, within your company and out there in the marketplace. There are endless combinations and permutations of advantages to moving to Stage 2+. Canada has thousands of net services companies that will offer estimates on how much it is likely to cost you to take you as far as you want to go.

But Money Isn't the Main Issue. Entrepreneurship is The Main Issue.

supply chain
growth

For most companies – even small ones – money really isn't the issue when it comes to the Net. Internet communications are so cost-beneficial that it shouldn't take most companies long to start racking up savings, even at the first two levels. And certainly in the exciting realm beyond.

"Return on investment occurs when you integrate electronic commerce through the entire business process. The more these processes are 'mission critical,' the greater the ROI."

— Jim Ingratta, e-business, IBM Canada

What a company needs, more than money, is vision. Vision backed up by a plan. There is no harm in starting small with the Internet: E-mail and a website. But if you really want to capitalize on the Net, study how other companies – small, medium and large – are beginning to use it. Once you see the possibilities, make the Net part of your BUSINESS STRATEGY. Figure out how it can be incorporated as an integral and effective part of your operations.

The firms that start working with the Net now will be the firms most likely to have a competitive edge down the road. Please flip this page. You will find a series of Canadian firms that are already in on the action. There's plenty of room for you on this exciting page.

REDUCE ORDERING COSTS

Typical purchase orders can be more costly to process than the basic production costs of a good or service. Using EDI via the Internet can reduce ordering costs by 10 to 50% and processing time by 50 to 96%.

Using the Net for Electronic Data Exchange can increase reach and reduce cost. Boeing Co. increased the number of customers ordering parts electronically by 500% when it moved from EDI Value Added Networks (VAN) to EDI Internet. The cost of using the Net to access EDI is about 1/10 the cost of using dedicated lines.



CONNECTING TO PROFITS

1 Kent Groves, president of **Maritime Trading Co.**, is a fan of the Net because he finds it increases both profits and customer satisfaction. "Customers appreciate it because you're providing another medium of access. Rather than instructing them how they have to connect with you, you open every avenue you can to them, 24 hours a day." Maritime Trading sells a variety of products made by Atlantic Canada artisans. After promoting itself on the Web for four years, Maritime Trading recently introduced secure on-line transactions. Groves says the next step is automatically linking suppliers to on-line sales. "The sooner you get started with this technology, the sooner you get the mistakes out of the way." http://ecommerce.alliance.com/mtc/shop/default_shop.asp


2 Montreal-based **Matrox**, a leader in the manufacture of graphics cards, is using the Net to marry back-end and front-end distribution. Vic Caruso, Matrox's director of E-com, says Net sales are already tied into inventory control, but the flow-through does not yet connect directly to suppliers. "The suppliers will be hooked in soon. The savings are just too significant not to do the complete hookup between purchasers and suppliers. It's not a matter of whether you want to do it or not; if you don't, you're going to fall behind. Any company that's dismissing the Internet as a business vehicle is committing suicide – especially if you're a manufacturer." <http://www.matrox.com>

3 "The Web has changed **World of Maps** from an Ottawa-based company to an international company," says Brad Green, the owner of the fast-growing map store. "While only about 10% of our business comes from the Net, it has raised our profile unbelievably. We count among our customers the Library of Congress in Washington, the British Library, in London, and universities around the world. We've become a global player in the sale of maps. We've integrated our on-line sales with our suppliers, so we have good inventory control. Most days there are six or seven orders from around the world arriving through our secure server. Just think of someone in Antarctica triggering one of my suppliers to ship something that makes me a profit." <http://www.worldofmaps.com>

4 "It's true – we're making all our suppliers get on-line," says Brian Murphy, from **Ford Motor Co.'s** Oakville, Ont., offices. "Sometimes our suppliers will ship directly to our dealers. We'll be keeping an electronic record of how well our suppliers perform. That will mean much better service for our customers, and much more customer loyalty for us and our dealers." <http://www.ford.ca>

5 **MacDonald Dettwiler and Associates** of Richmond, B.C., is a multi-faceted company that designs and builds satellites and systems. It also uses the information satellites retrieve for various applications on the ground. One example: MDA provides clients with quick access to maps and other land-related data such as legal descriptions and taxation information to allow quick decisions about property deals. The Net is key to MDA's speed. President Dan Friedmann says, "MDA can now deliver information in minutes or hours which used to take a week or more. Net security systems now assure that there isn't any danger of breaching confidentiality. The Net is helping us become a global leader at supplying land data information around the world." <http://www.mda.ca>

6 **Nygård International's** Winnipeg production site used to take five weeks to turn orders around. Electronic orders now take a maximum of 72 hours. Chairman Peter Nygård has brought the ready-to-wear manufacturer and retailer from an \$8,000 investment 30 years ago to a \$300-million-a-year apparel empire, emphasizing improved supply chain technology and information systems. When the company's retail customers place orders electronically, a process is triggered that first places automatic orders with fabric and component suppliers linked to the system, and then sets Nygård's manufacturing engine into motion. <http://www.nygard.com>



Brad Green's World of Maps has gone global by using the Internet.

Canada On The Move

With a sophisticated, low-cost telecommunications infrastructure and a supportive federal government, Canada has the potential to be a leader in the development and use of E-commerce, which is a major contributor to increasing productivity.

GOOD CONTACTS

Industry Canada offers **Strategis**, Canada's most comprehensive business website: <http://strategis.ic.gc.ca>
Information on E-com policy and practical advice on how to get E-com enabled is available at <http://e-com.ic.gc.ca>

Canada Business Service Centres offer an integrated federal/provincial business information and referral service, jointly managed on the federal side by Industry Canada (IC); Western Economic Diversification (WED); Canada Economic Development for Quebec Regions (CED); and Atlantic Canada Opportunities Agency (ACOA). <http://www.cbsc.org>
1-888-576-4444

Canadian Technology Network offers counselling on business technology and will direct you to other information sources. <http://ctn.nrc.ca> 1-888-CTN-0001

The Industrial Research Assistance Program (of Canada's National Research Council) helps Canadian SMEs create and adopt innovative technologies that yield new products, create high quality jobs, and make industry more competitive. <http://www.nrc.ca/irap> 1-877-994-4727

Business Development Bank of Canada's more than 80 branches deliver financial and consulting services to Canadian businesses, focussing on emerging and export sectors. BDC's techno.net loan offers term loans from \$25,000 to \$500,000 to establish E-com capacity. www.bdc.ca 1-888-INFO-BDC (1-888-463-6232)

Industry Canada's Student Connection Program provides SMEs with a hands-on, customized Internet training ranging from the very introductory to advanced search techniques, website design, and Internet banking. <http://www.scp-ebb.com>
1-888-807-7777

The Community Access Program (CAP) provides Internet access through community-based facilities such as libraries, schools and other suitable locations. <http://cap.unb.ca>

Team Canada Inc – The Internet instantly makes your company global. For more information on exporting and international business development services: <http://exportsource.gc.ca> 1-888-811-1119



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