

# *Innovation* THROUGH e-commerce

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PROFILES FROM  
Atlantic Canada



Government  
of Canada

Atlantic Canada  
Opportunities Agency  
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du Canada atlantique  
Industrie Canada

Canada 

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Atlantic Canada  
Opportunities  
Agency

Agence de  
promotion économique  
du Canada atlantique

Canada



connecting.canadians

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# Messages from the Ministers

THE HONOURABLE BRIAN TOBIN



Think back to the first time you logged on to the Internet. It wasn't that many years ago that the Internet was known only to academics, and few of us would have believed that it would revolutionize our lives the way it has. Since that time, the Internet has grown greatly in economic importance and Canadian firms are now among the world leaders in the Internet economy. The Government of Canada intends to continue working with the private sector to ensure our nation remains at the forefront of innovation and electronic commerce, and to achieve our goal of making Canada the most connected country in the world through the Connecting Canadians initiative.

We are making great progress, but we still have work to do. The February 2001 report of the Canadian E-Business Opportunities Roundtable, *Fast Forward 2.0: Taking Canada to the Next Level*, points out that e-business is not just about technology companies and high-technology jobs. In fact, the majority of the jobs created by e-business will come in sales, marketing, administration and manufacturing. In other words, e-business is everybody's business.

If you haven't yet bought into electronic commerce, you may be asking, "What's in it for me?" For the answer, look no further than Atlantic Canadian firms such as those profiled in this booklet. They've learned that doing business electronically with their suppliers, business partners and retailers can save money and time, and help their business grow. I encourage you to read on to find out how your company can reap the benefits of e-commerce.

**Brian Tobin**  
Minister of Industry

THE HONOURABLE ROBERT G. THIBAUT

For a long time, it was believed that e-commerce was for high-tech firms only. Now, as we enter the 21st century, we face a new reality: e-commerce is developing at an extremely rapid pace and is transforming the way in which Canadians do business in every sector. Whether in resource-based industries or in tourism, manufacturing or services, more and more businesses are taking advantage of the new opportunities provided by the integration of this technology into business processes.

Firms that invest in e-commerce are reducing costs, increasing efficiency, providing better service and expanding their markets.

The Government of Canada is working to ensure that Atlantic Canadians derive the maximum benefit from electronic commerce opportunities by helping small-and medium-sized enterprises acquire the technologies and skills necessary to participate more fully in Internet-based business activities.

As the profiles in this publication amply demonstrate, Atlantic Canadian businesses are now, more than ever, ready and willing to take advantage of the opportunities offered by e-commerce. If you have only been thinking about e-commerce, then I hope these profiles will inspire you to look for your own innovative ways of conducting business in the rapidly changing global economy.



**Robert G. Thibault**  
Minister of State  
Atlantic Canada Opportunities Agency



# Introduction

**I**nformation and communications technologies have revolutionized the way Canadians do business. More and more companies are building e-commerce strategies into their business plans. They are harnessing the power of the Internet to streamline business processes with both suppliers and clients, to procure supplies, to manage inventory and to sell goods and services to consumers.

Canada is already positioned to be a world leader in the Internet economy. The Government of Canada has worked to develop a sophisticated infrastructure and has created a policy framework to help build our country's reputation in areas such as the protection of personal information online through reliable encryption technology and legislation. According to a Statistics Canada report published in 2000, our country conducted 6.8 per cent of the world's Internet commerce in 1999, for a value of over \$11 billion.

The term e-commerce is often interpreted as meaning only buying and selling on-line, known as business-to-consumer, or B2C, e-commerce. But the greatest potential for businesses to benefit from the use of the Internet is actually through transactions among firms, for example, between suppliers

and retailers. This year, business-to-business (B2B) e-commerce accounted for 87 per cent, or \$9.57 billion, of the \$11 billion value of e-commerce, while B2C e-commerce accounted for 13 per cent. The reality is that e-commerce can be applied to improve all facets of a company's operations, from marketing and sales to purchasing and logistics, production, design and engineering. Statistics Canada expects the value of global Internet commerce to grow to \$3.9 trillion by 2004, and many Canadian companies are positioning themselves to get a share.

But not all companies have moved quickly to adopt e-commerce. A study released in 2000 by the Canadian Federation of Independent Business reported that small- and medium-sized businesses in Atlantic Canada are significant users of the Internet. However, with the exception of Nova Scotia firms, whose e-commerce adoption rate is equivalent to the national average, many Atlantic companies have yet to establish themselves in e-commerce. The study showed that while an average of 65 per cent of small businesses in the region use the Internet, approximately only 25 per cent could be viewed as an "e-business," defined in the report as a business that has integrated information and communications technologies into its business processes and organizational structure.

Research shows that larger firms are quicker to adopt electronic commerce than small firms, and it goes without saying that access to resources is a key decision factor for firms considering e-commerce. In Atlantic Canada, there are more small companies as a proportion of all firms. To be able to compete in the fast-moving and increasingly global economy, small- and medium-sized businesses need to act quickly to seize new opportunities to reach other markets. That's why getting into e-commerce is even more important in Atlantic Canada than it is in other parts of the country.

A study commissioned by the Atlantic Canada Opportunities Agency and released in May 2000, "The State of Electronic Commerce in Atlantic Canada," confirmed that Atlantic Canadian firms are positioned to supply the needed services to organizations wishing to adopt e-commerce, noting: "All provinces now have a core of more sophisticated suppliers, capable of providing an extensive range of quality services, as well as a number of very small web design companies, often operated by individuals on a part-time basis or linked to other web businesses such as regional or sectoral portals."

Indeed, many Atlantic Canadian businesses have seized the business opportunities provided by information and communications technology. E-commerce has benefitted these companies in many ways. Following are just a few examples:

- Costs associated with communicating with suppliers, clients and consumers can be reduced. Also, significant savings can be achieved through efficiency gains in purchasing and shipping, invoicing and inventory management. Electronic data interchange (EDI) offers an entirely new way of doing business with partners.
- Access to a wider selection of products and services, often at lower costs, can result in major savings in the area of procurement. The Internet is convenient and allows for immediate online ordering and sometimes even delivery. Market intelligence and information on competitors can be obtained 24 hours a day, seven days a week.
- Products and services can be customized to the needs of the client. If products are knowledge-based or digital (for example, software), distribution costs can be reduced to almost nothing.

- The Internet offers unprecedented opportunities to expand geographic reach and enter new markets. It reduces barriers to market entry in many industries, and gives small companies a boost by reducing the importance of economies of scale in production. The many databases available online facilitate target marketing of particular segments in any market, world-wide. To the 4Ps of the traditional marketing mix – product, price, promotion and place – the Internet has added two more: partners and people.
- Many companies are minimizing the cost of recruitment by using the Internet to advertise positions and receive and process applications online.

In Atlantic Canada, industry associations and networks of small companies have been exchanging information and trading with other businesses in the region and elsewhere. Many companies are finding that e-commerce provides a strategic, competitive advantage that gives them an edge in their industry.

But Canada still has a long way to go to maintain its position as a leader in the Internet economy. As noted in the second report of the Canadian E-Business Opportunities Roundtable, issued in February 2001, “The next year will be a telling one. Canada will need to do more than catch up to other contenders in the Internet economy; it will need to overtake them. If all we have done after another year is moved farther ahead, we will not have done enough. Our businesses and institutions will have to make quantum gains, not modest ones, to vault us to the forefront of the Internet economy. E-business must become Canada’s business.”

This publication features 16 businesses from Atlantic Canada that have successfully integrated computer and Internet technology into their business practices as well as into their supply chain distribution system. Read on to find out more about how e-commerce has revolutionized the way they do business. @

Amalgamated Dairies Limited

Composites Atlantic

McCain Foods

Terra Nova Shoes

# ▶..... Manufacturing

## O V E R V I E W

**T**he Atlantic provinces have a diverse manufacturing base.

In Newfoundland, in 1997, manufacturing shipments totalled \$1.66 billion, with the food and beverage industries accounting for 37 per cent of total shipments, followed by paper and allied products industries. In Prince Edward Island, manufacturing shipments totalled \$802 million, with the food processing industry, including fish processing, accounting for almost two-thirds of the value. In Nova Scotia, where shipments were valued at

\$6.5 billion, the predominant manufacturing activities were the food, transportation equipment, and paper and allied products industries. In New Brunswick, refined petroleum and coal products, paper and allied products, and food industries, accounted for the bulk of manufacturing shipments, which totalled \$8.4 billion in 1997.

Manufacturing industries in Atlantic Canada employed 85,000 people in 1997, and contributed \$2.7 billion in salaries and wages to the economy.

In 1998, manufacturing represented 11 per cent of the Atlantic Region's Gross Domestic Product (GDP), compared to an 18 per cent share for Canada as a whole. Across the region, food processing ranks number one, in three provinces out of four, and technology is increasingly defining how the industry works. Companies such as Amalgamated Dairies Limited in Prince Edward Island and McCain Foods in New Brunswick are leading the way in the use of electronic data interchange (EDI) systems. In the competitive fashion industry, using the Internet has cut product cycle time in half for Newfoundland's Terra Nova Shoes. It's also helping Composites Atlantic in Nova Scotia become a world-class supplier of parts for the aerospace industry. @



Amalgamated Dairies Limited

Composites Atlantic

McCain Foods

Terra Nova Shoes

## Amalgamated Dairies Limited

S U M M E R S I D E , P R I N C E E D W A R D I S L A N D

Amalgamated Dairies Limited (ADL) of Prince Edward Island is a good example of where the food processing industry is headed, electronically speaking.

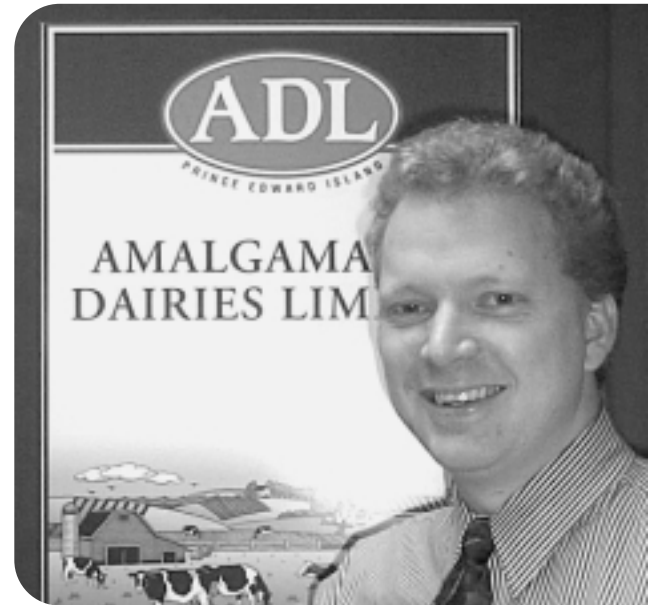
Seven years ago, at the request of a major customer, ADL implemented an electronic data interchange (EDI) system which allows for the preparation and transmission of computerized invoices. The company's products include fluid milk, butter, cheese and other dairy products, which it makes at several locations around the province, with a staff of close to 300 people.

Today, rather than the more than 10,000 invoices it would usually send out in a year, the company now sends one invoice per customer every week, electronically. "It's a significant cost saving, in terms of postage stamps, envelopes and labour," says Kent Bagnall, ADL Business and Systems Analyst. It also allows ADL to maintain a good relationship with its key customer, a major grocery chain, and avoid fees now charged by the company for processing manual invoices.

Implementation of the EDI system was costly: tens of thousands of dollars for the software plus significant consulting fees to set up the system. But Bagnall believes that ADL had no choice. "There's no question in my mind that the food processing and distribution industry is moving to electronic systems," he says. "You need to get on board or you'll be left at the station."

As grocery chains become increasingly concentrated, Bagnall predicts that smaller suppliers will be eliminated unless they are prepared to adapt. In the longterm, that could represent growth for ADL and other companies using EDI systems. "The most successful companies will be those that accept the fact that change has come, and that they must revamp their systems to fully support that change," he says.

Bagnall has a few words of advice for companies embarking on business-to-business e-commerce: learn as much as possible up front about the technology, and make sure a strong management team oversees the changes. @



"There's no question in my mind that the food processing and distribution industry is moving to electronic systems. You need to get on board or you'll be left at the station."

Kent Bagnall  
Amalgamated Dairies Limited

Amalgamated Dairies Limited

Composites Atlantic

McCain Foods

Terra Nova Shoes

## Composites Atlantic Limited

L U N E N B U R G , N O V A S C O T I A

From the shores of Lunenburg, Nova Scotia, Composites Atlantic Limited has become a world leader as a supplier of parts for the aerospace and defense industries.

The 130-employee company – a subsidiary of the Paris-based European Aeronautics, Defense and Space Corporation – has used Computer Assisted Design (CAD) systems from the time the technology existed, to design and produce structural components for aircraft and helicopters, satellites and defense components. Its customers include Boeing, Airbus and Bombardier.



*“If you’re going to stay in business, you have to invest in computers and you have to invest in training.”*

Maurice Guitton  
Composites Atlantic Limited

In the mid-1990s, when the Internet became more functional and more widely used, the company went on line. Its Web site facilitates international promotion, and the company now does much of its information exchange electronically. “Transferring design data was always a problem,” says Executive Vice-president Maurice Guitton. “Faxes never conveyed good resolution and the mail was slow. When we saw the flexibility of the Internet – that someone could transfer a design and you could integrate it right into your CAD system – we realized that this was the future!”

The company’s 80 computers receive design files and purchase orders from customers worldwide via the Internet. The firm can also send design files to suppliers who are similarly equipped, for products whose components are subcontracted. In fact, the company would like to see all its suppliers online.

The move to e-commerce has resulted in quicker decision making, more standardized information and improved quality. “It’s a major cost saving to the company,” says Guitton, “and the speed and accuracy is outstanding.”

The biggest challenge was motivating people to switch from the old way of doing things to the new. Learning is a continual process, and the company has on-site training facilities that are constantly in use. “If you’re going to stay in business,” Guitton says, “you have to invest in computers and you have to invest in training.” The company spends roughly three per cent of its annual budget on training.

Guitton has no doubt that business-to-business electronic commerce has improved the company’s ability to compete, and is absolutely essential to future growth. “A company that stays on the leading edge of technology is just naturally better than its competitors,” he says. @

Visit: <http://www.compositesatlantic.com>

Amalgamated Dairies Limited

Composites Atlantic

McCain Foods

Terra Nova Shoes

## McCain Foods Ltd.

F L O R E N C E V I L L E , N E W B R U N S W I C K

On one level, business-to-business e-commerce is nothing new for McCain Foods Ltd. The Florenceville, New Brunswick, company has used electronic data interchange (EDI) systems since the early 1990s to accept purchase orders, and to invoice and receive payment from customers.

But recently, the company – the world's largest french fried potatoes producer with over 50 manufacturing facilities in 13 countries on five continents – has gone one step further.

Since the summer of 2000, it's been part of an international consortium of 50-odd investor companies that has launched a business-to-business e-marketplace, Transora.com. McCain Foods is the only Canadian member.

The site offers a broad range of products, services and content, and provides a venue for multiple types of business transactions for all members of the supply chain, from suppliers to manufacturers and wholesalers to retailers.

McCain's Vice-president of marketing, Mark McCauley, expects participation in Transora.com to result in a number of benefits. "It will allow us to keep up with emerging technology trends, to develop joint industry standards for the food processing industry, and to capitalize on business process savings," he says.

Through electronic communication, McCain Foods will be better able to manage inventory on the shelves of its customers, such as large grocery chains, and in the warehouses of its distributors. The system will also streamline purchases from suppliers. A major challenge is understanding the technology, and weighing the major investment required up-front against an improved bottom line.

**"There's no doubt that business-to-business e-commerce will be important for future growth."**

Mark McCauley  
McCain Foods Ltd.

"There's no doubt," says McCauley, "that business-to-business e-commerce will be important for future growth. As globalization continues, there will be increasing pressure on all members of the supply chain to participate in electronic systems." @

Visit: <http://www.transora.com>



Amalgamated Dairies Limited

Composites Atlantic

McCain Foods

Terra Nova Shoes



## Terra Nova Shoes Ltd.

H A R B O U R   G R A C E ,   N E W F O U N D L A N D

Business-to-business e-commerce has allowed Terra Nova Shoes Limited of Harbour Grace, Newfoundland, and its sister company, Terra Footwear Limited of Markdale, Ontario, to stay one step ahead of the competition.



**“Getting information faster and more accurately is crucial if you’re going to stay ahead of the competition, so you have to embrace the technology.”**

Jackie Aleven  
Terra Nova Shoes Ltd.

In the highly competitive world of fashion, where the idea-to-shelf cycle is normally a year, e-commerce has cut that time in half. “The Internet gives you fast turnaround, which is critical if you want to be a leader,” says Jackie Aleven, Executive Vice-president and, with two siblings, company owner.

Terra is involved in e-commerce in several ways. On the supplier side, in the design phase, the process starts in Canada but files are sent electronically to Europe where designers can manipulate the designs directly. In the implementation phase, files are again sent electronically to diemakers who, previously, would have worked from photocopies while waiting for original specifications to arrive in the mail. “It’s immediate delivery, no courier, and exact measurements with no distortion,” Aleven says.

In the plant itself, equipment is run by software linked directly to the manufacturer who, in the event of a breakdown, can call in via the Internet, diagnose the problem and even fix it. That means the company avoids down time as well as the costs and hassle involved in bringing in a repairperson.

On the customer side, the company receives orders from major customers through an electronic data interchange (EDI) system, and also advises them electronically when products have been shipped through Advanced Shipping Notices (ASN), part of the EDI system. Terra Nova can also manage its inventory levels on the shelves of large customers like Wal-mart, through software installed by the latter that tracks sales at the checkout counter.

These processes have all been implemented over the past five years, and the company sees the expense involved as simply the cost of doing business. Certainly one challenge is just keeping employees up-to-speed on new technology.

“Getting information faster and more accurately is crucial if you’re going to stay ahead of the competition,” Aleven says, “so you have to embrace the technology.” @

**Visit: <http://www.terrafootwear.com>**

CanadianLobster.com

Jamestown Lumber Company

Prince Edward Aqua Farms

Stora Enso Port Hawkesbury

# Resource-based .....

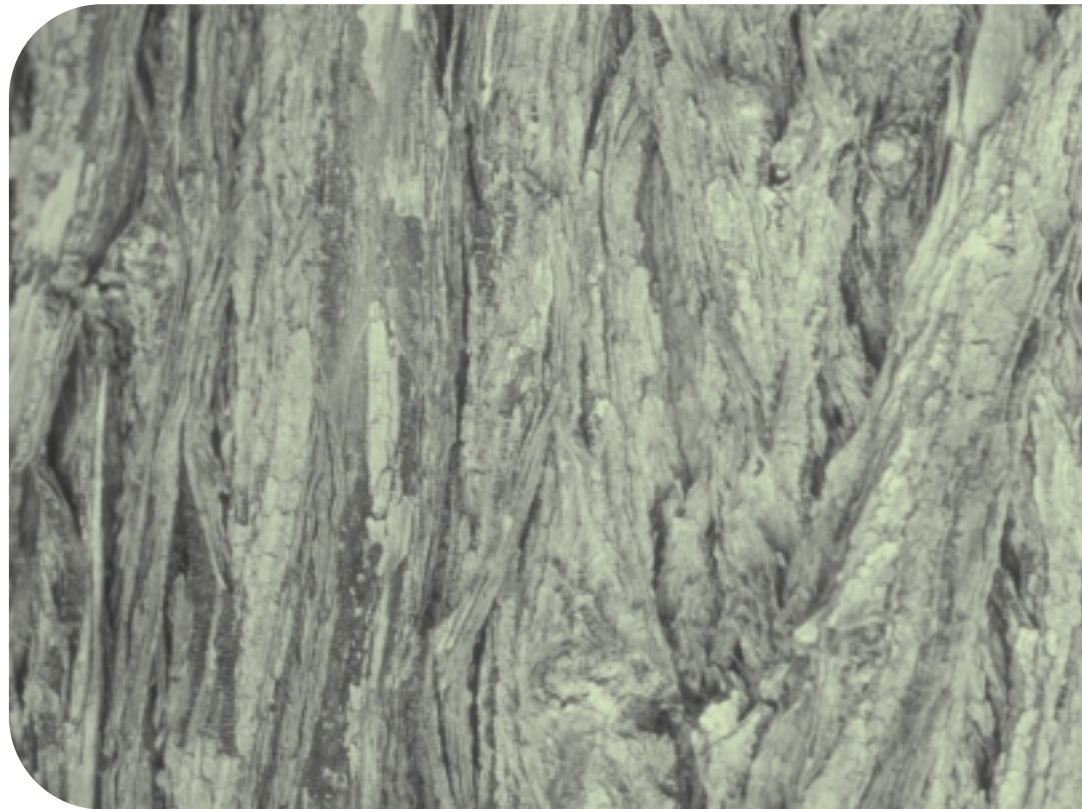
## OVERVIEW

Atlantic Canada's economy was historically built on its natural resources. Resource-based industries, such as forestry, fishing, agriculture and mining, accounted for six per cent of Atlantic Canada's total real Gross Domestic Product (GDP) in 1998. With their associated processing activities, resource-based industries account for almost half of the output in the goods-producing industries in Atlantic Canada, and generate significant economic spin-offs in the rest of the economy through the purchase of goods and services. The region's exports are dominated by natural resource products such as wood pulp, newsprint, coated paper, lumber, fish products and potatoes.

In an increasingly global marketplace, leading-edge resource-based companies in Atlantic Canada have turned to business-to-business e-commerce for competitive advantage. For companies such as Stora Enso in Nova Scotia, electronic data interchange (EDI) systems have become an integral part

of streamlining business processes, on both the supplier and customer side. Companies such as Jamestown Lumber in Newfoundland and Prince Edward Aqua Farms in Prince Edward Island have joined global Internet trading e-marketplaces as a way of connecting directly with buyers and researching market intelligence.

CanadianLobster.com in New Brunswick represents an idea whose time has come, using business-to-business e-commerce to connect fish harvesters directly with prospective buyers in Europe. @



CanadianLobster.com

Jamestown Lumber Company

Prince Edward Aqua Farms

Stora Enso Port Hawkesbury

## CanadianLobster.com

GRAND MANAN ISLAND, NEW BRUNSWICK



In a region where many depend on the fishery, it's an idea whose time has come.

Lobster fishermen, plying the waters of the Bay of Fundy in 45-foot vessels, will carry Palm-like devices that connect them electronically to shore. They'll be able to access up-to-the-minute marine forecasts, and even

**"The Internet provides a great opportunity to export overseas. For an industry like the fishery, it's really the way of the future."**

Duane O'Neill  
CanadianLobster.com

sell their catch from the boat, auction-style, to European wholesalers, hypermarkets and restaurant chains.

The idea is the brainchild of Duane O'Neill, whose family has fished off Grand Manan for generations. O'Neill is the founder and owner of CanadianLobster.com, a fishermen's portal for business-to-business e-commerce. O'Neill calls it "P2B," or product-to-business e-commerce. "When lobster leaves Grand Manan in the traditional way," he says, "it goes from a local buyer, to a middleman, to a larger middleman, to a broker and then an overseas buying agent. By the time it gets to Europe, it's a highly valued product, although the returns aren't going to the local fishermen."

O'Neill's objective is to use e-commerce to streamline the system, and increase revenues to Grand Manan fishermen. A part-time park warden and sometime fisherman, O'Neill has been developing the concept since the spring of 2000 when he took part in a major European seafood show and met a handful of large and very interested buyers.

Since setting up a Web site (<http://www.canadianlobster.com>), O'Neill has been swamped with requests, from as far away as Japan. The 100-odd fishermen on Grand Manan are also onside. O'Neill is now working out the financing, and expects to be up and running sometime in 2001. By working together, the fishermen will be landing enough volume to satisfy the needs of European buyers. "We only want eight or ten prominent seafood buyers to start with," says O'Neill, who will handle the logistics of holding and shipping the live lobster. He plans to add online services for both fishermen and customers, and eventually expand beyond the waters around Grand Manan.

"The Internet provides a great opportunity to export overseas," he says. "For an industry like the fishery, it's really the way of the future." @

**Visit: <http://www.canadianlobster.com>**

CanadianLobster.com

Jamestown Lumber Company

Prince Edward Aqua Farms

Stora Enso Port Hawkesbury

## Jamestown Lumber Company Limited

J A M E S T O W N , N E W F O U N D L A N D

Jamestown Lumber Company Limited is a well-established Newfoundland company that produces 14 million board feet of kiln-dried softwood lumber each year.

Normally, that production is sold to wholesalers and distributors who, in turn, sell to retailers throughout North America.

The company, which employs 100 people in its sawmill and logging operations, decided to take a shortcut directly to the buyers, and go “high-tech” in the process.

Jamestown Lumber joined TALPX Inc., a Chicago-based Internet trading company that connects buyers and sellers in a business-to-business marketplace. In the fall of 2000, TALPX’s membership included 160 mills and 890 buying locations, such as building supply yards throughout North America.

“Free trade has opened doors to the United States for Canada’s lumber industry,” says Jamestown’s General Manager Robert Dingwall, “and e-commerce is a way to bring us directly in contact with more customers.”

If inventory is building at the Jamestown operation, Dingwall inputs details about lumber availability, including such specifications as moisture content and price, directly into the TALPX system. A freight matrix built into the system calculates delivery costs to any location, and translates the total price into US dollars.

A buyer may accept the offer, or make a counter-offer. The entire transaction can be completed online. The system even generates a contract between the two parties. TALPX is the financial intermediary, so that buyers don’t have to establish credit with Jamestown Lumber.

The cost to Jamestown Lumber included an initial start-up fee, a monthly membership fee, and a one per cent commission to TALPX on sales. Wholesalers and distributors normally charge between two and three per cent, says Dingwall.

While it’s too early to know the effect on the company’s bottom line, feedback from buyers has been positive. “There’s a real opportunity to put a face on our lumber through e-commerce,” says Dingwall. “The buyer will get to know who we are and what we have to offer. E-commerce shortens the distance between you and your customers.” @



“Free trade has opened doors to the United States for Canada’s lumber industry and e-commerce is a way to bring us directly in contact with more customers.”

Robert Dingwall  
Jamestown Lumber Company Limited

CanadianLobster.com

Jamestown Lumber Company

Prince Edward Aqua Farms

Stora Enso Port Hawkesbury

## Prince Edward Aqua Farms Inc.

NEW LONDON, PRINCE EDWARD ISLAND

There's a certain amount of urgency for good information fast, when you're selling a live product such as mussels.

That's why Baxter Simms, General Manager of Prince Edward Aqua Farms Inc. in New London, Prince Edward Island, decided, approximately two years ago, to join Gofish.com, an online seafood trading exchange that includes a credit checking service.

Today, he wouldn't have it any other way. "We're always looking for new customers," says Simms. "When we get an inquiry, the Gofish site allows us to find information on companies very quickly. That helps us make a decision whether or not to be a supplier."

The end result is not only speedy delivery – which is obviously essential – but a lower risk of accounts not being paid. "We reduce the risk of losses so, to that extent, it's a big help," he says. The 12-year-old company, which employs 36 people year-round at its mussel and oyster operation, ships 50 per cent of its product into the United States, to restaurant and grocery chains as far away as California.

*"When we get an inquiry, the Gofish site allows us to find information on companies very quickly. That helps us make a decision whether or not to be a supplier."*

Baxter Simms  
Prince Edward Aqua Farms Inc.

The cost involves a membership fee – "not prohibitively expensive," says Simms – and a usage fee. While Simms has used the Gofish site mainly to get credit information on prospective customers, the company can also negotiate sales online. Existing customers can also visit the Web site for the Prince Edward Aqua Farm site and place their order directly. The company is now exploring the possibility of becoming part of a major business-to-business e-marketplace.

Simms believes that business-to-business e-commerce will be extremely important for the company's growth. "In five years' time," he says, "I expect 25 to 30 per cent of our sales will be made through e-commerce. Companies should do their homework first," he says, "to make sure that the e-companies they deal with will be around over the long term." @

Visit: <http://www.peaqua.com>



CanadianLobster.com

Jamestown Lumber Company

Prince Edward Aqua Farms

Stora Enso Port Hawkesbury



# Stora Enso Port Hawkesbury Limited

P O R T H A W K E S B U R Y , N O V A S C O T I A

The Stora Enso newsprint and magazine papermill in Port Hawkesbury, Nova Scotia, prides itself on using the best technology available in papermaking.

For the 850-employee company, which is part of the Finland-based Stora Enso Corporation, the best technology is also an integral part of its business processes.

The Stora Enso mill uses an electronic data interchange (EDI) system to invoice its sales office, which in turn invoices customers. It also uses electronic data exchanges with Canadian National Railway, to track shipments and generate customs documents for orders on their way to the United States. "Before, we had to rush over to CN with 12 copies of a custom form," says Stora Enso's IT manager, Hugh Hogg. "This new approach eliminates a lot of clerical and paperwork costs."

On the supplier side, a computerized system designed to measure chemical levels in the mill allows vendors to manage their own inventory and automatically replenish when levels are low. "It's a tremendous competitive edge for us," says Hogg, "since we don't pay the cost of carrying that inventory."

Stora Enso has, in fact, used business-to-business electronic commerce for a decade – before the term was invented. It all started when the American Newsprint Publishers Association implemented a protocol requiring newsprint mills to notify the association electronically as rolls left the plant, as a way of monitoring nation-wide inventory.

"Besides the initial investment," Hogg says, "the biggest challenge was to build the interfaces between computers to allow electronic interchanges to happen. Today, that challenge could be met by software packages not commercially available at the time."

The company continually looks for opportunities to increase its global competitiveness through technology. By mid-2001, customers of the Port Hawkesbury plant should be able to check the status of their order online. The company is also examining e-procurement possibilities. "Business-to-business e-commerce has streamlined our operation significantly," says Hogg. @

Visit: [www.storaenso.ns.ca](http://www.storaenso.ns.ca)



*"It's a tremendous competitive edge for us, since we don't pay the cost of carrying that inventory."*

Hugh Hogg  
Stora Enso Port Hawkesbury Limited

e-com

Future Learning Solutions

Pathix ASP

Secunda Marine Services

# Services

## OVERVIEW

The service sector is the largest and fastest growing sector of the economy, accounting for an estimated 59 per cent of Canada's Gross Domestic Product in 1998. In the same year, the services sector accounted for 64 per cent of the Atlantic Region's Gross Domestic Product. The last decade has seen a proliferation of service firms such as professional, scientific and technical services,

management consultants, information technology companies, and financial and legal firms. In 1999, almost 90 per cent of jobs created in New Brunswick, for example, were in service industries. In Newfoundland and Labrador, where employment in the goods-producing sector dropped by 6.5 per cent in 2000 due to weaknesses in fishery and construction activity, the service sector showed record growth.

In Atlantic Canada, the service sector is increasingly driven by trade. Services that were thought to be "untradeable" 10 years ago are now traded routinely across borders. Consultants of all sizes are using technological advances to promote themselves better and faster, to develop partnerships across provinces and across borders, and to have quicker and more valuable communications with clients.

Knowledge-based companies such as Future Learning in Prince Edward Island and e-com inc. in New Brunswick are using the Internet to generate sales and deliver services internationally. Pathix ASP Inc. in Newfoundland is using an innovative Application Service Provider model to manage data electronically for aircraft operators around the world. Even companies in more traditional industries, such as Secunda Marine Services in Nova Scotia, have realized the value of business-to-business e-commerce for procurement, managing inventory and increasing internal operational efficiency worldwide. @



e-com

Future Learning Solutions

Pathix ASP

Secunda Marine Services

## e-com inc.

MONCTON, NEW BRUNSWICK

For a Moncton, New Brunswick-based software developer, selling business solutions on three continents can be an expensive process.

That's why e-com inc., established in 1995, uses business-to-business e-commerce. "I can make the product presentation online," says President Jean Nadeau, "and it's almost as effective as if we're all in the boardroom together." It's also much more cost-effective, avoiding the time and expense involved in international travel. "It really contributes to the efficiency of our sales force," he says.

For a software producer, sales and service go hand-in-hand, and e-com inc. also provides web-based training and support. The prospective customer can even access a live software demonstration online, to try it before buying.

The company's main products are Theorix, a distance learning software, and Flexsite, used to manage Web site content. Its customers are end users such as the Université de Moncton, (which purchased Theorix as its main distance learning engine), the Insurance Bureau of Canada, and a new value-added resellers network that reaches places as far away as Mexico and Africa.

On the supplier side, e-com inc. purchases software and hardware online, and deals electronically with more than 35 freelance writers and graphic designers. "E-commerce gives you access to the best people at the right price, wherever they are," says Nadeau. The company has 10 full-time employees.

For e-com inc., the Internet has been a way of establishing an international presence, which is not an easy feat when you're located outside the large urban centres. "For us, e-commerce is a lean and mean way to expand without incurring mega costs," says Nadeau.

The biggest challenge is the human one – getting people used to a new way of doing things. "Good planning will dictate the need for ongoing support and training," says Nadeau, "and the faster that management buys into the process, the faster the benefits of e-commerce will be reflected on the bottom line." @

Visit: [www.e-com.net](http://www.e-com.net)



"E-commerce gives you access to the best people at the right price, wherever they are."

Jean Nadeau  
e-com inc.

e-com

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## Future Learning Solutions Inc.

C H A R L O T T E T O W N , P R I N C E E D W A R D I S L A N D

When Future Learning Solutions of Charlottetown, Prince Edward Island was launched in 1997 as a human resource development company specializing in e-learning, President Bernadette Allen assumed that technology – from telephone and fax to computers and the Internet – would play a key role in the company's operation.

But she's amazed almost daily to discover the extent to which technology has made things happen. "This e-capability enables us to work with clients we couldn't otherwise reach," she says. "It has really opened the global marketplace."

The Charles Schwab Company, for example, is a new client in California, that wants to launch an online learning centre, using Future Learning's adult education expertise. When Allen began the project, she quickly brought in a Newfoundland partner, IDON EAST of St. John's, a specialist in software development. Although the two Atlantic Canadian partners have been to California to meet the client face-to-face, much of the work is done electronically. IDON EAST has created an online "virtual workspace" where Future Learning can post the competency-based education framework that will form the basis of the California company's Web site.

A high-quality PowerPoint presentation was also prepared for Schwab managers and posted on the IDON EAST site, where it could be discussed in a three-way telephone call and edited electronically. "Without the technology this kind of partnering wouldn't be possible," says Allen. "All these wonderful skills are just an e-mail away."

"The investment in basic technology was minimal," says Allen. The company's Web site is now its main marketing tool, and processes such as invoicing clients are done electronically. Future Learning has four employees and hires subcontractors as needed.

Allen believes that this kind of business-to-business e-commerce is the key to growth for Atlantic Canadian companies. "This e-capability will empower our region to such a degree, more than we've imagined to date. It will let us compete anywhere in the world." @

Visit: <http://www.futurelearning.com>

*"This e-capability will empower our region to such a degree, more than we've imagined to date. It will let us compete anywhere in the world."*

Bernadette Allen  
Future Learning Solutions Inc.



e-com

Future Learning Solutions

Pathix ASP

Secunda Marine Services

## Pathix ASP Inc.

ST. JOHN'S, NEWFOUNDLAND

In the increasingly competitive and highly regulated aerospace industry, a small- or medium-sized aircraft operator may find that keeping records can be a complicated, often expensive, undertaking.

Enter Pathix ASP Inc. of St. John's, Newfoundland. A recently incorporated IT division of Vector Aerospace Corporation, an aviation repair and overhaul company, Pathix has developed the AIRSOFT aviation management software, and it is offering to rent out the application, as an application service provider (ASP), via the Internet.

"The ASP model allows us to give smaller operators access to world-class applications that the big players pay a lot of money for," says Pathix's Vice-President of corporate development, Paul Dubé. In effect, Pathix hosts the software on its own site, receives and manages data, and tracks maintenance operations for clients worldwide.

For a small- or medium-sized aircraft operator such as a regional carrier, the ASP model solves two problems. First, industry-specific software can be complex, costly and hard to manage. Second, it's increasingly difficult to find and keep IT workers. "ASP alleviates a lot of pain," says Dubé. "All our clients need is basic IT support in-house to manage their personal computers, and we do the rest."

Clients can also purchase the application, with associated hardware and service support, and 50 per cent of them now do so online. Pathix currently has 45 employees and is growing.

Business-to-business e-commerce is absolutely essential to the company's operation. "The Internet has developed to the level that we can now transfer confidential data from our site to the client's, in a secure fashion over a public network," says Dubé. "Without it, it would be difficult and expensive to provide the level of service that we provide to our clients." Pathix assists

clients with establishing electronic data interchange (EDI) for their customers. This allows an AIRSOFT client to invoice customers electronically, as well as receive invoices electronically from suppliers.

The biggest challenge is keeping up with the technology and helping customers feel secure online. "You need to plan as much as possible," says Dubé, "then plan some more. Develop a system that is flexible and adaptable, and the world will be your marketplace." @

Visit: <http://www.pathix.com>

"The Internet has developed to the level that we can now transfer confidential data from our site to the client's, in a secure fashion over a public network."

Paul Dubé  
Pathix ASP Inc.



e-com

Future Learning Solutions

Pathix ASP

Secunda Marine Services

## Secunda Marine Services Ltd.

DARTMOUTH, NOVA SCOTIA

Secunda Marine Services Limited of Dartmouth, Nova Scotia is involved in a business that some view as being part of the "old economy." Founded in 1983, the company owns and operates 17 ships, which provide services to other businesses around the world.

But its use of the latest technology shows it is anything but dated. In the last two-and-a-half years, the company has invested seriously in business-to-business e-commerce that lets it deal electronically with both suppliers and customers. "We're competing globally so communication is the key," says company Vice-President and General Counsel, Don MacLeod. "With the Internet, we're hooked up by satellite to our ships, wherever they are in the world."

Secunda, with 450 employees, specializes in service to the offshore oil and gas industry, including supplying, diving and rescue support, as well as laying trans-Atlantic fibre optic cable. On the supplier side, it uses e-commerce to source components and equipment, to manage inventory, and to prepare and submit proposals.

On the customer side, the company has implemented a fully computerized system that serves as a tool for scheduling work with clients worldwide, for human resource management (scheduling crews, for example), for planning and carrying out preventive maintenance, and for tracking the company's Quality Safety Management system.

"If we have planned maintenance on one of our ships in Singapore," says MacLeod, "we use the Internet to do the logistics, to make sure we have the right people and components to do the work. It's a way of tracking and controlling costs."

The system was a major investment, although the company expects a pay-off in the long term. "Given the nature of our business, and the fact that we're located all over the world, e-commerce gives us an advantage," says MacLeod. "We can maintain our vessels, save money on parts, and avoid down-time."

MacLeod believes that business-to-business e-commerce is here to stay. "E-commerce gives you an edge. It helps you plan, be more efficient and more cost-effective. So obviously, it helps you compete." @

Visit: <http://www.secunda.com>

"With the Internet, we're hooked up by satellite to our ships, wherever they are in the world."

Don MacLeod  
Secunda Marine Services Ltd.



Atlantic Coast Alliance

Coastal Destinations-  
HomePage Design

NewEdge Technologies

The Birches Gallery

# Tourism

## OVERVIEW

Tourism is a growth area in Atlantic Canada. In the late 1990s, the region had an estimated 15,000 tourism businesses, from hotels and restaurants to eco-tourism and adventure activities, which earned \$2.5 billion in annual receipts, and accounted for more than 96,000 direct and indirect jobs. And that number is growing! An evaluation of tourism results in the year 2000 noted that non-resident visitation to the region has increased annually by 12.3 per cent since 1996, an increase the report calls "remarkable," given that the rate in Canada overall was only 4.2 per cent.

But consumer habits are changing. Today, more than ever before, would-be travellers are surfing the Net to obtain travel information and promotional materials, and are increasingly making on-line bookings for such services as flights, hotels, cars and packages. The travel industry is now the most prominent on-line industry, and savvy tourism operators in the region are responding.

The companies featured here are good examples of how the Internet is changing the face of tourism and expanding markets. Business-to-business e-commerce is facilitating partnerships between suppliers and operators, to streamline processes and increase revenues. It's creating

'critical mass,' bringing different types of operators together on one site to provide consumers with a wealth of opportunities from which to choose. There's no doubt that for those Atlantic Canadian businesses involved in tourism, e-commerce is fast becoming the way of the future. @



Atlantic Coast Alliance

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## Atlantic Coast Alliance

S A I N T J O H N , N E W B R U N S W I C K

When four Atlantic Canadian tour operators decided in the mid-1990s to form the Atlantic Coast Alliance, a cooperative marketing partnership, using e-commerce wasn't really on the agenda.

"At the time, the World Wide Web wasn't an integral part of what we were doing," says Gail Bremner, Account Executive with Aquila Tours in Saint John, New Brunswick, Manager of the Alliance. Other members include Capture the Spirit Tour Service in Prince Edward Island, TayMac Tours Ltd. in Halifax, Nova Scotia and Wildland Tours in St. John's, Newfoundland.

Today, the situation has changed dramatically. Aquila Tours, along with its three partners, relies constantly on the Internet to deal with suppliers such as hotels and restaurants. Aquila, with nine full-time and part-time staff members and 50 casual guides, specializes in customized tours for groups and convention management.

Now, the Atlantic Coast Alliance has gone on-line with an 80-page tour planner that brings receptive operators and their suppliers together on the same page, with suggested itineraries for prospective tour buyers. "Our buyers really don't want to receive a hard-copy brochure in the mail any more," says Bremner.

Compared to when the Atlantic Coast Alliance was launched, suppliers are much more equipped with e-mail and access to the Internet and now use it on a daily basis. "Business-to-business e-commerce is a huge time saver," says Bremner. "You get much quicker responses."

The initial investment can be expensive, she says, because a company needs an attractive and functional Web site that is updated on a regular basis. "But all the indicators are that you'll get a payback," she says. A main challenge is learning how to drive traffic to the site. Bremner believes that for those involved in tourism, e-commerce is indispensable. "The tourism industry is the number one thing on the Internet today, in terms of the number of sites and usage," she says. "You can't eliminate your traditional marketing, but you have to bite the bullet and get online." @

Visit: <http://www.atlanticcanada.com>

**"The tourism industry is the number one thing on the Internet today, in terms of the number of sites and usage."**

Gail Bremner  
Atlantic Coast Alliance



Atlantic Coast Alliance

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## Coastal Destinations-HomePage Design Inc.

C H A R L O T T E T O W N , P R I N C E E D W A R D I S L A N D

Coastal Destinations-HomePage Design Inc. is a Prince Edward Island company that offers tourism and business operators a chance to do together what is difficult to do alone.

The six-year-old Charlottetown company not only designs and constructs Web sites for hotels, restaurants, tour companies, tourism attractions, real estate, businesses and services, but it also maintains the sites, and hosts and promotes them on its own site.

“The benefit to the companies,” says General Manager Patricia Hayes, “is that they’re all together on a large site like ours where there’s a lot of traffic.” The site averages two million hits a month. “Some of the small operators on our site don’t market themselves any other way and they’re usually fully booked,” she says.

The company, owned by Donald McKearney, has built Web sites for large clients such as The Northumberland Ferries, Confederation of the Arts and the Charlottetown Airport Authority, as well as more than 200 small tourism businesses.

Small operators often don’t have the technical expertise required to develop and maintain a Web site.

Using Coastal Destinations allows them to farm out their technical requirements on an ongoing basis. Companies pay to have their Web site built and a yearly fee afterwards. Coastal Destinations doesn’t yet invoice clients electronically, although company personnel certainly depend on e-mail to communicate with them.

The company is now in the process of developing an “on-line real time” capability that would allow would-be travelers to book their complete vacation over the Internet. While initial development of the Coastal Destinations site has focused on PEI companies, the intention is to expand to become “Atlantic Canada’s tourism portal.” The company is also developing its business-to-consumer

**“The Internet has become almost a necessity for a tourism operation. If you don’t have a Web site today, your chances of getting booked are decreasing as every season goes by.”**

Patricia Hayes  
Coastal Destinations-  
HomePage Design Inc.

(B2C) e-commerce capacity, to allow consumers to shop on-line at PEI stores. Hayes believes that e-commerce has become a powerful tool for the tourism industry. “The Internet has become almost a necessity for a tourism operation. If you don’t have a Web site today, your chances of getting booked are decreasing as every season goes by.” @

Visit: <http://www.peisland.com>  
<http://www.coastaldestination.com>



Atlantic Coast Alliance

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NewEdge Technologies

The Birches Gallery

## NewEdge Technologies Inc.

W A V E R L Y , N O V A S C O T I A

Marketing has become just a little easier for small tourism operators in Nova Scotia, thanks to an innovative software developer and business-to-business e-commerce.

NewEdge Technologies Inc., based in Waverly, is the developer of the Destination-NS.com Web site, the most comprehensive source of information for someone planning a vacation in Canada's ocean playground.

The site interfaces a rich database of information on provincial restaurants, accommodations, festivals and attractions with a mapping application called MAPEZE allowing a would-be traveler to find information, plan an itinerary, and even see the route.

A simple listing on the system is complimentary for tourism operators, although rates apply as additional information is added. A hotel operator can input data – such as telephone numbers – and even mount a “virtual” tour of rooms available, and tourists can book online. “It’s a self-serve model for both the operator and the consumer,” says Ron Nelson, owner of NewEdge. The company manages the site and invoices companies electronically for the service.

The system has many advantages. It allows companies to receive reservations 24 hours a day, and to avoid the cost of 1-800 numbers. Hotels, restaurants and attractions can work together to package and “cross-sell” opportunities, and sample itineraries are suggested online. Operators faced with sudden cancellations can go online to advertise “distress inventory.”

“With the Internet,” says Nelson, “you can put a little package together, and put it online immediately. You don’t have to print up brochures.”

The software, incorporated separately under the name MAPEZE Inc., is also used on the Destination-PEI Web site, and is now being marketed to other governments across the country.

“Fifty per cent of North Americans have Internet access,” says Nelson, “75 per cent of those use it for travel planning, and 23 per cent booked on-line last year.” Research also shows that people using the Internet book in advance and buy upscale rather than economy – two trends that bode well for the tourism industry in Atlantic Canada.

According to Nelson, business-to-business e-commerce is indispensable in the tourism sector. “I can’t imagine a tourism operator today who doesn’t have an e-com strategy,” he says. @

Visit: <http://www.newedge.net>  
<http://www.destination-ns.com>

“I can’t imagine a tourism operator today who doesn’t have an e-com strategy.”

Ron Nelson  
NewEdge Technologies Inc.



Atlantic Coast Alliance

Coastal Destinations-  
HomePage Design

NewEdge Technologies

The Birches Gallery 

## The Birches Gallery

H A P P Y   V A L L E Y - G O O S E   B A Y ,   L A B R A D O R

The Birches Gallery in Happy Valley-Goose Bay, Labrador, is a perfect example of how business-to-business e-commerce can break down the barrier of geographic isolation and help a business grow.

Started by former teacher Herb Brown, The Birches Gallery began as a storefront operation in 1994 selling Aboriginal soapstone carvings, paintings and other works of art. "We have a plethora of first-rate artists in this area," says Brown, "but they were not getting any exposure." Customers were mainly tourists visiting the area during the summer months.

Three years ago, Brown launched a Web site so that customers who wanted to add to their collection could see what was available from their home computer. Today, he's also selling wholesale, to hotel and airport gift shops, galleries, and corporate and institutional customers across the country.

"Our tourism season is very short," says Brown. "That's why we got into wholesale. With business-to-business e-commerce, you can market your product to buyers year-round."

Both retail and wholesale customers can view (although not buy) artwork on-line. Brown maintains personal contact with buyers, and can e-mail images of art not displayed on-site. "We're dealing with products that are one-of-a-kind and that turn over fast, so a printed catalogue is out of the question," he says. "A virtual catalogue is the only way to go."

Mr. Brown estimates that his Web site, which was designed and built by one of the artists whose products are featured on the site, costs a couple of thousand dollars a year to maintain. "Learning the technology was a challenge. I'm not as computer literate as I'd like to be," he says.

**"We're dealing with products that are one-of-a-kind and that turn over fast, so a printed catalogue is out of the question. A virtual catalogue is the only way to go."**

Herb Brown  
The Birches Gallery



"Most major galleries in Canada now have a Web site and e-commerce capability," Brown says, and he's counting on business-to-business e-commerce for future growth. "We've reached a plateau with our retail business. We don't expect a significant increase in tourism. E-commerce provides a window of opportunity. That's where I see our growth coming," he says. @

Visit: <http://www.labradorart.com>

## *For more information on electronic commerce:*

**Atlantic Canada Opportunities Agency**, at <http://www.acoa-apeca.gc.ca>: on that site you will find a report called "The State of Electronic Commerce in Atlantic Canada", published in May 2000, and information on programs that can help your business get into e-commerce.

**Business Development Bank of Canada's** more than 80 branches deliver financial and consulting services to Canadian businesses, focussing on emerging and export sectors. Go to <http://www.bdc.ca>, or call 1-888-INFO-BDC (1-888-463-6232).

**Canada Business Service Centres** are located in each province throughout Canada, including all four Atlantic provinces. Visit <http://www.cbcs.org> to find the Centre nearest you, or call 1-800-668-1010 for more information.

**Canadian E-Business Opportunities Roundtable**, a voluntary private-sector led initiative formed in 1999 to develop a strategy for accelerating Canada's participation in the Internet economy, has worked with the Boston Consulting Group to produce two reports: "Fast Forward: Accelerating Canada's Leadership in the Internet Economy," January 2000; and "Fast Forward: Taking Canada to the Next Level," February 2001. Visit <http://ebusinessroundtable.ca>.

**Canadian Technology Network** offers counselling on business technology and will direct you to other information sources. Find out more on-line at <http://ctn.nrc.ca>, or by calling 1-888-286-0001.

**Community Access Program** provides public access to the Internet and computers at community-based facilities such as libraries, schools and other local facilities across Canada. Check it out at <http://cap.ic.gc.ca> or call 1-800-575-9200.

To find out more about the Government of Canada's programs under the **Connecting Canadians** initiative, visit <http://www.connect.gc.ca> or call 1 800 O-Canada (1 800 622- 6232); TTY/TDD 1 800 465-7735.

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

**Industry Canada's** electronic commerce Web site, at <http://e-com.ic.gc.ca>, contains information on how to get into electronic commerce, the Personal Information Protection and Electronic Documents Act proclaimed in 2000, how various industry sectors are adopting electronic commerce, e-commerce business models, and current statistics. Also see <http://strategis.gc.ca>, Industry Canada's comprehensive business information Web site.

**Student Connection Program**, Industry Canada, provides small and medium-sized businesses with hands-on, customized Internet training ranging from introductory steps to advanced search techniques and Web site design. Visit <http://www.scp-ebb.com> or call 1-888-807-7777.

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

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