HOW TO USE EBUSINESS TO CUT YOUR COSTS

It is amazing that many small and medium sized organizations still think of the Internet and the WWW as the only way Ebusiness affects them.

What many fail to recognize is that Intranets and Extranets using 'internet protocol' (IP) technology is perhaps the fastest and most certain way that they are likely to gain benefits from Internet technology.

First let's just 'teach Granny':

Intranet: an organization's private network of computer networks used internally

Extranet: an organization's private network of computer networks used externally

Intranets and Extranets can create value for organisations in a number of ways:

- Decreased costs
- Improved productivity
- Improved customer service
- Improved staff satisfaction
- Better management controls and information

Decreased costs

Information is an important tool in business. Company-wide access to information can determine the success of sales, time-to-market, customer service and more. Intranets and Extranets can improve this information delivery process.

- Save time and money as users find better information faster
- Reduce operational cost through employee self-service
- Reduce print costs: instantly change, edit, update sensitive information
- Cost reduction in meeting, travel and telephone time

Improved productivity

Improving productivity with faster and more efficient processing of transactions and orders comes from a range of features and benefits;

- 'Just in time', easy to find information
- Available 24/365 and so reduce time & distance barriers
- Increased accuracy: personalized data for clients / customers / suppliers / partners (CCSP)
- Improved knowledge: sales support, inventory / order status, recalls, promotions
- Speed up supply chain list buying preferences and tender specifications
- Reduced purchasing/inventory costs, streamline processing, decrease space cost

- Give CCSP the ability to initiate automatic re-stocking and invoicing
- Automated processes decrease bottlenecks
- Allows users to view, print and work collaboratively on office documents (word-processed documents, spreadsheets, presentations, etc.).
- Improved time to market making proposals etc. available, speeding up approval

Improved customer service

Much customer service will always be dependent on face-to-face contact and technology will never replace it. However, elements of the customer relationship can improve via the use of Intranets and Extranets.

- Give CCSP better access to sales / service
- Strengthen working relationship with CCSP
- Improve customer service forward queries directly to CCSP
- Allow CCSP to view/comment work in progress
- Offer research and information to specific CCSP
- Improve tracking with CCSP
- Reduce routine account manager work

Improved staff satisfaction

Staff tend to love Intranets. The 'self-service' concept and automating administrative processes empowers staff to manage holiday, sickness, expenses, timesheets, purchasing, surveys, room bookings, training or travel amongst others. This avoids costly and slow paper work on the administration side of a company.

In addition to this, Intranets and Extranets improve the quality of work-life for staff and deliver very effective computer based training solutions.

- Simple to support with minimal training requirements
- Puts users in control of their data
- Easy to use, just point and click
- Improved quality of life at work, reduced emails and 'email fatigue'
- Improved productivity from 'just in time', easy to find information
- Reduce communication costs and reduce meetings and phone tag
- Better knowledge management via relevant sharing
- Help build a culture of sharing and collaboration
- Improves decision making
- Help organizational learning
- Shorten cycle times for developments
- Reduced cost of training via CBT, available 'on demand'

Better management controls and information

Perhaps the greatest soft benefit is that for management by giving involvement and overview of processes, projects and teams even when absent or 'on the road'.

- Reduces operational costs / risk sharing experience globally
- Improves message accuracy
- Reinforces central control of policy and procedure
- Reduces duplication because there need be only one owner for each piece of information
- Instant access to relevant databases such pricing, personnel
- Better, faster feedback, adaptation, correction via surveys and questionnaires

Costs

Of course there are costs to setting up Intranets and Extranets but they are very small when compared with other expenditures – starting in the low thousands can buy something really quite sophisticated that will generally have a **far** greater ROI than many capital expenditures.

The costs to consider are:

- Start-up capital costs such as new PCs and providing network connections, web servers and server software
- Software applications
- Design consultancy - creating a structural, navigational and graphical design Promotion: the cost of launching to your target population
- Training: the total cost, per user, of providing training
- Ongoing capital costs for upgrades
- Ongoing revenue costs
    - Administration
    - Technical
    - Internet access
    - Maintenance, modifications and improvements
    - Ongoing training

The benefits have already been noted and can be set against those costs in a formal ROI cost benefit analysis if need be, but an Intranet or Extranet is really much more like a telephone system that other expenditures. It is a major communications improvement for the company and once there, like a telephone system, people wonder how they ever did without it. Just ask your self, by the way, what the ROI is on you telephone system. Do you know? Does the company or anyone in it? Probably not!