# Technology

The New Hork Times





E-Commerce Report: Companies in No Hurry to

March 5, 2001

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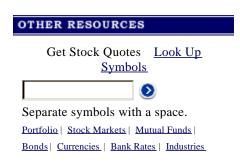
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# Readers' Opinions

ven those who were once most bullish on the new economy expected businesses to hesitate in moving their corporate purchasing operations online no matter how sweet the promises of cost savings. But a new report suggests that companies are moving more slowly than any but the true skeptics might have predicted.

**Buy Over the Internet** 



The report, to be released today by Jupiter Research, the online consulting arm of Jupiter Media Metrix, focuses on procurement managers, some of the key people pulling the e-commerce levers inside corporations.

Special: Oscars

It says that procurement managers "see so little advantage in moving online" that nearly half of those surveyed expected to do less than 20 percent of their procurement online for at least the next two years.

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### NEWSPAPER

Home Delivery Customer Service The reasons for the hesitation are simple, Jupiter says. Most companies' existing suppliers are not yet on the Web, so purchasing agents see little reason to go there themselves. Moreover, purchasing managers are reluctant to learn how to use the various intranet and Internet sites peddling everything from manufacturing supplies to printer cartridges, and they do not necessarily trust those sites to deliver critically important goods on time and at the right quality.

"For the purchasing agents, it's all about relationships, consistency, quality and reliability," said Jean-Gabriel Henry, a Jupiter analyst. "It sounds so obvious, but we've forgotten it."

Shelley Stewart Jr., who, as vice president for supply chain management at the

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**Raytheon** Company, oversees the corporation's \$7 billion of annual purchasing, said there was a lot of fear among procurement managers about online purchasing sites — "how real they are and how long they'll be around."

Mr. Stewart said he was training Raytheon's procurement officers to use the Exostar Web site, an online marketplace for buyers and sellers in the military and aerospace industries. The site was created last year by Raytheon, **Lockheed Martin, Boeing** and **BAE Systems**.

In addition, Mr. Stewart's purchasing officers have conducted a handful of auctions on Freemarkets .com, where suppliers bid for the right to sell their goods to Raytheon. Finally, Mr. Stewart said, the company is installing a so-called enterprise resource management software system from SAP; purchasing managers will also use that system to buy goods.

Mr. Stewart said he hoped to use the Web for at least pieces of 20 percent of the company's procurement by year's end. "The question is, how do we change the culture to get people to switch to the new way?" he said. "There's a tremendous amount of training on these tools every day, and the importance of using them."

He cited some of the common skeptical questions he hears from his procurement team: "What's my supplier going to think when I do a reverse auction? What's going to happen to the relationships I have? I don't quite understand when we should use it?"

In answering the skeptics, Mr. Stewart said, he points to the savings the company can generate through auctions alone. Last year, he said, in three auctions on the Freemarkets Web site involving about \$100 million worth of goods, Raytheon saved 25 percent over what it would have spent offline.

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