

# Technology

The New York Times

Building value can be an uphill journey...



HOME

Past 30 Days



Welc

[Sign Up for New](#)

[Go to Advanced Search](#)



[E-Mail This Article](#)



[Printer-Friendly Format](#)



[Most E-Mailed Articles](#)



[Single-Page View](#)

## CLASSIFIEDS

[Automobiles](#)  
[Job Market](#)  
[Real Estate](#)  
[All Classifieds](#)

## NEWS

[Quick News](#)  
[NYT Front Page](#)  
[Arts](#)  
[Business](#)  
[Health](#)  
[International](#)  
[National](#)  
[New York Region](#)  
[Obituaries](#)  
[Politics](#)  
[Science](#)  
[Sports](#)  
[Technology](#)  
[Weather](#)  
[Corrections](#)  
[Special: Taxes](#)

## OPINION

[Editorials / Op-Ed](#)  
[Readers' Opinions](#)

## FEATURES

[Automobiles](#)  
[Books](#)  
[Cartoons](#)  
[Crossword/Games](#)  
[Job Market](#)  
[Living](#)  
[Magazine](#)  
[Movies](#)  
[Photos](#)  
[Real Estate](#)  
[Travel](#)  
[Week in Review](#)  
[Special: Oscars](#)



## DESTINATIONS

[Boston.com](#)  
[GolfDigest.com](#)  
[Learning Network](#)  
[New York Today](#)  
[NYT Store](#)  
[Shopping](#)

## SERVICES

[Archives](#)  
[Screensavers](#)  
[Help Center](#)  
[Media Kit](#)  
[NYT Mobile](#)  
[Our Advertisers](#)

## NEWSPAPER

[Home Delivery](#)  
[Customer Service](#)

March 5, 2001

## E-Commerce Report: Companies in No Hurry to Buy Over the Internet

By BOB TEDESCHI

Even 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.

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.

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.

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

## OTHER RESOURCES

[Get Stock Quotes](#) [Look Up Symbols](#)



Separate symbols with a space.

[Portfolio](#) | [Stock Markets](#) | [Mutual Funds](#) |  
[Bonds](#) | [Currencies](#) | [Bank Rates](#) | [Industries](#)

**YOUR PROFILE**

- [Review Profile](#)
- [E-Mail Options](#)
- [Log Out](#)

[Text Version](#)

**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.

Continued  
1 | 2 | [Next >>](#)

-  [E-Mail This Article](#)
-  [Printer-Friendly Format](#)
-  [Most E-Mailed Articles](#)
-  [Single-Page View](#)

ey.cor

Ever  
ecor  
you  
a  
i



Tur  
liv  
to  
at  
at

Cl  
to

ey.con

ER  
FROM

Adv

- [Plan Your NYTimes.](#)
- [Get the NYTimes.](#)
- [Looking NYTimes.](#)



[Click Here](#) to Receive 50% Off Home Delivery of The New York Times Newspaper.

• [Learn more](#)  
[sports](#)

**Building value can be an uphill journey...**

A banner image with a dark background. On the left, the text 'Building value can be an uphill journey...' is written in white. On the right, there is a silhouette of a person climbing a mountain, with a white jacket and a dark backpack. The background shows a mountain range under a dark sky.

[Copyright 2001 The New York Times Company](#) | [Privacy Information](#)

---

N

Search

Classif

Job M

---

Brows  
Store