

WHITE PAPER

The Next Wave in Internet Business: Return on Investment

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Summary: The past few years have seen most companies establishing a presence on the Internet without regard to the bottom-line benefits. These investments have been valuable learning exercises, but have not generally yielded measurable financial benefits. That is beginning to change.

Topics Addressed in this White Paper Include:

- Personalized, one-to-one communications
- Information repurposing
- Reduced Web Site Management Costs
- Reduced Time to Market
- Client Retention
- E-business
- XML
- Compelling Content
- Increased Traffic
- Increased 'Switching Costs'

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Introduction

In the five or so years that the Internet has been the hotbed of excitement, many businesses have invested heavily in Web sites. Far fewer have actually been able to measure the benefit to their company from their investment in Internet technology. With major Web sites costing \$500,000 or more, these types of investments need to be more than a pretty advertisement for a company. Companies are now requiring that their Web investments start to return value.

The Next Wave is Return on Investment

The Internet is still in its infancy. Multiple changing standards are making development difficult. Betting on the winning technologies would challenge the best Las Vegas bookmakers.

As the Internet has become popularized, it has become a proving ground for many new technologies...some that remain and some that disappear. This week's hot technology could be next week's worthless investment.

So, while the technologists, marketers, and software developers continue to try out new ideas and techniques, where should the sound business manager put his or her company's money? The next wave will be driven less by technology and more by return on investment.

Bank on the constants. A few constants have become clear:

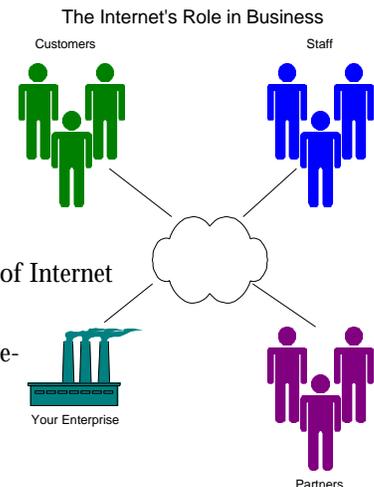
- The Internet's importance to business will continue to increase;
- The Internet's potential value to business is immediate and immense; and
- The Internet is becoming a primary way that businesses communicate.

What Benefits of the Internet Can I Rely Upon?

There is much hype and misinformation concerning what the Internet can do. Much of it is pie-in-the-sky dreaming but some of it will become reality.

The following items appear to be consistently supported benefits of the Internet:

- People (customers, vendors, suppliers, and your competition) will use the Internet to find out about your company;
- People will use the Internet to do business with your company;
- The Internet can reduce your manpower requirements, such as customer support and order taking;
- The speed and competitiveness of business will increase through the use of Internet technologies; and
- The Internet may reduce, but will not eliminate the need for, other people-oriented aspects of your business, such as customer support.



What Issues Need to be Addressed?

When companies develop their Internet strategies they need to determine what they hope to gain from their investment. Until now, the conventional wisdom has been that having a 'Web presence' is sufficient to justify the investment. The conventional wisdom is changing, primarily because the dollars invested in Internet technology have become so large and the opportunities for contributing positively to the company too great.

While each company's goals will be different, the basics for many companies will be the same:

- Make the most of one's Internet investment;
- Increase value to customers; and

- Provide a competitive edge.

In addressing each of these items, every company will benefit from the Internet. Each of these items is addressed below.

Make the Most of One's Internet Investment

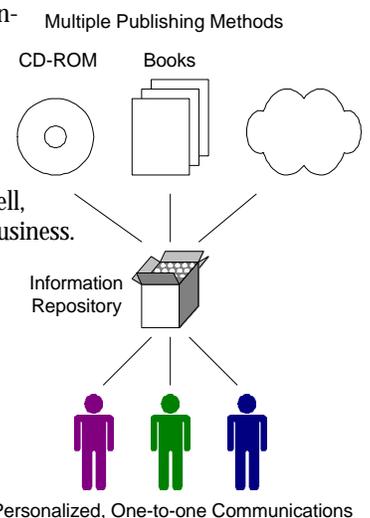
Internet development is not inexpensive. Therefore, every dollar spent on Internet should relate to reaching a goal or solving a problem for the company.

Whether you are working with an in-house staff or an outside firm, ensure that the staff and tools are what you trust, that you all share the same vision, and that you all understand the goals you have established.

Ensure that everyone 'works smart.' Older Internet technologies (those two or three years old) often don't measure up to current technologies. If you're investing in technology, ensure your investment is up-to-date and will provide value to you into the future.

Some of the technologies that enable the realization of these goals are:

- Dynamic Web site generation that allows custom Web pages to be created on-the-fly, personalized to the individual user;
- Back-end database warehouses that allow multiple versions of a Web site to be brought up depending upon the user's preferences or interaction;
- Storing information in a format that is easy to repurpose, such as SGML or XML. People have found that HTML simply does not scale to large sites well, nor does it provide the ability to be reused, reliably parsed, or usable for e-business.
- E-business applications (not just buying and selling, but customer service) that allow people to do business with you even outside of normal business hours; and
- Customer service applications that reduce the traffic at your offices while providing cost-effective 24/7 availability.



Increase Value to Customers

Internet technologies provide opportunities by increasing the benefits to customers with little or no cost to the customer or the company providing the benefit.

Some of the areas in which value can be increased include:

- Better customer service (24/7, direct interaction without waiting on hold);
- Better order processing;
- Better prices (without human intervention, the cost savings can be passed along to the consumer);
- Better choices (all options can be given to the customer and they can decide which they would like to use); and
- Personalization; information about a person can be remembered and used in subsequent transactions. This can include things such as account numbers, orders, and preferences.

Provide a Competitive Edge

Every one of your competitors has an Internet presence. By having one, your company has shown that it can be an equal. But being competitive means being better than equal. Companies need to have a competitive edge that extends to their Internet presence. Here are some ways this can be accomplished:

- **Personalize every visitor's experience with your company's online presence.** Ensure that their visit to your Web site provides them with the information they've told you they want;

- **Increase the 'switching costs' for customers to go elsewhere.** The better you know your customers and give them what they want right on your Web site, the harder (and less desirable) will it be for them to go to your competitor; and
- **Keep providing customers with more reasons to do business with you.** This can be through increased service, compelling content, new products, faster time to market, new features, more personalization, and more.

Conclusion

The days of 'brochureware' on the Internet are over. Customers are becoming more selective about which companies they do business with and which Web sites they use on a regular basis. And, due to the ease of switching from one Web site to another, providing real value to your customers is of paramount importance. Successful companies are seeing the next wave and will ride it to reap significant benefits for their customers and themselves.