



Over the Water -- The View from the UK

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Column Four: Is Electronic Commerce Really Happening?

Is E--Commerce Real? And if so, how would we know?

It looks like the Internet's dead before it really got going. The medium is collapsing. You've probably read some of the articles yourself: the Internet isn't a good medium for business because only well--off people use it (an angle I've never understood), electronic commerce isn't taking off because not many people use Barclaysquare (how many people were making transatlantic phone calls when the first satellites went up?) and no-one's ever going make any return on their investments in the World Wide Web (WWW). However, just because relatively few people (so far) have ordered bottles of wine from a Web site by credit card--this seems to be the canonical electronic shopping application--it would be wrong to extrapolate a lack of interest in cyberspace commerce. A wider perspective based on experience, not official statistics, tells a different story. Here are three examples, all of them drawn from my personal experiences over the last three months.

One of my fellow directors recently went on holiday in France. It was a family holiday, with both his family and his brother's family staying together. He'd booked the holiday at short notice: round at his brother's house, browsing through a directory. He saw the ideal house to rent in the perfect holiday spot. Called the number and was told "several people have called. I will fax out contracts on Monday morning and the house goes to the first signed contract that I get back". It's a Sunday and there's no fax machine nearby. Oh well, people can't always have the holiday they want. But wait! He plugs his Newton into his mobile phone and gives the holiday company his mobile fax number: minutes later the rental contract is on his Newton. He signs it on the Newton screen and faxes it right back, thus getting just the holiday he wanted.

This is clearly electronic commerce in action: no pieces of paper, no postage stamps, no waiting. Digitised signatures rather than digital signatures, but it still worked. Will it show up in the next electronic commerce market survey? I doubt it.

I work for a post-modern, flat-structured, knowledge-based organisation (in other words, a consultancy). We are always on the lookout for the right kind of people to join us and are involved in very serious competition for staff. As a result, we have several recruitment agencies retained. They send us CVs, we choose a few and then interview candidates. When we hire someone, we pay the agency anywhere from A35--A38K depending on the seniority of the candidate. A couple of months ago we added a couple of paragraphs to the personnel page on our Web site mentioning that we were hiring and inviting people to e-mail CVs directly to our consulting director. The CVs started to come in and we found them to be of a consistently good quality, because they were self-selecting: the kind of people we want

to hire are exactly the kind of people who were looking at our Web site. We've just hired our third new consultant this way: a minimum of A315,000 on our bottom line, approximately three times what it cost us when we set up the Web site in the first place.

I strongly doubt that our savings have shown up in any official figures about electronic commerce. But what is electronic commerce if it's not connecting buyers (us) and sellers (employees) over the Internet?

A few weeks ago, a company I know was upgrading some software in its office. It was their group diary: pretty crucial to their business because it's important to know where people are and where they will be. They wanted a new version that connected their group diary to their group address book, thus saving them time every time they need to contact someone. They went to the supplier's US Website, where the software upgrade was available for downloading. One of them set it downloading to his laptop and at the same time e-mailed his Visa card details and current serial number to the US sales department. Next morning, a new serial number arrived in his in basket. He'd got the software for half the price being charged in the UK, no VAT or sales tax and no shipping or handling charges.

My guess is that at the other end, this has shown up in some US statistics as a 'run of the mill' Visa card telephone sale. I don't know that it has shown up in trade figures or GNP statistics either. But he's better off (because his group diary is linked to his group address book, saving him time) and so are the company that sold him the software.

So it seems that electronic commerce is expanding very rapidly and in very interesting directions. But we can't tell that from statistics. I remember reading somewhere that if you add up official figures for world trade you'll discover that the world is running a balance of payments deficit with itself of about A3100 billion per annum. That means a country the size of Thailand is missing from the books. So how can we expect to be able to measure me downloading *** and paying by Mondex card or Digicash transfer? It seems that we can't yet, so for the time being the best business advice would have to be: look around, not in reports.

This issue's quote:

"Bart Bucks" are not legal tender -- a Bart Simpson blackboard punishment!