APPENDIX
"A"
Project Contract
(Unabridged)
Problem Statement  The Hispanic Business Community of Haverhill, MA, needs to integrate into the new business trend, the E-Commerce trade. It is estimated that by the year 2000 the business to business Internet trade will be over $109 billion, and this figure is projected to double every year for three years. Online business to consumer trade, by comparison, is projected at over $19 billion.

A report by Bank One reveals that about 20% of small businesses with 10 or fewer employees now have Web sites. “If you own a small company and you are not online or planning to be online within the next six months,” says Jane Applegate, a small business expert, “you are heading toward obsolescence and you will ultimately go out of business.”

The Haverhill Hispanic Business Community’s lack of orientation and training in the E-Commerce trade, has kept it out of this important business. This Community needs to resolve this problem to avoid the consequences of staying behind in its economic gains, or going out of business.
What is the goal of my YOP? The goal of my YOP is to have five existing Hispanic businesses trained in computer literacy, and ready to engage in the E-Commerce trade by October 2000.

I evaluate the feasibility that my YOP will move toward the established goals by using the project’s evaluation plan. This plan enables me to gather and analyze the necessary information needed to determine whether the project is carrying out its planned activities, and the extent to which the project is achieving its stated objectives through these activities. I cannot assure that my YOP will move toward achieving its goals, but it is designed to do so.

What are the objectives of my YOP? My YOP aims to achieve by the prescribed date the completion of all necessary activities to meet all the planned objectives. The prerequisites to achieve the above is to have the human, and material resources available when needed, and to coordinate, and implement all the different activities. My YOP has all the necessary resources to fulfill the prerequisites.

What is my role in the Project? My role in the YOP is to supervise it, and serve as a liaison between the YOP and the project with which it is associated, the Haverhill Cyber District Project.

My major responsibilities are the monitoring and evaluation of the project. I’m responsible for monitoring my committee of three, and
the tasks assigned to them, as well as, monitoring all aspect of the project. I will also be responsible for the internal evaluation of the project.

I have been working on the YOP since October 1999, approximately two months. My YOP does not have a formal organizational chart yet. But, I will say that I’m located second after the supervisor of the project we are associated with, the Haverhill Cyber District Project.

Within the next 14 months, I’m expecting to achieve all the project objectives, and the final goal, namely, to have five existing Hispanic businesses trained in computer literacy, and ready to engage in the E-Commerce trade.

**Literature Survey** I researched the following sources to find out more about my YOP:

**A.- Web Sites**

“What is E-Business?”

IBM

“Microsoft’s E-Commerce strategy. E-commerce, and the Digital Nervous System”

Microsoft

“500 Percent E-Commerce Growth Predicted”

“Woman.com Launches Online Boutique”
I learned from these sources the basis of how E-Commerce operates. I also learned the importance of this business, and its magnitude. I will incorporate the knowledge from these sources into my YOP to facilitate the accomplishment of the project activities.
I have not identified any project that resembles my YOP yet, neither regionally nor nationally. I will keep researching further to improve my YOP. I will research the Internet, Periodicals, Books, and others sources.
APPENDIX
"B"
Project Activities
During the month of January we accomplished our planned activity for the month. This activity was to select a committee of three persons to be responsible for the selection of ten businesses from the Hispanic Business Community with the potential to engage in the e-commerce trade.

This committee will also be responsible for making a presentation of the project to the ten selected businesses. It will explain to them the benefits of the project, and what they stand to lose by not participating in it. Another responsibility of the committee will be to select five businesses from the group of ten to receive the training to engage in the e-commerce trade.

The selection of the committee was successfully accomplished by the two principal stakeholders in the project, the Hispanic Business Community and the Latino Community, with my supervision. This selection task created a lot of enthusiasm among the principal stakeholders. They feel empowered, and are starting to take control of the project to the degree that they should at this stage of the project.
The next activity will be for the committee to determine the criteria for selecting the ten businesses from the Hispanic Business Community, from which five will be selected to receive the training that will skill them to initiate their e-commerce ventures.

The outcome of January’s activity did not differ from the planned one. Therefore, there are no changes in the strategy of the project, nor in the timeline and implementation of the project’s plan.
The activity for the month of February called for the Committee of Three to determine the criteria for selecting the ten businesses from the Hispanic Business Community, from which five will be selected to receive the training that will skill them to initiate their e-commerce ventures. The Committee of Three is composed of: Juan Espinal, owner of JP Market, Ana Martinez, owner of M&R Day Care, and Jose Leal, owner of Hispanic-American Grocery.

The February activity could not be accomplished. The Committee was unable to come to a consensus on what criteria to use in selecting the ten businesses from which five will be selected to receive the training. I tried to mediate to make them come to a consensus, but I failed. They felt that they needed more time to make their determination. They agreed to have an answer by next month. The Committee meets twice a month.

Although the outcome of the February activity did not have the expected result, this will not have a significant impact on the strategy of the project, nor on the timeline and implementation of the project’s plan.
The activity for the month of March was to select ten businesses from the Hispanic Business Community, from which five will be picked to receive the training that will skill them to initiate their e-commerce ventures. This activity could not be accomplished. The Committee had to deal with the failed activity of February, to determine the criteria for selecting ten businesses, from which five were to be selected to receive computer training.

The Committee, finally, determined the criteria for the selection of the businesses. They agreed that in order to be selected, a business owner or business manager must have basic knowledge of computer. By this they mean, knowing how windows operates and how to get access to the Internet. Having these criteria, the committee will proceed to select the ten businesses, hopefully by next month.

I argued with the members of the committee that we are a month behind schedule. They responded by telling me that I should not worry about it, since come next month, April, we will be back on schedule.

Even with a month behind schedule, I am certain that this will not have a significant impact on the strategy of the project, nor on the timeline and implementation of the project plan.
The past two weeks have been spent in preparing the project’s presentation that will be given to the ten selected businesses. The objective of this activity is to explain to the selected businesses the benefits of the project, and the consequences if they do not participate in it. The presentation is scheduled for May 18, 2000. I will make the presentation together with the members of the committee. In preparation for this, I have spent a great deal of time translating documents from the project and other publications into Spanish.

In preparation for this presentation I researched the following sources: Web Sites, “What is E-Business?” IBM. “Microsoft’s E-Commerce Strategy. E-Commerce and the Digital Nervous System” Microsoft. “Selling Store Front” article in Forbes ASAP.

The outcome of the past two weeks’ activities did not differ from the planned one. Therefore, there are no changes in the strategy of the project, nor in the time-line and implementation of the project’s plan.
Addendum to the May Mid-Month Report

Juan E. de la Cruz

The Management Information System (MIS), is a system designed to collect and report information on a project and project activities to enable a manager to plan, monitor, and evaluate the operation and performance of the project. (Project Design for Program Manager, 1994 P.53). The system helps me to monitor the project. The MIS can be formal or informal, mine is informal. It could be extensive or small, mine is small and simple. It is done on a piece of scrap paper, but efficiently used.

URL of web sites used in my research in preparation for my presentation were: http://www.ibm.com/e-business/info/
http://www.usatoday.com/2000/century/tech/006e.htm

How much time am I putting into this project, should I put more time into it?
When I first started the project I was under the impression that I had to design two projects, one for the organization that I was associated with, and my own project-the famous YOP. It was a time of a lot of confusion for me and for some of my classmates. It was not until I did a lot of research and writing that I realized that I only had to do one project. Then I thought that the project was supposed to be something like the Boston Big Dig project.
Fortunately, we had a class session with David Miller, where he made a presentation of the Peanut Butter Sandwich Project. He explained that the section of every one of the ingredients to prepare the sandwich could be a project in itself. A project could be to solve part of a problem. After that class I was able to focus and see the tree from the forest.

Nevertheless, the preliminary confusion was also beneficial, since it made me do more than it was really necessary in the beginning. Now at this stage of the project I have everything set-up, I just have to make sure that the planning activities are carried out successfully to the end of the project, October 2000. Therefore, I will put the necessary time required to accomplish the final goal, to train five existing businesses from the Hispanic Business Community of Haverhill, Ma. to enable them to engage in the e-commerce trade.
The activity of the last two weeks was to make the presentation of the project to the ten businesses selected. The presentation took place the 18 of May, at approximately 8:pm in the basement of the house of one of the business owners. He does not want his name to be disclosed.

The presentation was made by me, Juan E. de la Cruz. The content of the presentation was a brief report of the nature of the project. The problems facing the Hispanic Business Community of Haverhill, Ma. by not being part of the new business trend, the e-commerce business. The need for them to integrate into this business, or risking the consequences of staying behind in its economic gains, and eventually going out of business. I also briefed them on the nature of the computer training that some of them will receive. I told them that they could expect to be train in the use of Microsoft Windows and how to access and make use of the Internet. They were also informed that the training will be conducted in Spanish, free of charge.
Given that everyone that was invited to the meeting was there, plus some additional business owners, as well as other members of the Latino community, and given the interest and enthusiasm for the project that they demonstrated, for me this was an indication that the activity was a successful one. There was a questions and answers session, where everyone had the opportunity to clarify any matter of their concern.

Another activity scheduled for this month was the selection of the five businesses from the ten already selected to received the computer training. This activity was unsuccessful. All ten businesses want to be trained. There was a big discussion on who should be train first. We are looking into the possibility of having two groups of five businesses training at the same time on different days of the week. We all agreed to come up with a solution by next June.

The outcome of the May activity with its successful presentation, and its impasse in selecting the five businesses to receive the training, will not alter the strategy or time line of the project.
The main activity for the month of June was the selection of the five businesses from the ten already selected to receive the computer training. This activity was unsuccessful last month, when it should have taken place, since all ten businesses wanted to be trained. We, the committee and myself, looked into the possibility of having two groups of five businesses training at the same time on different days of the week. This proposition was turned down by Mr. Hector Martinez, the person that volunteered to train the five businesses for free.

Mr. Martinez indicated that the ideal size for him to teach effectively should not be more than five. He also said that it would be impossible for him alone to teach two groups at the same time on different days of the week, due to his other professional obligations.

One committee member, Ms. Martinez, argued that since the criteria for the selection of the ten businesses were, that a business owner or business manager must have a basic knowledge of computer, or know how windows operates and how to get access to the Internet, it would be relatively easy for the instructor to teach all the businesses at the same time. The instructor, Mr. Hector Martinez, disagreed.
He answered by saying, that he would like to teach everybody at the same time, because of the enthusiasm he sees everybody has, but to teach the subject of e-business takes a lot of individual attention, and would not be to anyone's advantage to try to teach a large group and not be effective.

The other members of the committee and myself seconded the instructor. I also added that we made plans to train five businesses, and that we do not have the resources to train more than five people at a time. After this discussion came the selection of the five businesses.

In the beginning, I was expecting people to voluntarily wait for the second round of training, and let those more experienced with computers take the training first, but it did not work that way. They all argued that they have the same experience, and they all wanted to go first. After a long argument, which I cannot described here, since everybody was talking at the same time, one the committee member, Mr. Espinal came up with a brilliant idea to which everyone agreed, a lottery. The five businesses that will be trained first will be drawn from a lottery. The ten businesses names were put in a box, from which they were pick-out by uninterested parties, a nine year old child that was accompanied his mother and the homeowner where the meeting took place. The five businesses selected were: M&R Day Care, Home-Made Bakery, Hispanic American Grocery, and two others that for the moment do not wish to have their names listed.
This month I also did some interesting research over the Internet. I found a very interesting site, www.hispanicbusiness.com. In the site I found a very interesting article, "Hispanic E-commerce Market Expands". Among other things, it states that "more than 8,000 Hispanic-oriented Web E-commerce sites existed at the end of the year's first quarter, and the number is doubling every 13 or 14 months. The explosion of sites—which range from mom-and-pop storefronts to giants such as StarMedia and quepasa.com—is reflective, in part, of the entrepreneurial traditions of Hispanics, according to Tony Dieste, president of Dallas based Dieste & Partners, which conducted the survey."

What I found more interesting was the degree of involvement of the Hispanic population with the Internet. The same report also indicates that "According to a recent Hispanic Business/Zogby poll, 37.8 percent of Hispanics say they spent more than $100 online in the previous three months, compared with 15.8 percent of Anglos. As of March, 50 percent of U.S. Hispanic Households could access the Internet at home, school, work, the library, or another location, according to a survey by Forrester Research, a Boston-based research firm. That figure compared with 46 percent for Anglo households. Forty percent of Hispanics could access computers at home, compared with 38 percent of Anglos. The growth rate of U.S. Hispanics online is parallel to that of Whites, says Forrester analyst Ekaterina Walsh."
I found these statistics in this article amazing. I will share it with the businesses owners that will be trained, for them to see the importance of the business they will be into, the e-commerce.

The next activity in July will be to coordinate with the five businesses selected when and where the training will take place. They will also be briefed about the training that they will be taking, as well as the duration and schedule of it.

Even though the activity of June differed from the planned one, the outcome was according to plan. Therefore, there are no changes in the strategy of the project, nor in the timeline and implementation of the project plan.
Even though no one was in the mood for doing anything this vacation month of July, we still managed to accomplish our planned activities for the month. These activities were to notify those five selected businesses of their selection (already done last month), and invite them to a meeting to coordinate with them when and where the training will take place. They were also to be briefed about the training that they will be taking, as well as the duration and schedule of it.

A meeting was held Saturday, July 22, to determine where the training will take place, the duration and schedule of it, and what the training will be all about. Present were two members of the committee, Ms. Ana Martinez, and Jose Leal, the third member, Mr. Espinal, was on vacation in Europe. Also present were Mr. Hector Martinez, the instructor for the training, Three of the business owners selected to take the training, the other two were on vacation, and myself.

A couple of places were mentioned where the training could take place, such as the public library, The Citizens Center, one of the committee
member’s business location, or at my office, de la Cruz Insurance. We tentatively agreed that the training could take place at the Day Care Center of Ms. Ana Martinez. The Day Care is equipped with the outlets necessary to connect several computers, and could be available after three o’clock every business day, as well as Saturdays or Sundays all day. Since two of the business owners selected for the training were not present, we agreed to wait until they come back to see if they also agree with the location.

The instructor, Mr. Martinez suggested that the training should start in the middle of September, since he was planning to be out on vacation for several weeks during the summer. All agreed that the best time to start was September, since almost everyone will be on vacation at one time or another during the summer months.

Without any major discussion, the briefing of what the training will be about, was postpone until all the businesses selected for the training were present. The briefing was tentatively scheduled for the end of August, when everybody’s vacations would be over.

These two months of June and July were very busy for me. I had to finish my business plan assignment for the Business Development class (Jack!), and do some investigations on Project Evaluation for Karim, which was very interesting and enlightening. I am planning to take advantage of the coming month, August, to almost wrap up this project.
With all the ups and downs, the project is moving forward with its activities. The strategy, timeline, and the implementation of the project are going according to the project’s plan.
A meeting was held Saturday, August 26, to choose the location where the training would take place. Also to brief the business owners about the training that they will take, the schedule, and duration of it. Present were the five selected business owners, the three committee members, Mr. Espinal, Ms. Martinez, and Mr. Leal. Also present were Mr. Hector Martinez, the instructor, and myself.

As was tentatively agreed in the previous meeting, that the training could take place at the Day Care Center of Ms. Martinez, the location was approved by all present without any major discussion. Also approved was the date when the training will start, September 20. Classes will be twice a week, Wednesday and Thursdays, from 7:30 to 9 pm, for a period of four weeks.

Mr. Martinez explained the content of the training and presented its outline. The outline is as follows:
Windows 98

A. Using Desktop
B. Using Help
C. Windows Explorer
D. Managing Files and Folders
E. Web content and Desktop

Internet

A. Internet Basics
B. Connecting to the Internet
C. Exploring the Internet
D. Setting Up E-Mail

e-Business

A. The benefits of having an online business
B. The latest trends in business
C. The keys to growing your business on the Internet
D. Web Site
E. Secure Online Credit Card Ordering

August was a free month from regular classes. I took the opportunity
to start organizing all the project’s materials for the final report. I did not realize how much material I have. It will take some time to sort it and put it together. I think it is a good idea to start working immediately on the final report and its presentation. Before we know it, it will be January 2001.
Summary

In his constant effort to make us learn the most about project design and implementation, our advisor, Karim, engaged our group in an evaluation research. The objective of this evaluation research, as I understand it, is to make us aware of the importance of the evaluation component in a project, and for us to have a very good understanding of what evaluation of project means.

My presentation is based on my findings, but is mainly based on the findings of the text book for the project class, the User-friendly Handbook for Mixed Method Evaluation, and Tosun’s lecture from the last class.

The text book for the class defines evaluation as “the process of gathering and analyzing information to determine 1) whether the project is carrying out its planned activities and 2) the extent to which the project is achieving its stated objectives through these activities.

According to the experts on the subject of evaluation, there is no set formula for evaluating a project. According to Cronbach (1982).

“There is no single best plan for an evaluation, not even for an inquiry into a particular program at a particular time, with a particular budget.”

Tosun also emphasize in his lecture the lack of set rules in conducting an evaluation. He stated: “telling the story of your project by yourself, is in fact the evaluation of your project. what has been done since the project started. The evaluation in turn should give you feedback that can help you improve the results of the project.”

According to the text book, even though there is no set formula for evaluating a project, there are certain procedures and steps that may be helpful to follow. One of the first steps in planning an evaluation is to select the indicators one will use. The evaluation plan should describe these indicators of change. Indicators such as, Input. Output, and Impact indicators.
During the lecture I asked Tosun, if the Monitoring Process was an integral part of the evaluation process? To which he responded affirmatively, but also asserting that they are not the same. Monitoring is the process of routinely gathering information on all aspects of the project. It is continuous, and should be in place before the project start-up. It should be scheduled in the project main plan. According to the textbook, evaluation differs from monitoring in three aspects: Timing, Focus, and Level of detail. I came to the conclusion that with a good monitoring system in place, the evaluation process would be more efficient and effective.

What is the purpose of evaluation? According to Project Design for Program Managers, the purpose of evaluation is: 1) to find out how effective the project is 2) to see whether objectives have been achieved 3) to learn how well things are being done 4) to learn from experience so future activities can be improved. When do we evaluate? The evaluation of a project could be periodically, Mid-term or at the end of the project, final evaluation. Who does the evaluation? The internal evaluation can be carried out by the project manager and , or project staff. External evaluations are carried out by donors or by consultants. What should be evaluated? Evaluation should be done on the following:

1- Progress in workplace
2- Establishment of Systems
3- Implementation of planned activities
4- Achievement of objectives
5- Effectiveness of project
6- Impact of project
7- Efficiency/Cost-effectiveness of project

A very important component of an evaluation are indicators. Indicators are defined by the text book as, “quantitative or qualitative criterias for success that enable one to measure or asses the achievement of project objectives.” The book also defines three types of indicators: 1- Input indicators- describe what goes into the project, such as the number of hours of training, the amount of money spent. 2- Output indicators- describe project activities such as the number of businesses chosen for training, the number of businesses trained. 3- Impact indicators- Measure actual change in the business community, such as the increase in profit for those businesses trained in e-commerce.

The User-friendly Handbook for Mixed Method Evaluation, has a very interesting subject titled, “Why Conduct an Evaluation? It states that there are two simple reasons for conducting an evaluation: 1) to gain direction for improving projects as they are developing, and 2) to determine the projects’ effectiveness after they have had time to produce results. It also mentions two types of evaluations: Formative evaluations, and Summative evaluations.

Formative evaluations (which include implementation and process evaluations) address the first set of issues. They examine the
development of the project and may lead to changes in the way the project is structured and carried out.

**Summative evaluations** (also called outcome or impact evaluations) address the second set of issues. They look at what a project has actually accomplished in terms of its stated goals.

Tosun during his lecture explained in a very practical and understanding way, the reasons for conducting an evaluation. First of all he asserted that you, yourself, should conduct the evaluation of your project. In other words, it is your story, and you should tell it. You should start telling your story about your project from the beginning. The result would be the actual evaluation of your project. The evaluation would enable you to gain direction for improving your project as it is developing, and to determine your project's effectiveness after it has had time to produce results.
APPENDIX C
Training Description
A meeting was held Saturday, August 26, to choose the location where the training would take place. Also to brief the business owners about the training that they will take, the schedule, and duration of it. Present were the five selected business owners, the three committee members, Mr. Espinal, Ms. Martinez, and Mr. Leal. Also present were Mr. Hector Martinez, the instructor, and myself.

As was tentatively agreed in the previous meeting, that the training could take place at the Day Care Center of Ms. Martinez, the location was approved by all present without any major discussion. Also approved was the date when the training will start, September 20. Classes will be twice a week, Wednesday and Thursdays, from 7:30 to 9 pm, for a period of four weeks.

Mr. Martinez explained the content of the training and presented its outline. The outline is as follows:
August was a free month from regular classes. I took the opportunity
to start organizing all the project’s materials for the final report. I did not realize how much material I have. It will take some time to sort it and put it together. I think it is a good idea to start working immediately on the final report and its presentation. Before we know it, it will be January 2001.
Hispanic E-commerce Market Expands

By Derek Reveron

More than 8,000 Hispanic-oriented Web commercial sites existed at the end of this year's first quarter, and the number is doubling every 13 or 14 months, according to a recent survey.

That explosion of sites – which range from mom-and-pop storefronts to giants such as StarMedia and quepasa.com – is reflective, in part, of the entrepreneurial traditions of Hispanics, according to Tony Dieste, president of Dallas-based Dieste & Partners, which conducted the survey.

"Whether you are Cuban, Puerto Rican, or whatever, everybody hangs out a shingle and sells something. Instead of doing it in stores or on street corners, tiny businesses put up Web sites. The quality of them has improved dramatically within the last year," notes Mr. Dieste, whose company handles advertising, including Internet placements, for a number of Fortune 500 firms.

The scramble for the Hispanic online audience also is being driven by an increasing recognition of their potential spending power online.

According to a recent Hispanic Business/Zogby poll, 37.8 percent of Hispanics say they spent more than $100 online in the previous three months, compared with 15.8 percent of Anglos.

As of March, 50 percent of U.S. Hispanic households could access the Internet at home, school, work, the library, or another location, according to a survey by Forrester Research, a Boston-based research firm. That figure compares with 46 percent for Anglo households. Forty percent of Hispanics could access computers at home, compared with 38 percent of Anglos.

"The growth rate of U.S. Hispanics online is parallel to that of whites," says Forrester analyst Ekaterina Walsh.

Potential returns always attract investors, and major international Internet, telecommunications, media, and financial institutions have ponied up millions of dollars to acquire sites or build them. Cisneros Group, the Caracas, Venezuela-based media conglomerate, teamed up with America Online to develop Web offerings. Cisneros also
owns part of El Sitío (www.elsitio.com), a 
Buenos Aires-based network that targets the 
United States as well.

Spain's largest bank, Banco Santander Central 
Hispano, recently paid $529 million in cash to 
acquire 75 percent of Patagon.com. The Miami 
Beach-based site provides Spanish- and 
Portuguese-speaking nations with financial 
information and online stock trading. Telefonos de 
Mexico SA, Mexico's largest phone company, 
teamed up with Microsoft to develop portals in 
the United States and Latin America.

Univision was expected to introduce its Web site 
in the first part of this year, and although few 
doubt it will have a major impact on the industry, 
dominance in television doesn't automatically 
translate online.

Sites also continue to attract mainstream 
investors, and several have gone public. Recently, 
ElSitio.com and Terra Networks SA, a subsidiary 
of Spanish telecommunications giant Telefonica, 
joined quepasa.com and StarMedia among the 
major content-focused sites to launch IPOs. And 
while this route remains attractive to many sites, 
the road from IPO to riches isn't always smooth.

StarMedia originally targeted Latin America before 
expanding to the United States last year. The 
company has been the subject of takeover 
rumors, but in March, Wall Street analysts 
downgraded StarMedia's stock because of 
concerns about rising costs in Latin America. CEO 
Fernando Espuelas defended the stock, noting 
that the company remained on target to turn a 
profit by the last quarter of 2002. Still, 
StarMedia's stock plunged more than 30 percent 
in one day, although observers predicted that the 
stock would eventually bounce back.

In February, Quepasa.com reported a loss of $28 
million in its first full year of operation. The loss 
represented more than half of the $48 million the 
company raised in its IPO last June. Company 
officials blamed marketing and hiring expenses to 
build business and name recognition. 
Nevertheless, the company's stock has continued to 
suffer.

Terra Networks SA is Europe's largest publicly 
traded Internet company and one of the world's 
biggest providers of Spanish-language online 
access and content. Earlier this year, Terra 
Networks targeted U.S. Hispanics with a 
multiservice site (www.terra.com). Television and 
print advertisements pitch the site as sensitive to 
the linguistic and cultural nuances of diverse 
Hispanic populations. In March, Terra announced 
a five-for-one stock split to make purchases 
easier for individual investors.

El Sitio.com raised more than $131 million 
through a public offering earlier this year. 
Investors include Cisneros Group and venture 
capital firm Hicks, Muse, Take & Furst.

Wall Street expects Yupi.com, a Miami-based 
portal, to go public soon. Sony is a major investor 
in Yupi.com, which promotes itself in English on 
mainstream network television. Several other companies, including Subasta.com, also hope to go public this year.

As the field becomes crowded, the competition for the audience becomes fiercer. When Subasta.com (www.subasta.com) launched a Spanish-language auction site for Latin America a year ago, the company had no real challengers. By early 2000, however, the Fort Lauderdale-based business faced at least two serious competitors: Miami-based MercadoLibre (www.mercadolibre.com) and Deremate.com (www.deremate.com) in Mexico City. "Another 8 or 10 competitors could pop up by the end of this year," says Subasta.com marketing director Riccardo Costa.

Unlike Subasta.com, MercadoLibre and Deremate.com also target U.S. Hispanics. The two offerings are among a fast-growing number of sites and portals aimed at Spanish speakers worldwide. "There has been an explosion of major Web ventures directed at Hispanics," says Lucas Graves, an analyst with Jupiter Communications, a San Francisco-based research firm.

The frenzied growth of Spanish-language Web sites is receiving a boost from the digital maturation of the nation's 31 million Hispanics, industry analysts say. "An entire palette of Web ventures are chasing the Latin America market but see U.S. Hispanics as a good jumping off point due to their higher income and greater Internet access. They are the low-hanging fruit," says Mr. Graves.

The Latin American market holds huge promise but remains undeveloped. Analysts say that Internet use in the region is growing 50 percent per year. However, they add, total market penetration remains at about 4 percent, owing to challenges including high tariffs and online charges, erratic delivery, lack of secure online payment methods, and poor customer relations.

Meanwhile, Hispanics in the United States and Puerto Rico account for about half of the world's Hispanics with Internet access. And they are ripe for the Internet picking because they are quickly closing the so-called "Digital Divide" — the disparity between Hispanics and Anglos with access to Internet technology, cited in a 1998 U.S. Commerce Department report. The breach is narrowing because of dropping PC prices and widespread Internet access in venues outside of homes.

Here's a sampling of sites that are vying for Hispanics' attention online:

Intelligent Life Corp., formerly Bank Rate Monitor, owns consejero.com (www.consejero.com). Based in North Palm Beach, Florida, the personal finance site targets business people and consumers in Latin America, while the U.S. Zona Financiera Inc. site (www.zonafinanciera.com) offers information on loans, insurance, and Latin American stock markets. Hipoteca.com is an online mortgage service.

BA Financial Inc., a Miami Internet financial services company, along with Orlando-based Metro Savings Bank, plans to launch an Internet-only bank for U.S. Hispanics (www.bancointernet.com) this year.

Medical self-help sites include www.graciasdoctor.com, New York-based MedicoUno (www.medicouno.com), and Buenos Aires-based Salutia.com. The latter two sites recently completed a $75 million merger and moved their combined headquarters to Miami.


Miami-based SportsYIA! Inc. (www.sportsya.com) serves the United States and Latin America; investors include Chase Capital Partners and Flatiron Partners, two New York venture capital groups.

Eritmo (www.eritmo.com) is a Miami-based music portal that offers videos, merchandise, and concert tickets. The founders are CBS-Telenoticias president Francisco de la Torre and Raul Vasquez, former Sony Latin America vice-president of finance. Investors include Telemundo Group chairman Roland Hernandez, former CBS chairman Michael H. Jordan, and Derek Reisfield, former president of New Media, CBS.

Espanol.com (www.espanol.com) is a Boston-based e-commerce site.

Miami-based Unlimited Latin Flavors operates www.latingrocer.com, which sells Hispanic and Caribbean foods. Ehola.com is a portal and Internet service provider run by Global DataTel Inc., based in Delray Beach, Florida.

Lalibrenal.com (www.lalibrenal.com), based in Boca Raton, Florida, is an online book retailer.

Perhaps the biggest challenge facing Hispanic-oriented sites is appealing to the broad diversity of U.S. Hispanics. Some of them surf the Web in Spanish, while others do it in Spanish and English or just English. Industry observers predict that site-use habits will evolve much as they did in the Spanish-language television and print markets: Hispanics will use Spanish-language sites along with – not in place of – English-language sites.

But even for that to happen, the sites have to do a lot more than present themselves as Spanish-language alternatives. They must specialize, experts say. "You still see a lot of generic sites for Hispanics. That's not good enough," says Ms. Walsh. "Besides the language and cultural appeal, the sites must give you a compelling reason to visit, or they will die, just like English-language sites," she says.
E-commerce: Business' next frontier

By A.S. Berman, USATODAY.com

AnotherUniverse.com, which began life as a mail-order catalog, grew to include six Washington, D.C. area stores. Online sales proved so strong, however, the company now plans to divest itself of the stores to concentrate more on e-commerce.

They're on billboards.

They're on your phone bill.

They're even on your paper towel roll.

They are World Wide Web addresses, and they're everywhere.

The "dot comming" of American business has seen traditional companies race to retool their businesses to be more "Web friendly" in the hopes of tapping a worldwide client base.

In the cases of some companies, success on the Internet has exceeded all expectations.

Case in point, businessman Stephen Milo, who parlayed his mail-order comic book business into a six-

http://www.usatoday.com/2000/century/tech/006e.htm
store Washington D.C.-area chain. Yet, it wasn't until he took his company, Another Universe, online in 1995, that his sales really shot through the roof.

In April 1998, the company's Web site beat sales at all six stores combined. By that time, Milo had already recognized the value of the Web, having affixed the ubiquitous "com" to his business name.

"The change of name really helped reinforce the Web site," says Milo, 35, attributing a slight increase in e-commerce activity to a name that automatically steers potential customers to the Net.

The company's online earnings have increased dramatically since it first hit the Web.

In 1996, 1% of the company's sales were derived from the Internet. That number jumped to more than 50% this year. By the end of 1999, Milo predicts AnotherUniverse.com's fourth quarter sales will have hit the $2-million mark.

"We're probably a little ahead of the curve," Milo admits, acknowledging that his company's success is not the norm for other online ventures.

In a move that may be a sign of things to come in the e-commerce industry, AnotherUniverse.com this year announced it is selling off its stores to concentrate entirely on Internet sales.

"For next year," Milo predicts, "we see our Net sales doubling."

(Requires: Real Player.)
Having trouble? Click here.

What is e-business?

e-business (e' biz' nis) The transformation of key business processes through the use of Internet technologies.

The Web is changing every aspect of our lives, but no area is undergoing as rapid and significant a change as the way businesses operate. As businesses incorporate Internet technology into their core business processes, they start to achieve real business value. Today, companies large and small are using the Web to communicate with their partners, to connect with their back-end data-systems, and to transact commerce. This is e-business — where the strength and reliability of traditional information technology meet the Internet.

This new Web + IT paradigm merges the standards, simplicity and connectivity of the Internet with the core processes that are the foundation of business. The new killer apps are interactive, transaction-intensive, and let people do business in more meaningful ways.

It's about to change

An e-business is a company that can adapt to constant and continual change. To manage transitions smoothly, you have to remember two important ideas:

- Start simple, but plan to grow fast.
- Build on what you have.

It's about business, not technology.

e-business isn't about re-inventing your business. It's about streamlining your current business processes to improve operating efficiencies, which in turn will strengthen the value you provide to your customers — value that cannot be generated by any other means, and value that will give you a serious advantage over your competition.

Expertise you can trust

Whether you're just starting to take the first steps or are already engaged in e-business, taking full advantage of the opportunities e-business can present requires planning — and this is where IBM can help.

IBM experts have a deep understanding of your business needs and the skills and resources to design, implement, and maintain superior solutions — solutions designed to deliver on the promise and potential of e-business.
the promise and potential of e-business.

About this Web site

The IBM e-business Web site is a resource for people who want to build and grow successful companies by maximizing the potential of today's information technology. The site will:

- Tell you what we think about e-business and its impact on business.
- Explain how e-business can provide new value to your company.
- Show you how IBM solutions fit into the picture.
- Expect this site to change. A lot. After all, IBM is an e-business, too.

e-business processes

So how does your company become an e-business? How can becoming an e-business help you maximize the value of your information technology investment? How can it help you reduce your costs and grow your revenue? There are four important areas or stages in this process. We think of these four stages collectively as the e-business cycle. They are:

- Transforming core business processes.
- Building flexible, expandable e-business applications.
- Running a scalable, available, safe environment.
- Leveraging knowledge and information you've gained through e-business systems.

There isn't a set order or hierarchy to this cycle. Successful e-businesses start at different points, and you can, too. But first, you must identify which of your core business processes are most suitable for, or most in need of, conversion to e-business.
Microsoft's E-Commerce Strategy

E-Commerce and the Digital Nervous System

WHITE PAPER

This article is an edited version of a white paper on the Microsoft e-commerce platform and strategy. You can download or view the entire white paper by clicking the link on the right side of screen.

Forging good relationships with customers and trading partners is key to building a successful business.

The potential benefits of e-commerce are clear: lower costs, greater reach, faster response times. But e-commerce doesn't mean simply pushing products at people faster. Because the Internet is such a good communications channel—it's fast, reasonably reliable, low in cost, and widely accessible—it can also deepen relationships with customers and partners.

With digital transactions and communication, companies can provide better service and support. This will become increasingly important as more and more consumers use the Web to gain access to information before purchasing and come to expect greater customization of products and faster service online.

The Internet can also promote closer collaboration and relationships among businesses. Suppliers and buyers can use the Internet to work more closely on joint projects such as tracking the success of a product promotion in real-time. Resellers can visit a supplier's Web site to check up-to-the-minute product availability and place orders.

Building Stronger Ties with Better Solutions

Microsoft's e-commerce strategy aims to help companies establish stronger ties with customers and business partners by developing solutions using its e-commerce platform, its partners, and the services of its Internet portal, MSN—The Microsoft Network. These solutions generally fall into one of several broad business categories:

- **Direct Marketing, Selling, and Service.** This includes brand development, direct selling, and customer service for business-to-business as well as business-to-consumer relationships. Creating site visibility, targeting offers at interested consumers, generating sales leads through a rich shopping experience, and providing responsive customer service and support are critical to online direct marketing, selling, and service. Other
direct marketing, selling, and service. Other important considerations are secure credit card authorization and payment, automated tax calculation, flexible fulfillment, and tight integration with existing back-end systems such as inventory, billing, and distribution.

Online billing, investment services, home banking, and the distribution of digital goods and content can all be important components of direct marketing and service on the Internet. Even if companies don’t rely extensively on the Internet for marketing, sales, and service, they and their customers may benefit considerably from online billing and payment. The average person receives 12 bills a month by mail from retailers, credit card companies, and utilities. Many of these billing companies are beginning to realize the benefits of sending their bills over the Internet as “e-bills.” Services here may also include delivery of digital information and media. Such distribution over the Internet requires special support for retention of intellectual property rights, also known as digital rights management.

- **Corporate Purchasing.** The Internet can help automate manual processes for most companies, making purchasing a self-service application for buyers and a trading application for suppliers. Generally this involves the procurement of low-cost, high-volume “indirect” goods for business maintenance, repair, and operations. These goods include office supplies, cleaning supplies, and replacement parts. The benefits of online corporate purchasing include lower administrative costs, improved responsiveness, and reduced inventories of supplies and replacement parts.

- **Value Chain.** This encompasses establishing direct links with trading partners either “upstream” to suppliers or “downstream” to distributors and resellers. The Internet virtually eliminates the need for and the cost of private networks, thus opening up business-to-business communications and e-commerce to companies of almost any size. Internet trading tightens relationships between businesses to create a more dynamic value chain that reduces inventory requirements, shortens billing cycles, and makes businesses more responsive to their customers.

**Challenges in Implementing E-Commerce**

It’s easy to describe e-commerce and the benefits resulting from its implementation. It’s not so easy to develop and deploy e-commerce systems. Companies have faced significant hurdles in these efforts:

- **Cost.** E-commerce requires sophisticated, distributed systems based on new technologies that can touch many of a company’s core business processes. As with all major business systems, e-
commerce systems require significant investments in hardware, software, staffing, and training. Businesses need comprehensive solutions that are easy to use and thus help enable cost-effective deployment.

- **Value.** Businesses want to know that their investments in e-commerce systems will produce a return. They deploy e-commerce systems to achieve business objectives such as lead generation, business process automation, and cost reduction. They want to ensure that these objectives are met. Businesses also need flexible solutions so that they can easily adapt a system to meet changing business conditions.

- **Security.** Because the Internet provides almost universal access, a company's assets must be protected against misuse, whether accidental or malicious. At the same time, that protection should not compromise a site's usability or performance nor make its development too complex. There is an additional security issue: Because e-commerce systems enable the collection and usage of sensitive information about individual customers, companies also need to protect the privacy of their customers.

- **Existing Systems.** Companies need to be able to harness the functionality of existing applications into e-commerce systems. Most companies new to e-commerce already use information technology to conduct business in non-Internet environments—in existing marketing, order management, billing, inventory, distribution, and customer service systems. The Internet represents an alternative and complementary way to do business. It's imperative that Internet e-commerce systems integrate existing systems in a manner that avoids duplicate function and maintains usability, performance, and reliability.

- **Interoperability.** Interoperability here means the linking of trading partners' applications in order to exchange business documents. These systems must work together well in order to achieve business objectives. For example, the order-management application of a business partner must interoperate with the inventory applications of its suppliers. Interoperation between businesses reduces costs and improves performance. It enables the implementation of more dynamic value chains.

**The Microsoft Strategy: Meeting the Challenge**

Microsoft's e-commerce strategy helps businesses establish stronger relationships with customers and partners by delivering the benefits of e-commerce and addressing the issues of implementing e-commerce systems. **Platform, portal, and partners** are three essential elements of the Microsoft e-commerce strategy. In addition, the company has developed a platform-neutral e-commerce framework called Microsoft BizTalk™, described by Microsoft CEO Bill Gates "as the glue that ties this all together."


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The Microsoft e-commerce platform is the set of software technologies and products that implements and supports e-commerce. Microsoft strives to offer the best technology platform for e-commerce solutions. The platform starts with Microsoft Windows®, serving as a universal access point to provide consumer and business users with secure access to online e-commerce services. Windows contains support for standard Internet security protocols to enable secure, convenient online payment.

To enable businesses to create comprehensive online sites and applications, the platform also includes the Microsoft BackOffice® suite of server applications, including Microsoft Windows NT® Server, Microsoft SQL Server™ 7.0, and Microsoft Site Server 3.0 Commerce Edition. BackOffice integrates with development tools such as Microsoft Visual Studio, providing speedy development of secure, scalable e-commerce applications. BackOffice-based e-commerce applications can easily integrate an organization’s existing systems—including SAP, Baan, Oracle, AS/400, and mainframe systems.

The Microsoft portal for consumers is MSN—The Microsoft Network. MSN gives consumers the ability to research products and services, as well as shop and buy online, all from one convenient location on the Internet. Because more than 40 percent of Web users in the U.S. visit MSN each month, MSN can help any business generate awareness and demand for products and services with a large and qualified target audience. MSN’s advertising, partnership, and small-business services help companies reach and build relationships with their online customers. In addition, MSN’s Internet e-commerce services provide excellent partner-integration opportunities at any level for the consumer-goods, automotive, financial-services, real estate and travel industries.

Moreover, MSN Sales works with companies to find the best online opportunities to meet specific marketing goals. With the recent addition of LinkExchange, MSN now offers a broad set of services to help small businesses increase their visibility online and strengthen their relationships with customers. MSN is also slated to introduce a free service that will provide a single, secure identity and an electronic wallet that can be used across all Microsoft and third-party Web sites that meet Microsoft’s strict consumer-privacy guidelines. The service will help facilitate Web-site access, make online purchasing easier, and provide individual consumers with content that is tailored more closely to their interests and preferences. For business partners, the introduction of this service will provide an opportunity to increase reach, revenue, and retention by making the online shopping experience easier and more appealing.

Another service deserves mention: TransPoint, a joint venture of Microsoft and First Data Corporation that offers an Internet-based bill delivery and payment service called TransPoint e-Bills. This service, which is scheduled to launch in 1999, is designed to make the payment process
faster, simpler, more efficient, and less costly for companies of all sizes that perform billing and for financial institutions that support consumer and small business customers. For a fee per bill that is approximately the same cost as postage for a paper-based bill, TransPoint delivers electronic versions of bills and returns payment and remittance information.

Microsoft partners can provide businesses a choice in e-commerce solutions and ensure the successful implementation of e-commerce systems. Microsoft partners offer both software products and professional services designed to help companies implement sophisticated e-commerce solutions. Microsoft Certified Solution Providers—consultants, skilled and trained in developing, deploying, and managing e-commerce sites and applications—offer professional services for businesses of all sizes. Leading systems integrators work with enterprise customers to provide a range of e-commerce-related services into Enterprise Resource Planning (ERP) systems. Industry-leading Internet services providers host e-commerce sites for smooth round-the-clock operation.

An expansive offering of products from multiple independent software vendors (ISVs) extends the Microsoft platform, helping customers minimize custom development. Many ISVs participate in the Value Chain Initiative—a consortium of Microsoft and 180 companies that has built a software framework for implementing business-to-business value-chain trading on the Internet.

BizTalk: Bringing It All Together
A key component of the Microsoft e-commerce offering that deserves some detailed mention is BizTalk, a platform-neutral e-commerce framework that makes it easy for businesses to integrate applications and conduct business over the Internet with trading partners and customers. The BizTalk Framework uses Extensible Markup Language (XML) to work around the obstacles of integrating different operating systems, different languages, and different software applications both within an organization and between trading partners. The benefits of BizTalk include:

- **Easier integration of software applications.** BizTalk, with XML as the underlying technology base, simplifies the process of integrating applications by providing a common language for the exchange of business information.

- **Greater process integration with trading partners.** With BizTalk-enabled e-commerce software, supply chains can be automated and extended to all trading partners, allowing better integration of business-planning processes and improved response. Businesses can extend their existing infrastructures with BizTalk and begin to share design information, respond to sales leads, and build deeper trading relationships with partners.

• **Linkage to online marketplaces.** In online marketplaces, consumers want richer information to help them make purchasing decisions. By incorporating standards for describing business, product, and promotions information, BizTalk can make it easier for organizations to publish their products and offers to online marketplaces and reach consumers with the appropriate information when they’re ready to buy.

**The Future**

With all the current focus on the Internet, it is sometimes easy to forget that e-commerce is still in its infancy. Even so, the Digital Age is already producing profound effects in numerous businesses. Witness what is occurring in book and music retailing, computer sales, and office-supply purchasing: New companies or new category leaders have emerged and existing sellers have had to adjust their business models dramatically.

These changes will continue to accelerate in the coming years as more and more people connect online and become comfortable with digital transactions, and companies figure out new and better ways to conduct business online, such as customizing Web sites to fit customer preferences. The companies that make the adjustment and employ a digital nervous system effectively and imaginatively stand to emerge at the forefront in a networked economy.

**For More Information**

Return to the E-Commerce page.

If you’re ready to find out more about building or improving your organization’s digital nervous system, here’s how to take the Next Steps.
Online retail sales are expected to grow by upwards of 500 percent over the next two years, according to more than half of those responding to a recent survey.

The United States Chamber of Commerce KPMG survey polled 150 policy makers, company executives and association heads.

Nineteen percent of the survey respondents predicted Internet sales, estimated to be $8 billion last year, would top $100 billion by 2001. Over half (53 percent) thought it would reach $50 billion to $100 billion and 21 percent thought sales would reach $25 billion to $50 billion.

Only 7 percent thought that Internet sales would remain lower than $25 billion over the two-year period.

The survey was conducted during a conference on E-Commerce Taxation at the United States Chamber of Commerce/National Chamber Foundation and sponsored by KPMG and Deloitte Touche.

Douglas Graham, a partner with KPMG’s Financial Services Consulting practice, said he feels that “we are in a transitional period right now, one in which there is heightened interest in adopting fair policy.”

More than three-fourths (76 percent) of the survey respondents said, for the purposes of taxation, remote electronic transactions should be treated the same as catalogue sales.

And most (56 percent) thought a sensible legal, fiscal and regulatory framework that minimized government regulation could be adopted for the Internet.
Women.com Launches Online Boutique

Women.com Networks Inc. rolled out She Gets Dressed, an apparel and accessories online marketing effort.

While Women.com currently sells products through over 60 e-commerce partners, She Gets Dressed represents its first direct online retail effort to consumers.

"We have built a highly scaleable transaction platform for She Gets Dressed that will give Women.com the opportunity to add additional e-commerce partners in the future, deepening our network even further," said Marileen McDaniel, chairman and CEO of Women.com.

She Gets Dressed offers a variety of designer brand names in an edited selection of products from designers like Max Studio, Suzan Briganti and Echo Scarves.

The site includes three key areas:

- She Needs: highlighting key wardrobe essentials, such as the button down stretch shirt and slim pants
- She Wants: featuring trends and wardrobe themes for the season, such as "urban utility" and "wild things"
- She Finds: a quick search for that special item in specific categories including accessories, foot-wear, tops and bottoms

The site also has an online fashion "retail therapist" to help build the perfect wardrobe. The "Style Shrink" appears throughout the She Gets Dressed boutique to offer insights and views about women and the latest fashion trends.

"She Gets Dressed is designed from feedback we received from women about the way they like to shop," said Donna McDonald, vice president of e-commerce at Women.com.

http://www.internetnews.com/ec-news/print/0,1089,4_237931,00.html
Women.com is comprised of more than 90,000 pages of programming organized into 20 topical channels, including Fashion & Beauty; Horoscopes; Food; Sex & Romance; Health; Career & Money; Pregnancy; and Home.

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http://www.internet.com
NET PROFITS
Four Secrets to Successful Electronic Commerce
Paul Graham

How do companies make money online? How will they do it in the future? Internet commerce is now about two years old, and we are starting to have real answers to these questions.

These past two years have been full of surprises. Companies that didn't exist before the Web, like Amazon Books and CDNOW, have grown big almost overnight. At the same time, many established companies have stumbled in their attempts to build a business online.

Selling on the Web is different from selling through catalogs or retail stores. Companies like Amazon and CDNOW have succeeded because they understood how to play this new game.

What's new about it? For the first time in history, there is an inexpensive sales channel direct to consumers. That's probably the single most important fact about the Web. Three years ago, if you wanted to sell direct to consumers, you either built retail stores, did catalog mailings, or hired telemarketers. In each case the entry fee is hundreds of thousands, if not millions, of dollars.

On the Web, anyone can sell to consumers worldwide for as little as a hundred dollars a month. That is not to say that all you have to do is open an online store and 30 million consumers will fall into your lap. Quite the opposite. It takes a lot of work to build a successful online store. But the low startup cost gives young companies an opening that didn't exist before.

How can your company take advantage of this

http://www.hp.com/Ebusiness/may/netprofits.html

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opening? Here are the most important secrets that the winners so far have discovered:

1. **Make a professional-looking site.** The Web is like a big city: no one knows you, so you get judged by your clothes. The Web lets you sell to consumers halfway around the world, but chances are that consumers halfway around the world have never heard of you. They will judge you entirely by your site.

   This doesn't mean that you should build a fancy site, full of big graphics and bouncing Java applets. Fancy sites tend to be slow, and they confuse visitors. A professional site is clean and simple. One good example is Dean & Deluca, whose Web site has the same spartan look as their stores.

2. **Focus on sales, not hits.** The conventional wisdom is that sales increase with hits: you draw thousands of visitors, a certain percentage place orders, and your sales go up. In this case, the conventional wisdom is wrong. It would be right if most online purchases were impulse purchases. But our data shows that impulse purchases are rare online.

   At least 70% of online purchases are made by people who were looking to buy. We know this from analyzing the search keywords used by visitors who come from search engines. To increase your sales you need to put yourself in front of that 70%, because that is where the money is.

   How do you do that? You look at where your existing sales are coming from, and focus your marketing efforts there. The latest generation of online store software provides tracking tools that can tell you which sites are sending you visitors who actually spend money. So if you find that you get a lot of sales from people searching for a certain phrase in a certain search engine, buy ads tied to that phrase.

3. **Lower your prices.** This is one of the reasons Amazon is so successful. They sell most books at a discount, and they sell bestsellers at 40% off.

   Consumers expect prices online to be lower. They

http://www.hp.com/Ebusiness/may/netprofits.html
have every right to, because the cost of sales is much lower. A catalog mailing might cost $10 for each person who actually places an order (50 cents times 20 catalogs per order). Even an unsuccessful online store does better than that.

It makes sense to split the savings with your customers. If you don’t, your competitors will, and on the Web, customers can get to your competitor’s Web site with one click.

4. Take your online store seriously. One thing that distinguishes winners like Amazon and CDNOW is their large inventories. They show they are serious about selling online.

Many established companies have Web sites that send the opposite message. I know of several catalog companies that have set up test sites with 20 or 30 items, to see if they get any orders. This doesn’t work online any better than it does with physical stores. If a national chain set up a test store near your house with only 20 or 30 of their regular items, would you even bother going?

If you take a wait and see attitude toward the Web, online shoppers will take the same attitude toward you. To get the ball rolling, you need to show commitment. Fortunately, current online store software makes it easy to build a site with hundreds of items. Frederick’s of Hollywood’s online store has most of the items from their print catalog, and it was built by one person in a few days.

If you remember just these four points, your company will be way ahead of its competitors.

But what about the long term prospects? Who will ultimately win on the Web?

To succeed on the Web, a store has to be the place to buy whatever it is selling. There will be thousands of niches, some big and some small, each

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dominated by a handful of sites.

For example, there will be a few big sites selling top-40 CDs, and it will be nearly impossible for a newcomer to compete with them.

The good news for small companies is that there will be a lot of smaller specialized niches. Other companies, not as big as CDNOW, will dominate niches like Model T parts, Czech books, and rare teas.

The best way to dominate a niche is to be the manufacturer. For example, Harbor Sweets' Web site is going to be the place to buy Harbor Sweets online, because they make them.

Ultimately manufacturers may be the biggest winners online, particularly small manufacturers who have till now been at the mercy of the channel. The success of factory outlets shows that consumers like to buy direct from manufacturers. With the low cost of selling online, even small manufacturers can take advantage of this trend.

BIOGRAPHY
Paul Graham, co-founder and president of Viaweb, Inc., is the author of On Lisp (Prentice Hall, 1993) and ANSI Common Lisp (Prentice Hall, 1995). He has worked as a consultant to the US Department of Energy, DuPont (for whom he wrote one of the first parametric CAD programs), and Interleaf. He has an AB summa cum laude from Cornell University, and a Ph.D. in Computer Science from Harvard University.
After being the subject of countless discussions among academics, futurists, and computer enthusiasts over the past decade, electronic commerce or e-commerce has in the past few years come of age and is now an increasingly important element in the business strategy of many small firms.

According to a recently released survey of 504 small firms conducted by the Arthur Andersen Enterprise Group and National Small Business United (NSBU), 22 percent of small and mid-sized firms are using the Internet to sell their goods and services. Close to 1.2 million small businesses are actively using their Web sites to market and advertise their businesses.

"If there was ever a 'time of technology' for small and medium-sized businesses," said the report, "the past two years might rank pretty high."

Of firms reporting a Web presence, 78 percent use it to reach new customers, 65 percent use it to sell goods and services, and 17 percent use it to expand globally.

"None of these findings are surprising. Markets change overnight," said Jere W. Glover, the SBA's chief counsel for advocacy. "Money moves at nearly the speed of light. The Internet is the tool to compete in the global marketplace, and to reach new sales goals."

Government officials and national surveys have only to look to Wall Street to find evidence of the increasing respect that e-commerce commands in the marketplace. In the first three months of 1998, businesses engaged in e-commerce raised $273.1 million in initial public offerings (IPOs), setting the stage for a dynamic year in the stock market. For example, one company's IPO opened at $9 per share and closed at $63.50 in its first day of trading. Another major e-commerce company shipped more than 7.5 million units in the fourth quarter of 1998 and had sales of about $600 million over the entire year. The same company saw the price of its stock rise 1,300 percent in 12 months. The trend continues for other e-commerce businesses as well.

The growth of e-commerce continued with the 1998 holiday shopping season. According to a survey by Zona Research, Inc., the average on-line shopper spent more than $600 on-line, an increase of 191 percent from just one year ago. Zona Research projected that U.S. holiday Internet sales would total $3 billion. When asked why they used the Internet to shop, 36 percent of those surveyed answered to save time.

To better assess the impact of electronic commerce on small business, the Office of Advocacy is putting together a special report on e-commerce.

For More Information


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The study by Zona Research is available at www.zonaresearch.com.

The Office of Advocacy will be publishing a special report on e-commerce later this year. For information, contact Victoria Williams in Advocacy's Office of Economic Research at (202) 205-6530 or via e-mail at victoria.williams@sba.gov.

Small businesses flock to Net

By Bill Meyers, USA TODAY

The electronic commerce revolution is spreading like wildfire at the grass-roots level.

A new study shows that 1.2 million small businesses with fewer than 100 employees had Web pages at the end of 1998, more than twice the number in 1997.

The fast-rising figure is expected to nearly double in 1999 to 2.1 million small companies, according to Ray Boggs of IDC, a market research firm based in Framingham, Mass.

A second report, just released by Bank One, reveals that about 20% of small businesses with 10 or fewer employees now have Web sites.

"If you own a small company and you're not on line or planning to be on line within the next six months," says Jane Applegate, a small-business expert, "you're heading toward obsolescence and you'll ultimately go out of business."

Small companies have embraced e-commerce because setting up a Web site is now so inexpensive and easy. ImageCafe.com, a cyberstore stocked with hundreds of elegant Web site designs, lets small firms customize, register and launch home pages for $300 to $700.

And IBM's Home Page Creator helps businesses catalog 500 items for sale and conduct secure credit card transactions for as little as $29.95 a month.

"This is a terrific way to get into business," says Keenie McDonald, vice president of small and midsize business services at IBM. "You now have the ability to create a virtual storefront, but you don't have to plow
hundreds of thousands of dollars into brick and mortar."

Experts agree that the key to online sales success for small firms is keeping it simple.

"The more focused your small-business Web site is, the more effective you'll be on line," says John Robb, president of Gomez Advisors, a consumer e-commerce market research firm. "You need to be in a niche product area."

Adds Joan Keller, co-owner of Le Travel Store in San Diego, which sells wheeled luggage that turns into a backpack and generates about 45% of its revenue online: "Web pages have to be designed so search engines can easily find you."

Alan Albaitis wouldn't dispute that. A 17-year veteran of the Las Vegas Fire Department, Albaitis has painted all his life. Combining work and hobby, he set up a unique Web site that sells fire engine art last year. Since then, online sales have exceeded $100,000.

Entrepreneurs also are using advertising to drive business to their new Web sites.

Rosemary Zraly, whose Champagnelady.com site offers visitors a taste of the bubbly, has spent $3,000 on ads.

"The goal," says Zraly, who has had 4,000 customers since March, "is to create a buzz."
WOMEX Reinvents the Global Marketplace

Around the globe, today's major retail chains import nearly 30% of their products for resale. With increased pressure to price products more competitively, buyers must search for ways to do more efficient sourcing, more cost effectively.

Enter WOMEX, a new business-to-business trading service that brings together buyers and manufacturers from more than 135 countries in an on-line community. The WOMEX On-line Global Merchandising Communications System was launched in mid-1996 to meet the growing need of worldwide export manufacturers to reach a

If Mikey Would Like It, They'll Know

LikeMinds recently launched a set of web marketing and management tools designed to help businesses provide personalized web environments that adapt to a user. They've dubbed these products "Tools That Help People Decide."

Filtering and customization tools, tools which track user likes and dislikes, user navigation through a site, and user purchases in order to make future recommendations for that user are hot right now as sites attempt to find an edge against their competition. The most well-known competitors in this market are NetPerceptions and Firefly.
manufacturers to reach a larger buying community and for import buyers to locate more sources of potential products. The WOMEX service makes it possible for importers and exporters to communicate directly with each other, with no third party intermediary.

WOMEX has created an Extranet, a private on-line community using Internet technology. Retailers can compare products and negotiate product requirements, pricing and contracts directly with manufacturers in a secure environment. The system offers a product database, a commerce information database, a state-of-the-art communications network, and a news section. It also features digital photos of product and factory facilities, product specifications, manufacturer contacts, and email addresses to facilitate direct communication.

LikeMinds has established a working demonstration site using their software -- the Movie Critic. There are no products for sale at this site, no transactions to be made. Nevertheless, the site is fun, serves a useful consumer-oriented purpose, and is addictive.

That's right, addictive.

Try it.

You have to register for Movie Critic, and to register, you have to rate 12 movies you've seen. After doing that, Movie Critic has enough info to begin providing recommendations for your "best bets" on: new movies, videos, and classics.

Many of the top chain drug stores in the world and the largest retailers in the U.S., Europe and South Africa are on board as subscribers, including Dollar General Stores, Eckerd's, Enaco Sales.

You can also see your "worst bets." These recommendations are based on the "collective wisdom of other people like you."

http://www.hp.com/Ebusiness/may/action.html
According to LikeMinds, "the average Movie Critic user rates over 80 movies and generates 50 page views and 40 personalized recommendations per visit. 90% of users are repeat visitors who come back over and over again."

Upon seeing your first set of recommendations, there will, likely, be a movie or two which you've seen and feel strongly about. You'll itch until you go ahead and rank it, too. Of course, the more movies you rank, the more accurate the predictions will be. So you'll rank another, and another, and another.

Hate to Shop or Just Don't Have Time? Sainsbury's brought the grocery to work for some HP employees

A desk-top application, co-developed by HP and Sainsbury's grocery chain in England, allows employees to

http://www.hp.com/Ebusiness/may/action.html

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support up to 200,000 simultaneous users, and have had 100% uptime with HP9000 K-Class servers.

"I have a chart for tracking network and system performance, says Ron Fellows, VP and Chief Technology Officer of WOMEX. "Because we've had 100% uptime, there's not a line on the chart."

Today, WOMEX is a robust electronic business-to-business system, with over 30 dedicated host computers on-line. Subscribers log in through a dedicated line from MCI worldwide, or over the Internet, either via Connect's Interface or Netscape. Buyers and sellers who use WOMEX no longer have to travel to countries all over the world for on-site visits to manufacturers, attend trade shows, pore over outdated catalogs and make calls to get accurate pricing. Through WOMEX and the power of the Internet, they get the latest and best data to make the best business decisions possible.

allows employees to shop from the comfort of their (ergonomic) desks.

Employees at the HP office at Amen Corner, Bracknell in Berkshire are able to access a range of 20,000 Sainsbury products simply by logging on to the Intranet.

According to users, "the 'shop' is easy and quick to navigate." All employees have to do to virtually pick an item from a shelf is click on the item, and it shows up in their shopping basket.

"They can select the size and quantity of each item and may add any special comments or information such as whether they require ripe or under ripe tomatoes."