Brave new marketplace world?

by Goldman Sachs Invest-

ment Research, tumover in

the European b2b sector will

rise to 500 billion euros by

the year 2002 (see illustra-

tion). This would actually be

double the forecast for the

Technically fit, but the content's a flop. This verdict applies to quite a number of online marketplaces, as we show in our marketplace test. Yet there are examples to the contrary, where web design, benefits and business model are just right.

current year.

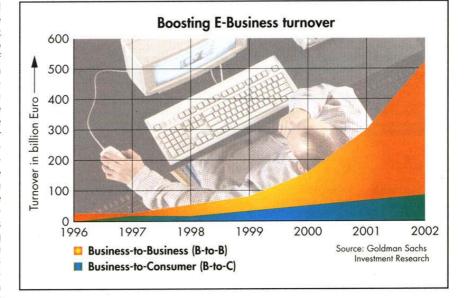
On the whole the platforms display sufficient (technical) stability — what they lack are visitors. The Stamberg software company Business Gateway AG has found that captains of German industry in particular have a rather reserved attitude to-

wards the blessings of online business. Only 20% of the managers surveyed thought that the new economy would actually "revolutionize" business. More than half consider the Internet economy to be nothing more than "old mutton dressed up as lamb". The fact that not every Internet platform has lived up to its promise may have added to the disappointment among decision-makers. **Analyses** conducted by the consultancy firm Mummert & Partner, the US software house Acvta

Safety features also require revision. Some providers send user names and passwords by e-mail unencrypted. One provider, however, placed the biggest obstacle in the path of its potential customers by requiring the user to obtain a D-U-N-S number in advance to be able to register. This numbering system is used worldwide to identify and register all companies in a uniform manner. Although this impediment probably has an admirable purpose, it is more

A newsflash recently posted by the online news service newsroom.de reported that Internet bankruptcies tend to increase towards the end of the year. The information was based on a study conducted by the American company webmerges.com. More than 210 dotcoms worldwide were forced to close their doors last year. The 40 startups that exited from the market in December 2000 alone sent investor capital with a value of \$1.5 billion up the chimney, so to speak. In Germany, where the e-business run is only now really getting underway, the precursors of a market adjustment have already appeared. Online marketplaces are merging (such as X-market and Goodax) or moving forward in unison (Allocation.net and Golndustry) to achieve greater market penetration.

"The gold digger mentality in online commerce has vanished," according to one of the articles in the most recent edition of the Fraunhofer magazine. "Now that one soap bubble after the other has burst, the recognition is gradually settling in that the rules of the real market apply in the virtual medium as well." This does not, however, appear to dampen the optimism of market researchers and investment bankers. According to a projection made



Technology, and of course our own "Marketplace Test" on the following pages provide evidence of this.

With some marketplaces the underlying business model appears to be hardly plausible or viable. The sympathetic user may well ask himself what advantage a marketplace has if, instead of price information, he only finds hundreds of "price supplied on request" entries or is presented with only one supplier (if any) at the end of a search. The low level of automation in various marketplaces ("send us an e-mail ...") leads to the conclusion that not much is happening here as yet.

What would be helpful to company salesmen are interfaces for transferring products and product information intelligently and without having to enter information for each individual case. If such interfaces exist, the providers have so far preferred not to draw attention to them on their sites. The user is bound to feel that he has to enter too much data manually using individual web forms. This is one reason certainly for the low capacity utilization rates of most platlikely to frighten off potential users.

To sum up: Exchange platform technology is in place (with small reservations) and waiting to be used. Now companies seem to be waiting for proof that participation will lead to economic benefits - which, given proper use, is undoubtedly is the case. The pioneers have already indicated the magnitude of cost saving potential waiting to be tapped. Now the providers have to find a way of getting the message across to other users.

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E-marketplaces for industry on the testbench

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Machines, took, row moteri- ok, component supplies, works equipment, logistics services, ISP services, softwure development	A and 8 class goods, capital goods, survices, indirect goods	Plesics (raw and outsitry materials), semi-finished materials, finished parts, new muchines, took, monutationing resources, services for placific processing	Used mochines, data pro- cessing systems, office equipment	New/used industrial goods, services, production rapact- ties, E dass goods	Surples stock (e.g., morbines, camputers, office equipment)	Information service for the manufacturing industry, including searches for used machinery	themical products, informa- tion and communications technology, raw materials, mediate parts, components, passics, packaging, furnishings.	Components for mochinery and plant building C class goods	New materials, mathines, peripherals, dies and molds, experise in the plastics manufacturing industry	Items hundled/ services
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Purchasing free of charge Selling: 1—6% of value of goods	Free trial access (purchasing and selling) with an emud fee starting of € 1.275 (buyer) and € 650 (seller)	Pro-rated based on value of goods starting at 2.5% (from seller) + € 95 registration fee	3–6% based on value of goods (from purchaser)	3% of sale price (seller and buyer, respectively) for existing tracing storting at € 400 pending registration in the virtual trade for	Commission based on sale prike (standerd)	Made separately by agreement, © 40 fee fer a used mochinery search (successful)	free of charge for sollers; purchasers select frem various price models (standard fee: 2.25% of value of goods)	Starting at © 250/month (flatrate)* Trial occess fee: © 350/month "3-maint year-oot strance maceletical outer	© 150 + VAI. for a six-month membership including home page.	Prior/ feet
a) Approx. 1000 participants b) Ruhrkohle AG	a) Approx. 10,000 customes (2000) b) Not specified	a) € \$1.13 million expected in 2001 b) Demag Ergatech	a) € 5.11 million in sales (2000) b) Hermle, Luffbansa, Carl Zeiss, Dräger, Daimler- Chrysler	e) Agarox. 2,000 users, © 0,77 million in used machinery los of find quarter, 2000), currently 11,739 machines registered in database b) Net specified	o) Not specified b) Not specified	a) Net specified b) Net specified	a) Approx. 3 500 participants b) Daimler Chrysler, MAN, Stemens, Sartorius, Xerox	a) Live since February, 2001 b) See above	a) Approximately 95,000 site visitors (as of March 1, 2001) b) Not specified	a) Level of activity b) Customer references
WM Group, Leasenet, Insure XL, Allago	GQ, Integro, Livingstone, Optiz + Fortner, Procenitos, DF Teleservice	Living Systems, Glessi-Verlog, Trusted-Trade, Surplex, Axo, Creditreform, Trade NetOne.com	Deutsche Leosing, Schanker, Bureau Veritas, American Appraisal Associates, Beflor	tick-flogistic, Sachen Industriedaten, global seurcing	Doutsche Bank, Creditreform, SGS, Bureau Veritas, techpilot.net, palymerce.com, Mas Activo, various logistics service providers	Not specified	Various logistics compenies, Dun & Bradstreet, SGS Air-Plus, allstar procure, BME, SAPMarkets (in the development stages)	Babtook-Borsig mg technologies AG, VA Technologies AG, Deutsche Bonk AG, SAP morkets	Not specified	Pathers
e) Yes online + duplicate of commercial register b) No	e) Yes, online b) Net specified	e) Yes, online b) Yes, vin a credit check	e) Yes, online b) Bank confirmati required at auclians over € 2,500	a) Yes, online b) Yes	a) Yes online b) Possible via a cn check	a) Yes, online b) No	a) Yes, online b) Yes, through Dun & Broddreet	a) Yes, online + in writing b) No	a) Yes, online b) No	c) Registration h) Credit rottag
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Marketplaces – the test winner

thing you cannot always take for granted (unfortunately). nance and insurance prod ucts there is also a button, fo place using three languages throughout. The wealth of Netbid offers navigation fea-tures that are easy to under-stand right from the start, quotations for dismantling and transporting a used ma-In addition to traditional f isit. Users can solicit cost nake an appointment for a firectly to the salesman or to where you need it - some deserves particular mention. t is always available right narketplace on the internet which is the essence of any o facilitate ease of use. You ınd it uses clear terminology xample, to route questions pression

he partners on the network.

New users will find that

browsing in the ardhive is a

good way of evaluating the

price level at post auctions

and helps to increase trans
parency. Yet another useful

feature is the ability to place

search listings. E-mail notifi
cation is then sent when of
fers are received. No function

is more impressive however,

the sent the sent way of the sent the

sent the sent when ofoperator enhances user con-fidence. A free newsletter provides the finishing touch to a thoroughly positive imuser – in pre-selected steps up to a defined limit – in case he is not online himself. A than the automatic bidding agent, which can be used to submit bids on behalf of the dear-cut security policy by the dine by online query from

on behalf of MM.biz Mario Fischer tests electronic marketplaces

Dr. Mario Fischer is Professor of Business IT at Würzburg polytechnic, Germany and is head of an institute for e-strategies. Fischer is a recognized expert in usobility design of technical systems, particularly web applications. Within the framework of his immerous practical projects, he tests and evaluates web sites from the user perspective. The approach based on "user simulation" methodology yields valuable opinters to a web site's improvement potential. It is not unusual for companies to conduct a comprehensive re-launch of the results obtained from objective tests of this type.

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