

## Brave new marketplace world?

**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.**

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.

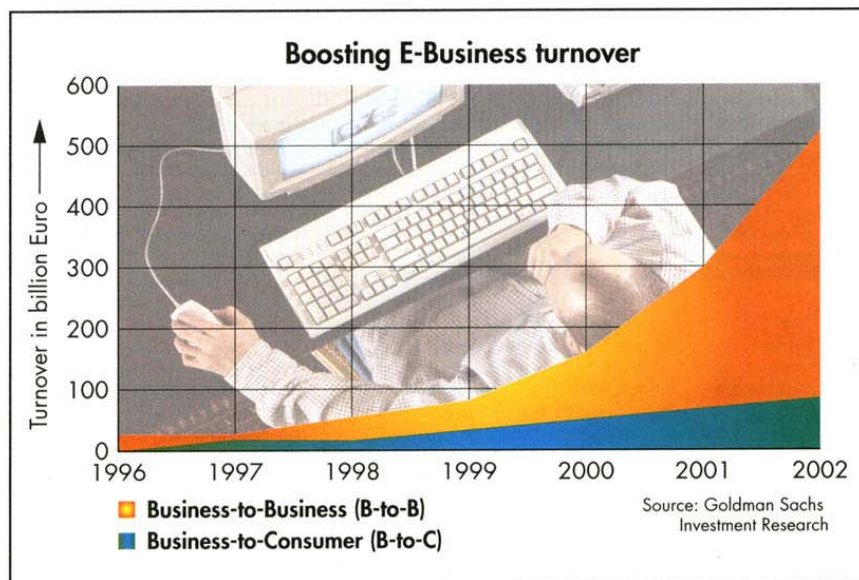
"The gold digger mentality in online commerce has vanished," according to one of the articles in the most recent edition of the Fraunhofer magazine. "Now that one soap bubble after the other has burst, the recognition is gradually settling in that the rules of the real market apply in the virtual medium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

by Goldman Sachs Investment Research, turnover in the European b2b sector will rise to 500 billion euros by the year 2002 (see illustration). This would actually be double the forecast for the current year.

On the whole the platforms display sufficient (technical) stability – what they lack are visitors. The Starnberg 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



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 platforms.

likely 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 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.



