



Public vs. Private: Exchanges and the Evolution of the Supply Chain

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Agenda

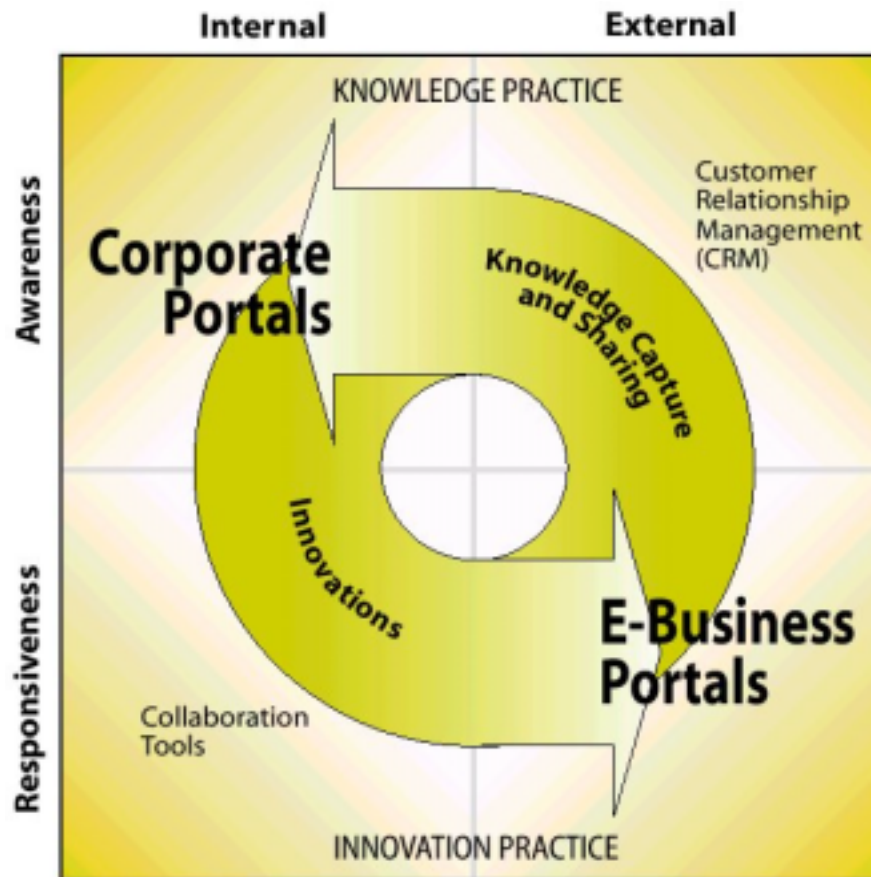
- Overview of Public and Private Portals
- The Future of Public Portals
- Evolution of Private Exchanges
- The End Game: Supply Chain Portals

Portals Defined

- Public Portal
 - AKA marketplace, emarketplace, public exchange, B2B exchange
- Corporate Portal
 - AKA intranet, knowledge repository
- Partner Portal
 - AKA extranet, electronic supply chain (EDI), private exchange



Corporate Portals and Partner Portals



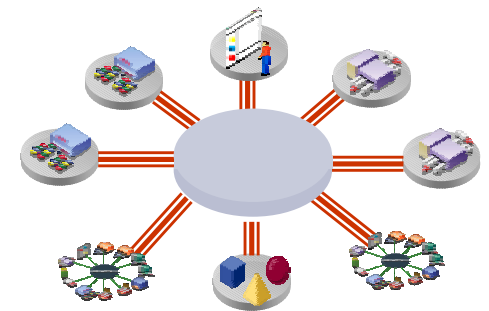
Source: The Delphi Group, 1999
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Corporate Portals and Partner Portals

- Two primary types of portal implementations:
 - Internal awareness
 - External responsiveness
- Internal portals (corporate portals)
 - knowledge practice
 - deployment of knowledge-supporting applications
- External portals (partner portals)
 - innovation response
 - e-business focused applications
 - interactions resulting from collision of supply and demand chain activity

Current State of B2B Exchanges

- More than 600 different industry-specific marketplaces
- Three main types of Exchanges:
 - Public Exchange – independent
 - Captive Exchange – controlled by gorillas
 - Private Exchange – proprietary

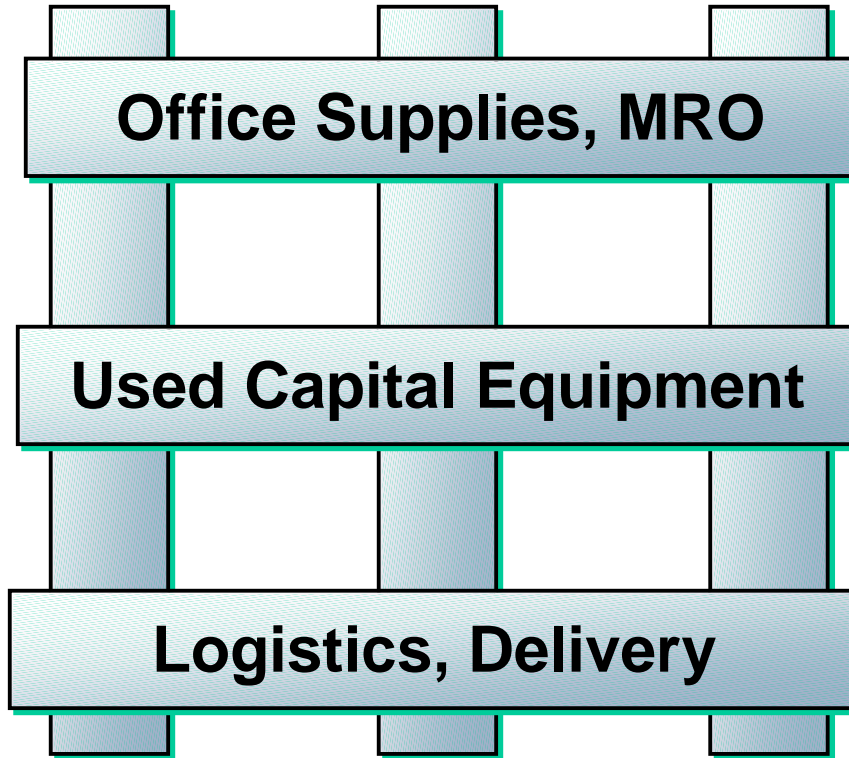




Types of B2B Exchanges

Chemicals *Electronics* *Medical Supplies*

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HORIZONTALS

Source: Robertson Stephens

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Supply Chain = Value Chain

"It's about connecting the existing buyers and sellers. So it's not a disintermediation play at all. In fact, you're taking people who are doing business today and allowing them to do it more efficiently. You need the existing players. You partner with them rather than compete with them."

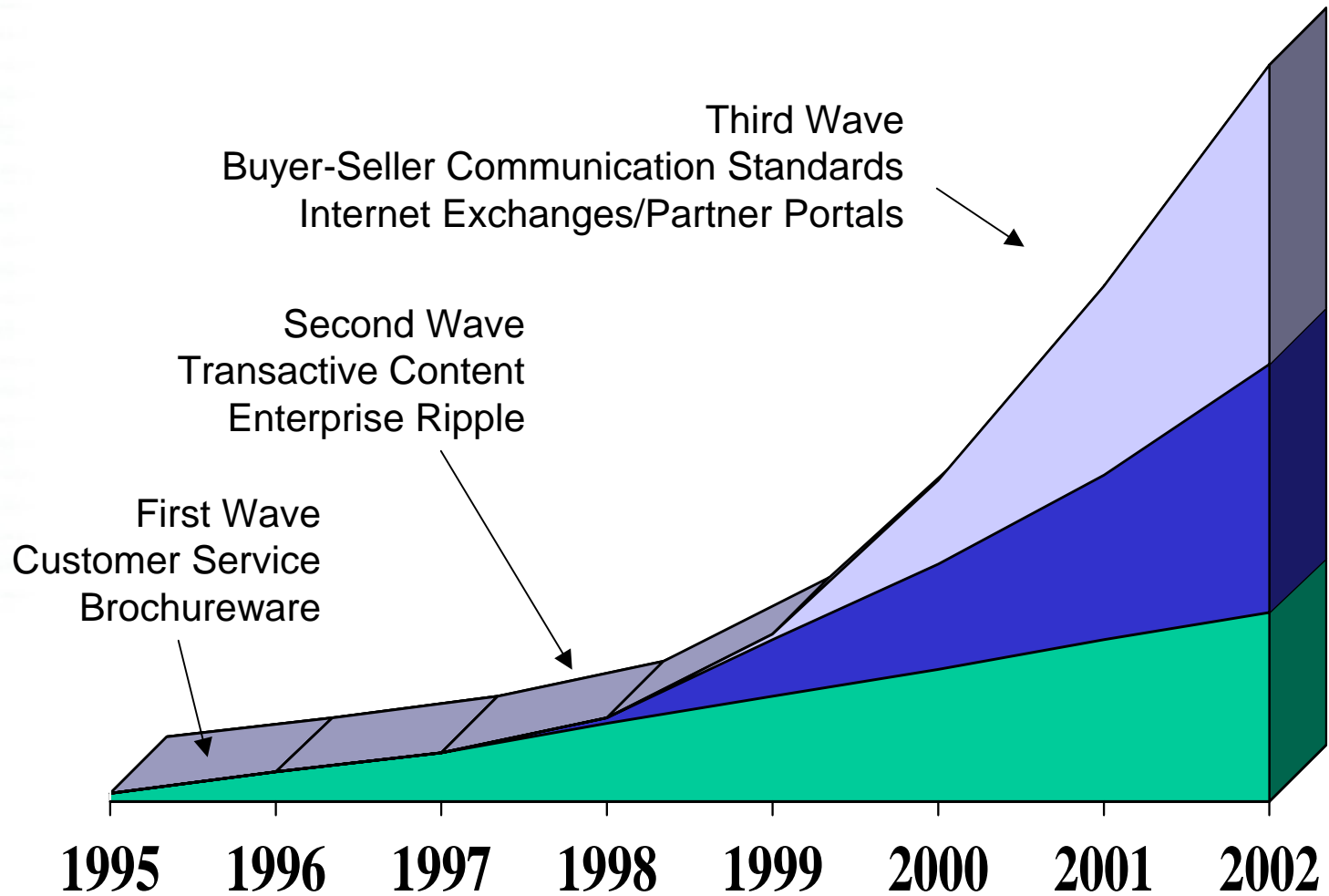
-- **David Perry,**
CEO, Ventro

Myth vs. Reality

- The Myth of Disintermediation
 - “Online beats offline, clicks beat bricks, surf beats turf, e-tailing beats retailing”
 - Bricks and Mortar (BAM) companies are at a disadvantage
- Reality:
 - You cannot replace an intermediary without (at least) replacing or (at best) improving on its functions
 - Amazon is building warehouses



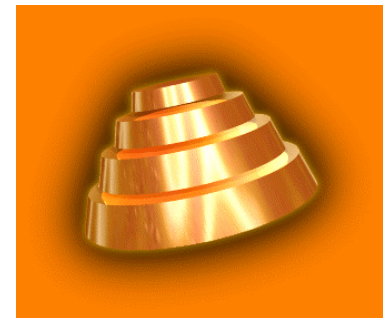
Catch The Wave



Source: KeenanVision

Exchange Truisms

- The market seeks efficiency
- On the Internet, everything devolves to free
- Belonging to many Exchanges and paying many fees is not efficient
- Only those intermediaries with a compelling value proposition will not be disintermediated
- Devolutionary pressure will strip revenue potential from the Exchange market



A Rosy B2B Future?

- GartnerGroup estimates \$7.3 trillion in global corporate spending in 2004, up from \$145 billion
- By 2005, "the entire supply chain between suppliers and buyers will be automated"

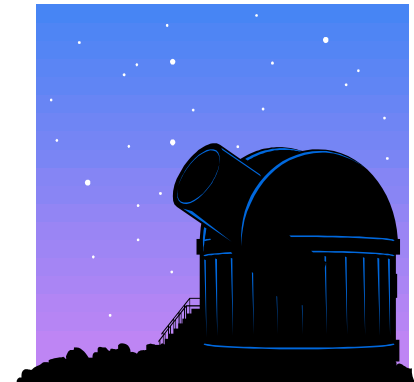




Future Supply Chain

The entire supply chain between suppliers and buyers will be automated!!

How?





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Thank You!

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