



E-marketplaces: Uniting supply and demand to drive profitability.



Fierce competition. Getting your product to market quickly. Operational inefficiencies. Cost pressures. Challenges that weigh heavily on buyers and sellers alike. To remain profitable—and competitive—buyers and sellers need to streamline processes, reduce costs and implement best business practices. Whether you're already a buying consortium, any-size traditional business or a red-hot dot-com, you can help trading partners aggressively predict, confront and leverage these challenges by establishing an e-marketplace. How? With industry-leading, integrated e-marketplace solutions from IBM.

E-marketplaces: hubs of activity

E-marketplaces connect fragmented buyers and sellers through a business-to-business (B-to-B) hub where online transactions can be executed quickly and confidently. By leveraging e-marketplaces, trading partners can increase efficiencies for the exchange of goods and services while significantly reducing sourcing and transaction costs. Because e-marketplaces allow buyers and sellers to collaborate in realtime, they help to integrate and optimize the flow of materials, finished goods and services.

“We estimate that product and process cost savings afforded by metamediaries [market-makers] will amount to \$57 billion in the year 2003.”

– Bear Stearns
The Internet Business-to-Business Report
September 1999



“By combining unmatched breadth of functionality with deep deployment capabilities, WebSphere Commerce Suite takes Internet commerce management to the next level.”

—Paul Scarpa, Senior Analyst, The Yankee Group

And enable trading partners to better anticipate—and be prepared for—fast-moving market conditions. E-marketplaces promote a level playing field, where buyers and sellers—regardless of size—can compete more effectively and maximize their returns on investment.

For buyers, e-marketplaces offer a broader range of sourcing options. Close collaboration with trading partners speeds product time to market while fostering stronger relationships. And upfront investment costs are reduced because buyers can connect to multiple suppliers simultaneously.

For sellers, e-marketplaces can help to rapidly identify and respond to requests from new prospects at a lower cost—while allowing those sellers to extend their reach to new markets. Excess inventory and even unique, single, high-value items and constrained goods can be moved through the trading hub. Again, cost of entry is significantly less expensive for sellers than connecting to one buyer at a time—and trading partner relationships can be managed more efficiently.

Growing an online trading community

Dataquest projects that \$2.7 trillion will be exchanged through e-marketplaces by 2004, equating to 2.6 percent of worldwide sales transactions.* As the intermediary or *market-maker*, you can create an online community that capitalizes on this opportunity by offering trading partners value-added services for specific vertical industries. Industries like manufacturing, life science chemicals, automotive, agriculture, petrochemicals and utilities.

Whatever the product, service or purchasing agreement, you can support buyers and sellers by expediting trade, offering logistics services, managing procurement workflow (including approvals) and simplifying risk management. Aggregate content-rich catalogs

and facilitate financial settlement. Provide suppliers with a common strategy and platform so they can automatically communicate with their buyers' in-house supply chain and traditional legacy systems—across your trading hub as well as with other e-marketplaces. And match buyers and sellers with mutual interests through mechanisms like request for quotation or proposal (RFQ/RFP), negotiation and auction. The end result benefits every trading partner while opening up new opportunities for your e-marketplace.

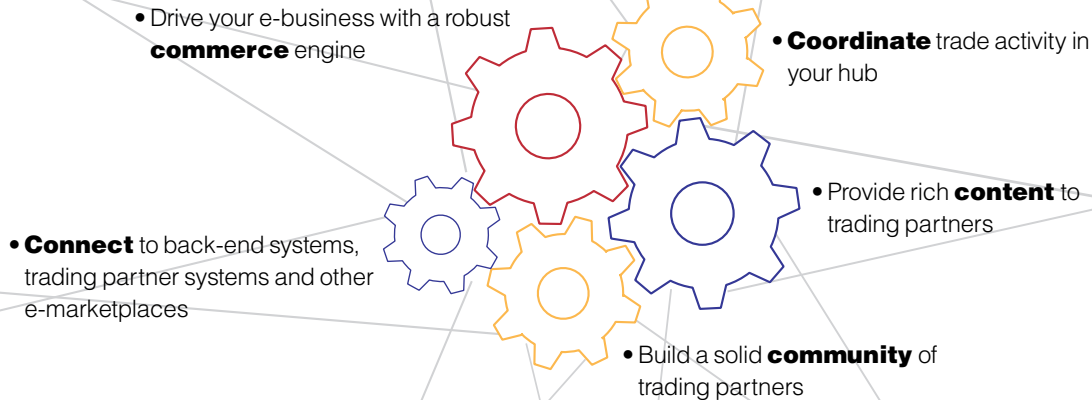
The new e-business opportunities generated by your trading hub create a broad spectrum of revenue streams for you. To begin, transaction fees are a fundamental source of market-maker revenue. You can charge a percentage of each completed transaction to all members of your online community. Compile purchasing insights and industry-focused data to help drive your profitability while educating both buyers and sellers. Create sponsorships and banner ads that can be tracked and



measured, establishing pricing based on effectiveness. And take advantage of emerging e-marketplace services that extend beyond trading, including consulting and credit or insurance provision. You can even incorporate an application services provider model within your community to further extend your value-added services. As you establish a community of buyers and sellers, you'll formulate other ideas to build your profitability based on customer requirements and marketplace demand.

Proven solutions provide a foundation for success

E-marketplaces aren't new to IBM. We began in 1996 by testing our e-marketplace technologies at our own electronics-component trading hub in Singapore. To date, we've run \$1 billion in transactions through the hub. Learning from this experience, we then began to build trading hubs with greater functionality—based on the award-winning IBM WebSphere™ Commerce Suite software (formerly IBM Net.Commerce)—for customers like SciQuest.com and PartMiner.



Five critical B-to-B trading hub components all play important roles in the creation of your e-marketplace. Depending upon your industry, the weight on individual components may vary.





WebSphere Commerce Suite provided just the robust, scalable e-commerce framework IBM needed to support the rigorous demands of e-marketplaces. It's founded on an open, industry-standard architecture and based on Extensible Markup Language (XML) and Java™ technologies. XML represents data in a portable way; that means you don't have to have the application that originally created the data or the application that needs to use the data. And any-size player in your supply chain can use the data on any platform. Other open, standards-based architectures—like public key infrastructure (PKI), lightweight directory access protocol (LDAP) and trading partner agreements (TPAs)—further extend the flexibility of WebSphere Commerce Suite.

Combine these flexible frameworks with standard Internet and database protocols. Add proven, industry-leading applications like IBM DB2® Universal Database™, IBM WebSphere Application Server, IBM MQSeries® and support for collaboration and e-mail through Lotus® Domino™. You'll have the kind of performance, flexibility and security you need to support millions of buyer-seller transactions a day.

Getting to market even faster

When you begin to build your Web site, you'll want the most complete set of development tools in today's market. IBM WebSphere Commerce Studio, Developer and Professional Developer Editions allow you to design exciting, functionally interactive, flexible Web sites. Create and edit HTML, DHTML and JavaServer Pages™ (JSP™) components with a drag-and-drop visual page designer. Easily manage your site's content and links with a built-in workbench environment that even incorporates third-party tools. All without any programming knowledge. With WebSphere Commerce Studio, you can provide an intuitive experience for buyers that promotes long-term, positive relationships with sellers and your e-marketplace.

Build dynamic e-marketplaces that attract the crowds

Buyers and sellers want to go where the action is. So, to create buyer-seller liquidity— attracting more trading partners because you *have* more trading partners— be ready to offer differentiated, value-added services. With IBM WebSphere Commerce Suite, Marketplace Edition, you can.

A field-tested, fully integrated, proven solution, WebSphere Commerce Suite, Marketplace Edition has all the market-maker functionality you need in one industrial-strength package. Incorporating all the benefits of WebSphere Commerce Suite, Pro Edition—including content, order and payment management, relationship marketing and personalization, auctions, back-end systems integration, customer service and fulfillment— WebSphere Commerce Suite, Marketplace Edition helps you to rapidly develop, deploy and manage your e-marketplace environment.

With broad, built-in e-marketplace functionality, realtime, automated operations, a rich tool set and online, integrated business processes, you can recognize a high return on your investment while experiencing a low cost of ownership. By providing a single, integrated platform, WebSphere Commerce Suite, Marketplace Edition reduces the number of disparate systems your administrators must learn and maintain. And because it's easily customized and configured, WebSphere Commerce Suite, Marketplace Edition allows you to capitalize on new, revenue-generating opportunities and business models with little additional investment.





Making trade easy— and profitable

Supply and demand drives the e-marketplace environment. To support your trading hub, WebSphere Commerce Suite, Marketplace Edition matches eager buyers with sellers in realtime so that they can make decisions quickly—and take advantage of unique e-marketplace opportunities—through a variety of sophisticated negotiation scenarios all within a single platform.

Our rugged auction capability enables you to facilitate open-cry, sealed-bid and Dutch auctions that help sellers move excess inventory or constrained, high-value items. Buyers can participate in auctions using the latest pervasive computing devices, including cell phones, personal digital assistants and pagers. Using the technology we've developed for our own, extensive procurement process, you can empower sellers to respond to buyer-initiated RFQs/RFPs, giving both parties the advantage of speed and time to market. Exchanges—through a series of algorithms—continuously match bids and offers in realtime for a specific product type. This dynamic pricing model allows both buyers and sellers an opportunity to procure or move products quickly, at prices that benefit all parties in the transaction.

You can build categories and abstract product definitions that suppliers can populate. And they can import, edit, update and validate their product information, exporting it into XML files for use in the hub. Aggregate a multitude of seller catalogs into a single centralized catalog, so buyers have a simple, yet speedy, mechanism to locate products. Securely manage registration and control member access privileges to all of your trading hub data and resources easily, protecting buyers, sellers and your e-marketplace. Contract systems allow you to uphold agreements like pre-existing, negotiated discounts on quantity buys or seasonal purchasing plans. Robust search capabilities help buyers find information and compare products based on their criteria even faster. And you can offer workflow approval to ensure the appropriate party authorizes purchases.

For more information

IBM provides expertise and proven solutions, regardless of the business you're in. We have more than 1,000 Certified Business Partners to help you design and implement your e-marketplace solution. Our 100-plus Software Developers add innovative, leading-edge functionality to IBM WebSphere Commerce Suite software. And through the experienced team at IBM Global Services, you can quickly build a dynamic trading hub with creative solutions that strategically apply new technologies.

To learn more about IBM e-marketplace solutions, contact your IBM marketing representative, IBM Global Services, IBM Business Partner, or visit:

ibm.com/software/websphere/commerce

SciQuest.com discovers a breakthrough for the scientific community

Procuring mission-critical scientific laboratory equipment ordinarily requires researchers to scour hundreds of dense catalogs. By providing an e-marketplace where the scientific community can easily and quickly purchase equipment and supplies, SciQuest.com allows the research community to focus their attention on what they do best.

In the scientific equipment business, you have to be able to handle extremely high volumes of information with speed. With the help of WebSphere Commerce Suite and DB2 Universal Database, SciQuest.com aggregated the data for more than one million items from nearly 600 vendors into a single catalog – eliminating the sourcing dilemma for buyers and suppliers. And they say by buying supplies through their trading hub, buyers reduce the average time needed to find and purchase products by a whopping 80%.

SciQuest.com has created an extremely profitable, e-marketplace niche – serving buyers in the academic research, public health and large pharmaceutical organizations. With WebSphere Commerce Suite as a platform, SciQuest.com can offer buyers a fast, simple, cost-effective way to procure the items they need – without having to wade through a stack of catalogs.





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IBM Corporation
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Hawthorne, NY 10532

Printed in the United States of America
05-00

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* "Triggering the B2B Electronic Commerce Explosion."
Dataquest, January 31, 2000.



Printed in the United States on recycled paper
containing 10% recovered post-consumer fiber.



G325-5247-00