

Integrated and Global

E-Business Strategy at The Dow Chemical Company

The Dow Chemical Company regards itself as a leading company in the e-commerce sector. The company is already achieving sales of 20% in certain business segments. Dow's investments in this field are greater than those required for a world-scale polymer plant.

E-commerce has become the key to successful market performance for companies all around the globe. According to forecasts, yield in the B2B field is expected to increase from its current level of several thousand million dollars to more than a billion dollars by 2005. Growth in sales of 41% per year in overall terms is forecast for the United States. According to a study by Visa International, e-commerce sales in most European countries are set to rise about 30 times faster than the gross domestic product.

The Dow Chemical Company has developed an integrated global e-business strategy to tackle the challenges of e-commerce in the chemical industry. Dow locations all around the world are equipped with the latest IT facilities in order to ensure that customer contact with Dow is made simpler, faster and more agreeable through efficient, comprehensive service.

Interface to Customers

With 14 global business divisions, 3500 products, 500 affiliated companies and 600 plants/warehouses, Dow supplies customers in 168 countries with 56 currencies and more than 16 languages. This is why customer relations constitute the focus of Dow's e-business strategy. In order to constantly enhance these relations, Dow has its own teams of experts who are forging ahead with the global integration of information technologies, processes and resources. Dow is pursuing the aim of responding more effectively to customer interests through new technologies and of fine-tuning its own service offerings to fit in with this.

Prior to the implementation of new e-business initiatives, Dow conducts pilot programmes in order to test new ideas, channel the feedback from individual customers into the planning process and pinpoint errors in advance. The selec-

tive feedback from individual customers at MyAccount@Dow Pilotprogrammes makes it possible to tailor concepts to practical requirements before offering them to all the company's customers.

Technologies that prove being successful in internal processes and customer relations are immediately introduced into all global divisions and markets by Dow. E-business solutions thus have a direct impact on Dow Chemical's market performance. They stimulate growth in sales,

promote customer loyalty, reform internal processes and contribute towards the direct reduction of costs. Dow also sees its e-business strategy as being of direct benefit for its customers too.

According to information given by Norbert von Koczian, a member of the board of Dow Deutschland Inc., at a customer meeting in Frankfurt/Germany, the company already has regular contact with more than 400 customers via e-commerce.

E-Commerce from the Processor's Viewpoint

According to Ralph Zoppa, deputy head of Supply Management and coordinator of the plastics material group at Busch-Jaeger Elektro GmbH, Lüdenscheldt/Germany, the following conditions need to be fulfilled if e-commerce concepts are to be implemented in the plastics-producing industry:

The customer must be interested in e-commerce. It is essential for plastics suppliers to generate true benefits for their customers.

After opting for e-commerce, customers must appreciate that they will need to make certain small investments in hardware and software for internet access, depending on the degree of support provided by the supplier.

Customers must be flexible and willing to learn. Whether they use an e-marketplace or a direct link - even with full technical support from the plastics supplier - they will still need to have knowledge of technical and user-specific matters.

Plastics suppliers must offer a range of different e-commerce concepts:

Small companies without automated merchandise information systems (such as SAP and BAAN) ought to be able to conduct their orders via an e-marketplace in future. Requirements planning, ordering, delivery deadline monitoring and ac-

counting are performed on a largely manual basis at these companies. Access to an internet site offering facilities for ordering, tracking and accounting will speed up order processing. Evaluation facilities, known as "reportings" will make it easier to keep tabs on monetary and merchandise movements and will simplify things a great deal for small companies. All the suppliers then need to use an e-marketplace, or must align their individual home pages. Only in this way will a small company also be able to save time and money.

Medium-sized companies and large corporations need to be supplied with solutions by the plastics-producing industry that will fit in with their integrated merchandise information systems. In the case of companies whose sales, requirements and production planning, accounting and logistics are conducted largely automatically, having to operate an e-marketplace manually would be a retrograde step. Data transfer, re-stocking and accounts need to be performed automatically. Only then will highly-integrated medium-sized companies or big companies derive any benefit from e-commerce.

Until such time as full-scale order processing via the internet is possible, however, there are other features of an e-commerce concept that are attractive to the customer. These include online technical help, plastic auctions (reverse auctioning) and vendor inventory management.

Translated from *Kunststoffe* 90 (2000) 12, pp. 22

■ New Tools and Processes

Dow offers existing and potential customers a number of different ways of making contact and conducting business via the internet.

Dow has already recorded three million visitors to the internet site, Dow.com (Fig.1) this year. The site provides information from the application and product angle, with contents in several languages, and also offers technical data sheets and video conferences.

The MyAccount@Dow Extranet gives customers the opportunity to communicate directly with the customer interface team. This site provides registered customers with online access to information on order input, order status, account development and payment information. All Dow's global divisions have tailored MyAccount@Dow to the specific features of their individual markets, so as to do justice to the company's highly varied customer base at all its different locations. MyAccount@Dow works hand-in-

hand with Dow.com and thus offers an extensive range of services.

The Omnexus, Elemica and ChemConnect marketplaces give customers the opportunity to select Dow Chemicals as their plastics supplier.

Guðrun Klein

Fig. 1. Homepage of www.dow.com

Norbert von Koczan: "Dow's competence in matters of e-commerce is now taking on clearer shape in Europe too."