

B2Bwatch: All that Matters in B2B. Week of February 14, 2002, Vol. II, #2

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A free compilation of news and analysis of the B2B industry, presented by the B2B analysts of The FactPoint Group (www.factpointgroup.com). The FactPoint Group is a Silicon Valley research, consulting and publishing firm focused on four areas: Web services, B2B portals, wireless and e-business adoption.

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**** B2B Portals Give Fast Payback
****Vendor Alliance Boosts Web Services
****WebServicesWatch

**** B2B Portals Give Fast Payback

By Dave Kaplow and Jenna Pelaez

Portals, a concept that bombed in the consumer arena, are fast becoming major hits in the business-to-business market for major corporations, according to new research from The FactPoint Group (www.factpointgroup.com).

For the Global 2000, B2B Portals are rapidly becoming a requirement for doing business. In fact, pioneering Portal builders in the Fortune 500 can articulate the benefits better than the technology vendors selling into this market.

Our research, described in a new white paper called "Understanding the Economic Value and Business Impact of B2B Portals," studied both sell-side (customer or distributor portals) and buy-side (supplier portals), but not internal Portals for employees. FactPoint's research involved in-depth interviews with 25 executives of Global 2000 companies, 20 of them Fortune 500 companies. The white paper can be downloaded at www.factpointgroup.com.

B2B Portals often are created by a single department within an enterprise for a specific group of customers and functions, often evolving from an "extranet." Siloed Portals

might make sense as a starting point, but corporate planners should drive quickly to an end-to-end Portal strategy built on a common technology infrastructure. Adopting a single platform early creates savings in the long run since corporations won't have to rip out the old Portals and replace them.

Much confusion exists in the marketplace over what constitutes a B2B Portal. We defined a B2B Portal as offering users a complete view of one or more business processes via a personalized Web interface. A user's "view of the Portal" is based on his or her role in an organization. This single gateway to role-based information allows users to transact and to make informed, actionable business decisions more quickly.

But putting a Web-based interface on a single enterprise application does not create a Portal. The B2B portal must deliver multiple business processes between trading partners. Portals are not defined by software applications but by business processes, and most business processes require multiple applications."

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The Fortune 500 has gone Portal. The FactPoint Group just completed a report on valuations and trends for corporate Portals. Learn how General Electric, Daimler Chrysler, Covisint, Boeing, Dell Computer, Delta Airlines, Owens Corning and other major players value their Portals. For information, contact Dave Kaplow (dkaplow@factpointgroup.com).

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Among our other findings:

- B2B Portals can deliver quantifiable returns on investment (ROI) in a matter of months.
- Early Portal adopters are creating a plethora of metrics to measure their impact, but few rely on more than two or three metrics as benchmarks.
- Saving the Portal sponsor money is not enough. To succeed, Portals must benefit trading partners as well. "Many times when you put an application on the Portal, you're changing the way the supplier does something that they've always done," one manufacturer said. "By bringing applications to the Portal, the supplier gets better information more quickly and easily."
- A best practice among B2B Portals is to create a "magnet application" that creates a substantial benefit to partners. By making that magnet application available only on the Portal, the sponsor drives higher usage.
- Re-tooling with Internet technologies, once considered sufficient to justify new technology spending, is no longer enough. In the current economic climate, business cases to justify Portals should be based on IT cost savings and benefits from more efficient business processes.

For example, one automaker created a dealer portal and quickly found it could move 4,000 servers from dealerships, cutting IT costs 35% in the first year. That manufacturer also pared 260 dealer applications to around 100.

We also believe that XML-based Web services will gain from the new-found enthusiasm for B2B Portals. Over time, the Portal will become a leading vehicle for delivering Web services.

Download FactPoint Group's White Paper on B2B Portals at <http://www.factpointgroup.com/>

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The FactPoint Group is launching a multi-client research product on XML Web services. More than 20 early adopters of Web services will be interviewed on which applications and value propositions have driven their usage. We'll identify the industries where XML uptake is greatest. For a prospectus, contact Tim Clark, tclark@factpointgroup.com

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****Vendors (Save Sun) Ally for Web Services

By Tim Clark

A collection of Web services platform vendors, end users, and start-ups have come together in a new Web Services Interoperability Organization. But Sun isn't shining yet on WS-1 (<http://www.ws-i.org/>), as the group dubs itself.

WS-1 has garnered the support of Microsoft, IBM, BEA Systems, Hewlett-Packard, Iona and Oracle, among others, and Gartner Group has dubbed it a "standards integrator" (<http://news.com.com/2009-1001-831040.html?tag=st.ne.ni.gartnerbox.gartnercomm>), an apt description given that virtually every important Web services standard is being handled by a different standards body. WS-1 will promote interoperability by "providing guidance, recommended practices, and supporting resources."

However, Paul Festa of CNET's News.com (<http://news.com.com/2100-1023-834990.html>) reports that WS-1 also represents unhappiness with the World Wide Web Consortium (W3C), which has overseen most of the important Web standards of recent years. Despite last month's W3C initiative on Web services, critics say the W3C did virtually nothing for 12 months on a key standard, WSDL (Web Services Description Language).

Of greater concern than the W3C's performance is the absence of Sun Microsystems from the new Web Services Interoperability Organization. An invitation was proffered to Sun and is being considered, but Sun's lack of urgency reinforces the impression that's its either distracted by its business challenges or fearful that Web services will undermine its Java franchise.

Here's hoping the WS-1 can defuse the religious war between the Microsoft .NET and the Sun-Oracle Java-oriented J2EE camp. IBM would mediate. It's critically important that Web services interoperate smoothly regardless of their authoring origin.

A final point: A big positive for WS-1 is the presence of big end users of Web services like Reuters, Ford, Daimler-Chrysler, Reed Elsevier, Qwest, Sabre and United Airlines. Too often standards efforts become vendor battlegrounds; the participation of customer tends to keep the focus on real-world issues, not competition.

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****WebServicesWatch

By Tim Clark

Microsoft released its Visual Studio.NET tools for Web services this week, kicked off in San Francisco by Bill Gates himself. More than a thousand developers showed up to hear the usual rhetoric on Web services, which proves that Microsoft indeed has a core competency in new technologies: Generating grassroots excitement from developers.

The event (and VS.NET) was all about getting software tools to build Web services into the hands of developers. Plus building the infrastructure back-end services that will be required if Web services truly become the next paradigm for software and computing.

Unmentioned by Microsofties was the issue that leaves bigger players concerned about Microsoft's intention: What Web services will Microsoft provide itself to end users, but consumers and businesses? Will it leave any room for others to breathe in those categories? For the next 12 months, we expect Web services to move ahead on vendor hype and building infrastructure. But Microsoft soon will need to clarify where it will play as a service provider (charitably, we believe that it hasn't decided yet). Until Microsoft does, it will freeze activity among other players.

Talking to the handful of end user customers at the show, we were impressed by their view that .NET puts more focus on non-PC devices than other Web services vendors. And we noted that the data and publishing companies see a great opportunity to distribute their knowledge products to new audiences for new uses via Web services.

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