

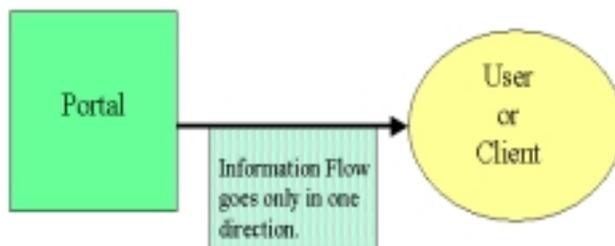
The Five States of Internet Business Evolution

We are witnessing significant changes in the way businesses interact with each other and with their customers. The impact of the Internet and its evolution continues to change the way commerce functions with no turning back. Ecommerce exploded in the late '90s in many forms bringing with it a lot of noise and excitement. Now in 2001 businesses and customers are trying to discern between those forms of ecommerce that will produce and thrive and those forms which are empty hype destined to extinction. Harvard Research Group (HRG) has defined five functional states of Internet Business Evolution (IBE). These IBE definitions are one attempt to avoid confusing and inexact terms such as “informational,” “enterprise,” “knowledge,” “internal” or “external,” “public” or “private,” etc. HRG’s goal is to provide a shared language to facilitate meaningful discussion between users, vendors, suppliers, partners, and engineers in the pursuit of using the Internet as an innovative and easy to use business tool. The goal is for vendors to be able to clearly market their Internet services and users to have the ability to make informed and appropriate business decisions.

Five states-

HRG has defined 5 States of Internet Business Evolution, designated as E1 through E5. The number of the state increases along with an increase in how much data can be integrated and delivered, how many processes can be performed, and to what degree service is personalized.

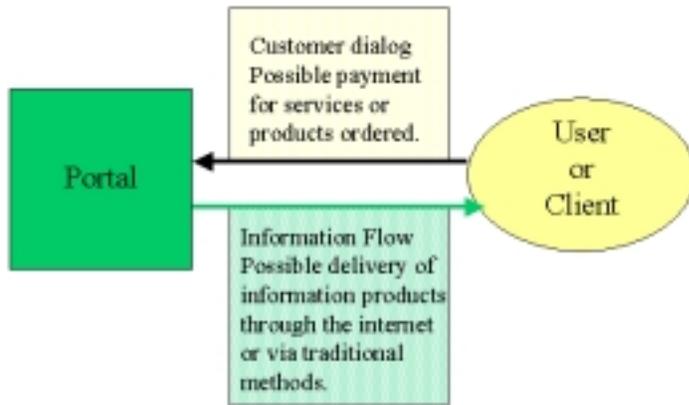
E1: State of Promotion



A promotional web site provides simple text resources to initiate customer dialogue – but does not mediate that dialogue. A page with a phone number and the name of the company would satisfy this definition. Take, for example, a mortgage company. At E1, the company would simply post its name and phone number and some links to raw data resources – say lists of available rates.

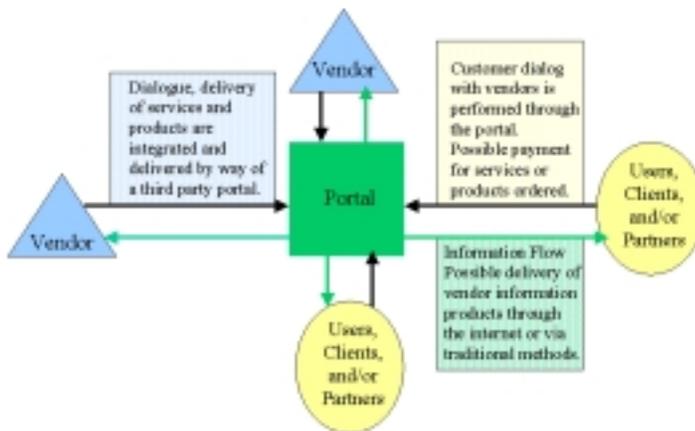
Recent developments in information technology – including transaction processing, data warehousing, groupware, desktop mobile computers, and the Internet – have inspired information system planners to envision offering comprehensive support across the entire supply chain and business environment; from Web-based customer contact and ordering to final shipment, billing and restocking. 2000 marked a year when many companies could not deliver the “end-to-end” ecommerce solutions they promised. These broken promises combined with customer skepticism and confusion has slowed the growth and effective use of the Internet to conduct business. The following is Harvard Research Group’s definition of the successful Internet Business Environments that exist today. We offer these definition as a starting point to provide a common language for all Internet stakeholders (vendors, suppliers, customers etc.) to better communicate with and understand each other, and work together.

E2: State of Commerce



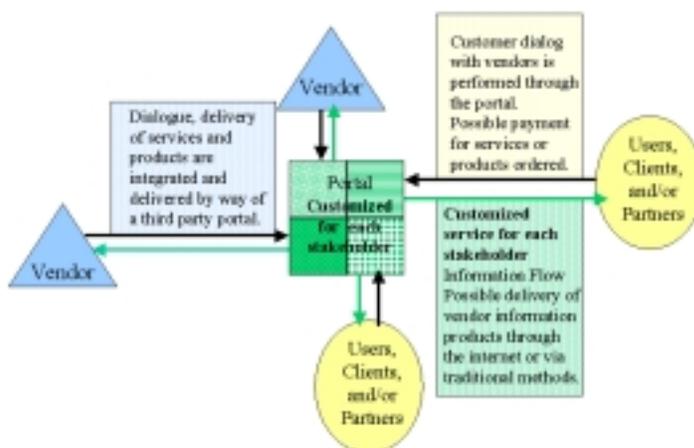
A commercial web site provides applications to initiate customer dialogue and mediate transactions in a rudimentary way – say for tracking orders. A simple cyberspace storefront – even if orders are fulfilled That same mortgage company mentioned above would now be offering scenario-building software for checking amortization schemes, soliciting business through e-mail, taking applications, and updating customers on the status of their loans.

E3: State of Integration



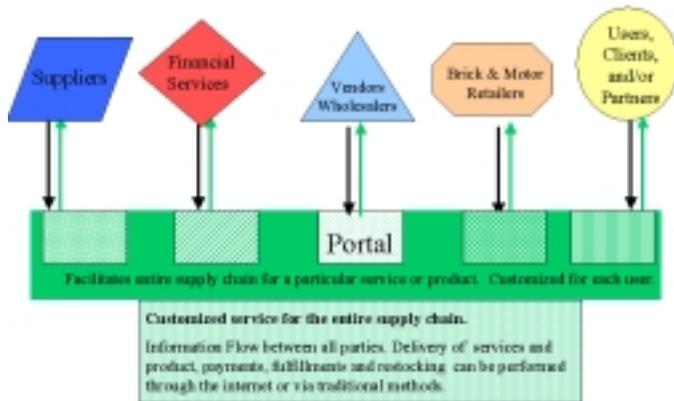
An integrated web environment joins together data and applications outside of the enterprise to complete a transaction or provide a customized service. At this level, enterprises can exchange data with business partners to complete pre-arranged or repetitive transactions, for example, when a particular customer replenishes their usual supply of photocopy paper. Now that same mortgage company can add third-party data from credit bureaus and registrars of deeds to process pre-approvals.

E4: State of Customization



A customized web environment achieves an advanced state of personalization (for partners, suppliers and customers). It offers the same continuity of experience and context preservation that the user expects when dealing with his oldest and deepest contact within the company, including all historical data, current communications, and CRM data. Now the mortgage company's portal would be streamlining the processing of repeat customers, and offering options and terms based on previously noted preferences in the applicant's community and demographic group.

E5: State of Organizational Automation



The promise of the Internet is to deliver complete organizational automation across the entire chain of events that drive and animate a business. This automation includes all back-end processing functions such as billing and restocking. At E5, the mortgage company would be approving mortgages, using collaborative software to link the applicants and the mortgage officers, as well as servicing loans and managing available funds with upstream wholesale lenders, totally automating the business processes through the web environment's activity.

With each step upwards, the Internet Business Environment (IBE) becomes increasingly demanding technologically. The most salient trend along this path is the integration of actionable data sources within and without the enterprise. The more evolved the IBE becomes, the more it draws upon CRM, ERP, and SCM applications. In its most highly evolved exposition (E5), the borders between the web environment and other business systems almost totally dissolve.

What it takes to offer an E5 Solution

We believe that no single provider can deliver a fully functional E5 solution on their own. That level of functionality can only be achieved through well-crafted partnerships and requires almost equal amounts of product and professional services (consulting services) in order to ensure a successful implementation. E5 is at present only able to be implemented by the most committed and the largest of companies.

The most sophisticated web sites at E 5, absorb many of the mundane business functions that were handled via postal mail telephony and personal meetings. The economic efficiency and service effectiveness that E5 can deliver is not just a matter of technical acumen. Success relies on the comfort level of customers and suppliers with respect to on-line services, and more importantly, it depends on the commitment of the enterprise's management to the success of an automated, on-line enterprise.

In brief, there are sales and marketing advantages that exist for the vendor who avoids using technobabble to sell their web services. Customers, (the people making purchasing decisions,) are asking for business solutions to business problems. They do not have the time to become involved in technology that they do not understand and cannot operate. With clear understandable information, decision makers can quickly identify the most appropriate product that can meet their business needs. In building a working relationship both vendor and client will have realistic expectations about what will be delivered, ensuring customer satisfaction. The Five States of IBE strives to provide, for all stakeholders, a realistic understanding of whether or not a particular Internet based "solution" has the ability to enhance a business's efficiency, productivity, and/or privacy, ultimately limiting the waste of time and money.