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The magic of Intrapreneurship

Joaquim P. Menezes
Is there a model of
entrepreneurship that blends
the seemingly paradoxical
strengths of an enterprise and a

Business-to-Business

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Business-to-Business
By: Alan K'necht (21 May 1999)
Here's how to measure Web site ROI

"Jump on the e-commerce bandwagon or die" is a growing trend in the business community. As a result, an ever-growing number of businesses have no idea how to measure their on-line success.

Businesses continue to try to measure their e-commerce ventures with the traditional sales model of "Return On Investment" (ROI). A successful project is usually one with an ROI of greater than 15 per cent (figure varies from industry to industry).

The dollars-earned portion of the ROI model may include a cushion of estimated dollars to account for non-measurable savings. Unfortunately, most businesses don't allocate a sufficient amount to this figure when evaluating the success or failure of their e-commerce project.

The resulting financial dissatisfaction prevents sufficient funds and resources from being allocated to future and on-going development, and the e-commerce effort begins to stagnate. This is especially noticeable in the front-end portion of e-commerce, better known as the corporate Web site.

As the site stagnates, on-line credibility wanes, the site's earning potential declines and thereby triggers a downward spiral.

Ultimately, those who hold the purse strings want to know one thing: "With a low or negative ROI, can e-commerce/the Web actually be profitable?" The simple answer is that it depends on how the revenues and savings generated from a Web site are captured and valued.

MEASURING REVENUES

Corporations will typically assign a zero value to the revenue generated by the non-commerce portion of a site. Simply put,

startup, while minimizing the weaknesses? There certainly is according to Professor Moren Lévesque of the University of Waterloo. Read the blog by IT World Canada's online editor, Joaquim P. Menezes. Includes video.

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Read, hear or watch interviews with a galaxy of tech thought leaders conducted by Joaquim P. Menezes, online editor, IT World Canada.

Product Review

Samsung's second-gen Blu-Ray player

Joaquim P. Menezes
Samsung recently became the only vendor to offer a second gen Blu-Ray player - with its launch of the BD-P1200. Does the new player do a better job of showcasing Blu-Ray technology than its predecessor? IT World Canada's online editor, Joaquim P. Menezes, investigates.

"We don't sell anything there, so how can we have revenue?" For the commerce portion, "We sold $X on the Web." In both scenarios, corporations are excluding a basic revenue source: Customer education and service.

Recent studies show between 50 and 75 per cent of people using the Web do so to gather product information before making major purchases. Without on-line information, the product might not be purchased at the retail level, resulting in lower sales. A value needs to be assigned to the Web site ROI model to account for this uncaptured factor. Imagine how many automobiles the big manufactures sell on the Web. The safe guess is zero. Yet how many consumers are visiting Web sites for feature comparisons and making choices before visiting a local dealer.

MEASURING SAVINGS

The savings a site generates are enormous, yet the vast majority of these are taken for granted and ignored in the ROI equation.

Major sources of savings include reduced customer support costs, lower marketing costs and improved consumer relations. The key to exposing and capturing these savings is to calculate the cost to handle each of the above services manually and then calculate the cost of the Web version. The difference between the two is savings. Once the savings per transaction are calculated, multiply it by the number of people using the Web-based service.

While this methodology appears simple, capturing all costs associated with the traditional service can be difficult. For example, what is the cost of handling a customer inquiry? Using traditional methods, you might require a toll free number, an operator to handle the call, someone to supervise the operator and printed manuals to look up information. Or perhaps the query arrives by mail. In this case, a mailroom is needed to sort and process the letter, someone must review the problem, draft an answer and reply.

Calculating the actual cost of the same service on the Web is also difficult, but not impossible. The toughest task is to calculate the number of user sessions for a given Web service. (There are several tools available to help with this.) Then, the basic formula is: Web costs per service = total Web costs multiplied by the total user sessions per Web service/total user sessions.

Savings for a specific service delivered over the Web is now: Savings = (cost per traditional service minus cost per Web service) multiplied by total Web services delivered.

Now add the total soft savings and the revised revenue figures together, recalculate the ROI and be prepared for a pleasant surprise.

K'necht is president of K'nechtology Inc., a Toronto-based technology consulting company specializing in intranet and Internet technologies. He can be reached at **alan@knecht.on.ca**.

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**E-Discovery and Electronic Document Retention in Canada**

This paper is a guide to understanding the role of the IT department in the management of electronic documents and support of e-discovery, given new legislature described as "SOX for the CIO".
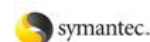
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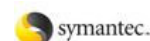
The time to develop a plan of action for the Canadian rules on the Sarbanes-Oxley Act ("CSOX") was December 31, 2006, and to put them into operation by end of December, 2007. This paper seeks to show how the Canadian Securities Administrators' rules map to the equivalent US legislation, and how ESM can help in managing CSOX compliance in Canada..
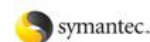
"Dear Privacy Officer" - the Nightmare Letter

Organizations need to be prepared for the receipt of the 'nightmare access letter' from an irate consumer who knows a little too much about privacy and information technology. This white paper provides an overview of the principles relating to safeguarding and access and includes an example of an access letter, offered as a tool for C-level executives on the forefront of dealing with privacy breach fallout.
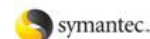
IT Risk Management Report (Trends through December 2006)

IT Risk is a growing component of total Operational Risk. IT Risk Management, which includes security, availability, performance and compliance elements, each with its own drivers and capacity for harm, is emerging as a separate practice. This study examined IT Risk, along with the technology and process controls used to mitigate it, in a year-long study based on in-depth structured interviews with more than 500 IT professionals around the world. Download this comprehensive report now.

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