

Technologies Affecting Your Business Today

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Introduction

- The internet is changing our business world faster than any previous technology.
- Faster than electricity, telephone or air travel.
- None of the 'experts' have been able to predict it.
- Lessons learned from the last decade.
- Applied to your business today.
- It affects EVERYONE.

Disintermediation

- We all know that if you are a 'middle man' or 'distributor'
- The internet will 'put you out of business'.
- Especially if your product is information based.
- Great examples from the last decade:
 - Travel agents
 - Banks
 - Stock brokers
 - Stock markets

Online Pharmacies

- The internet has profoundly changed the retail pharmaceuticals market.
- Imagine someone in the US who went to university for four years to get a degree to dispense prescription drugs.
- Or a multi billion dollar drug manufacturer.
- Having their business eroded by companies in Canada operating websites.
- Who could have predicted that?

Napsterization

- The most valuable commodity is information.
- All information is now digital.
- Anything digital can be instantly shared on the internet.
- Music MP3s are the best known example.
- Movies are rapidly being Napsterized.
- A & B Sound was the North American price leader.
- What information does your company sell?

CRM – doing it better

- Remember your favorite old model bookseller?
- Who got to know what you read,
- And recommend just the right new book?
- Amazon does it much, much better.
- By aggregating hundreds of opinions – for free.
- What happened to your local book store?
- Or Bollums?
- This applies to EVERY business.

CRM in your business

- All customers expect to be treated very well.
- Everyone in your organization from the receptionist on in,
- Should have instant access to your customers' transaction history, previous contacts, preferences
- The technology is no longer prohibitively expensive.
- Your competitors are probably working on this.

e-business

- I bet you are thinking that the big box retailers killed the local bookstores, not Amazon.
- Wal-Mart – marketed as good old Sam and his pickup truck.
- But is actually a brilliant technology strategy.
- Wal-Mart really differentiated themselves with information technology and logistics.
- Those technologies allowed them to do the other things they are better known for.

Other 'low tech' businesses

- Think about a refrigerated warehouse and trucking business
- At first it might not seem susceptible to technologically driven change.
- But consider a customer operating a restaurant.
- Who wants to know how fast he can get a shipment of one of his specialized, frozen ingredients out of storage and into his kitchen.
- That is how one refrigerated warehouse company markets itself today.

Transaction Costs

- Booz, Allen & Hamilton report on banking costs:
 - the cost of a teller transaction is \$1.07
 - an ATM transaction is 27 cents and
 - a PC based transaction is 1.5 cents
- Similar cost savings can be achieved in most businesses.
- Coase's Theorem: 45% of GDP is transaction costs.
- What transactions does your company pay to do?

Security

- Vancouver Sun - 19 May 2001:
- Internet shoppers surfing A&B Sound's online store early Friday were surprised to find:
 - customer names,
 - credit-card numbers and
 - expiry dates
- on the Web site before the company discovered the security breach

Case study: A&B Sound

- Well known and respected 45 year old local company with 21 stores.
- Competitors were Big Box retailers
- Sold CDs – the first to be Napsterized.
- Did not transition well to online business.
- Lost customer confidence with security problem.

A&B Sound Final Outcome

- Daily Bankruptcy News: “Electronics retailer A&B Sound to restructure debt and seek new investors.”
- After 45 years of business A&B Sound was forced to file for protection under the Companies Creditors Arrangement Act.
- A&B Sound has been sold to Seanix Technology of Richmond, B.C., for about \$25 million.

Convergence

- Almost every form of valuable information is now flowing in and out of your company,
- on the internet.
- VoIP will completely transform the 100 year old phone business.
- There goes the 'phone company'.
- But what about your business?.

Convergence and your company

- In more and more companies every day
- If the internet connection goes down,
- Employee productivity plummets.
- Many companies think they have 'redundant' connections to the internet
- That are not really redundant.
- The reliability and performance of connections is becoming key to overall corporate performance.

The End of Physical Privacy

- Reasonable digital video cameras are \$20
- Internet connections are now fast enough for surveillance video
- I have several cameras in my home
- My girlfriend uses this technology to check in on her rabbits.
- I tell my kids they can never expect to really have privacy again.
- How will that affect your business?

Even the simple tools

- Some years ago, I was in California at a trade show.
- Meeting lots of people and gathering business cards.
- One of my business friends was standing by the garbage can throwing away every other card.
- I asked him why?
- He said that if they didn't have e-mail he could not do business with them.

Today: Meeting Requests

- In 2005 if someone sends you a meeting request
- Which you can't properly process
- You can still probably figure out when
- But you can't update the senders acceptance list.
- Or easily know if the meeting changes.
- And will soon be invited to fewer meetings.

Even something simple like IM

- The CEO of a company I was thinking about investing in told me his lawyer was in Calgary.
- I asked him if that wasn't a little inconvenient.
- He said, not at all, the lawyer was much more accessible than Vancouver lawyers...
- He was always on IM.
- Becoming key to 'being easy to do business with'

Its an attitude or maybe a religion

- The world is dividing into two groups:
- Companies that use technology to be easy to do business with
- And the others that are going out of business.
- Many times you won't be able to give your CFO a clear spreadsheet to demonstrate the ROI.
- In the most successful companies, being online, or being digital, is part of their DNA.