

Businesses need to stay online

Okay, this year was tough. But if you start cutting 2002 Web budgets to trim costs, it could cost you.

The events of September 11 have likely altered the economic landscape in ways much less obvious than the devastation left in New York City. Indeed, thanks to beefed-up security measures everywhere from the corner convenience store to the Pentagon, costs of doing business in every industry are likely to rise. And understandable, if unwarranted, fears of traveling have jolted tourism nationwide, an effect felt most keenly in Florida, where tourism is the largest industry. The trickle-down effects of a crippled hospitality sector in this state could be nothing short of disastrous for untold numbers of local businesses.

Only the most optimistic – and naïve – economist would predict that no other deleterious economic effects of our current global crisis will crop up. The U.S. is resilient, though, and it is likely that business will in time return to something akin to normalcy or, more likely, estab-

lish a new kind of normalcy by adapting to changes.

How the Web will be affected, specifically in the next year, remains to be seen. There has been some speculation that business on the Web – be it direct sales or indirect support of offline sales – will increase, driven by the possibility that many consumers will begin seeking ways they can shop from the comfort and convenience – and now in the relative safety – of their own homes. And if these consumers get into the habit of shopping online now, the rationale goes, it seems likely that when the perceived danger diminishes, they will continue shopping online. Whether or not this will occur depends in part, of course, on the overall economy, as consumer spending on the Web is a logical subset of consumer spending in general.

The real question for most companies, however, is not how the Web itself will fare overall in 2002, but how the Web will work *for them* in 2002 – what specific benefits can it provide in the coming year? It's reasonable to assume that most companies began to feel the pinch in late 2000

when the economy began to erode. As such, layoffs and budget cuts became common lead stories. Many budget cuts would have applied to technology expenditures, among them Web site developments and enhancements.

Companies have no doubt revisited their 2002 plans since early September, as global developments have introduced new costs and uncertainties to businesses nationwide. Will the Web factor into any adjustments made to 2002 budgets? That depends on how “sold” these companies are on the value of their sites to their business operations.

Halfway is the wrong way

You're discussing an upcoming print advertising campaign with your agency. They show you concepts and strategies, but since you don't subscribe to the publications in which your ads will appear, you really don't care what the ads look like. So you tell them to just throw something together and be done with it.

Ridiculous, right? Yet an astounding number of companies have that exact atti-

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Got news? Post it at techFlorida.com

DataGlyphics Inc., St. Petersburg-based Web developer and publisher of *decode*, announced the official launch of **techFlorida.com**, a news and information site allowing free posting of press releases, events and job openings.

“We developed techFlorida.com to help fill the void of local tech related news coverage once provided by other online outlets like dbusiness.com and Gulf Coast Digital Daily,” said Bill



Stover, DataGlyphics CEO. “Because most press releases never make it to ink, and we have the in-house resources, we decided to step forward and offer techFlorida.com as a free service to the business community.”

Registration is required to submit material for posting, but all techFlorida.com services are free of charge. Visit the site at: www.techFlorida.com

advertisement

So when did your company get into the Web business?

Focus. Keep your eye on the ball.
 Do what you do best, delegate the rest.
 You believe this. You teach this.
But then you decide to try building your Web site in-house.
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tude with regard to their Web sites.

The Web is almost a peripheral element of marketing to many companies, a fact that is evidenced by the leanness – and often outright shabbiness – of the Web sites representing these companies. Established “offline” companies often overlook the real value of the Web as a marketing tool, not understanding that a Web site is often the very first impression that a potential customer has of a company.

But the Web hits even closer to the bottom line than that.

According to a study conducted by Jupiter Communications earlier this year, future growth in online spending is projected to grow only slightly compared to the staggering growth of what they termed “Web-influenced *offline* spending.” In other words, the research found that more people are turning first to the Web for information about what they should purchase – even when they plan to buy offline – before making purchasing decisions.

While it is more difficult to quantify growth in this area, research does suggest that the companies with a strong online presence are likely to enjoy a significant competitive advantage (over companies with little or no value built into their sites) from the growing number of buyers – business and consumer – who research products and services on the Web.

Trimming the fat

But there’s more to the Web than the simple dissemination of information. There are also significant opportunities for cost savings.

Communication-related expenses for most companies can account for a staggering percentage of operating costs. In many cases, these costs can be trimmed - or eliminated altogether – with the implementation of Web-related components.

“Currently, U.S. companies spend a vast amount of resources trying to communicate with their consumers,” said John J. Adams, chief operating officer of Chicago-based CoolSavings Inc. (fka CoolSavings.com), a veritable pioneer in online marketing.

“Consider, for example, the number of call centers, direct mail pieces, and



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COO, CoolSavings Inc.

account statements that you go through in just one week. The cost to the corporations ... is substantial. Many [avenues of communication] can be replaced in whole or in part by providing adequate information on a simple Web site.”

Adams suggested that the Web is not yet as common a business tool as the telephone, but that seems to be changing rather quickly.

“These days when I am asked for my fax number, I have to look at my business card,” said Adams. “On the other hand, I have several e-mail addresses floating in my head.” And, he added, there are countless people in the workforce who have never been *without* e-mail.

Pound foolish

Machiavelli once observed that the fear of loss is greater than the desire for gain. It is perhaps for this reason that there is a reluctance on the part of so many companies to commit to the Web as an essential part of their businesses. Some companies think nothing of allocating huge sums for advertising, customer

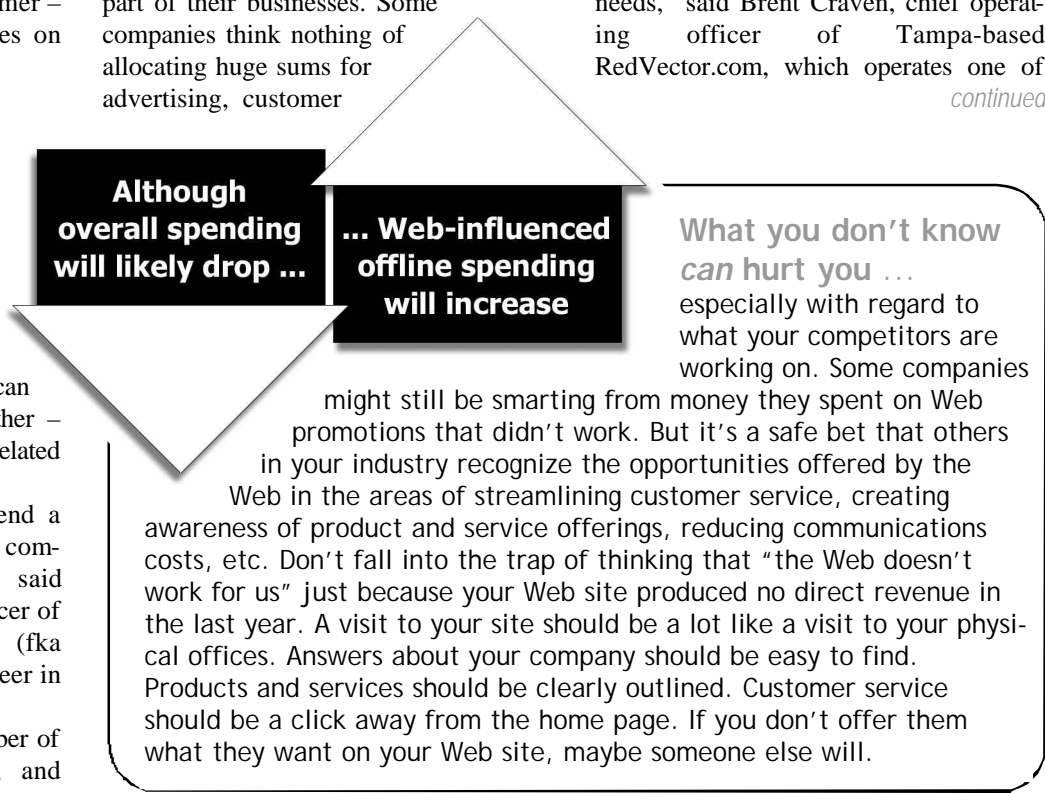
service staff, postage, telecommunications, and marketing-related print collateral, and other costs which could be decreased, often substantially, by the right Web implementation. And yet their Web budgets wouldn’t keep them in envelopes and staples.

This one idea warrants iteration: The real danger for a company that is indifferent to the Web is not that they’ll be “missing out” on direct sales. Rather, by failing to take advantage of tools and processes that the Web now facilitates, the company will spend far more than it needs to be spending.

Furthermore, prospective customers (whether they be businesses or individuals) rely more on the Web to research their purchasing decisions. And existing customers might rather skip the on-hold music and get answers about a product on the Web.

“Companies need to build a Web presence that satisfies all their customers’ needs,” said Brent Craven, chief operating officer of Tampa-based RedVector.com, which operates one of

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the Web's premier continuing education sites. "Any company that fails to leverage available Web technologies will be at a disadvantage with regard to its competitors."

Craven's opinions, as well as those of many other executives interviewed by *decode*, echoed a prediction made by Andy Groves, chairman of chip giant Intel Corp., several months ago: "In five years' time, there will be no more Internet companies. All companies will be Internet companies, or they will be dead."



Craven

The prejudice against "new-fangled" technology held by many reactionary businesspeople often overshadows the recognition that technology is essential to continued competitive growth. True, market survival does not hinge on whether or not a company embraces each new gadget or software program, nor does an effective Web strategy depend on how many bells and whistles a site sports. But as business-related technologies advance at a blinding pace, opportunities for measurable cost

savings do evolve more quickly than in the non-digital world, and they should not be rejected out of hand simply because they are new and because Sam Walton never used them.

Quoting from the company's mission statement, Suzanne Boland, president of RFB Communications Group of Tampa, said, "RFB believes that technology is the future of business ... it's not just e-commerce; it's understanding the value of technology and the Internet as a means by which to disseminate messages, serve customers, market services and keep internal lines of communication flowing in the right direction."

Forecast: Choppy waters

In the coming year, some companies will gain ground and some will lose ground ... obviously. And for offline companies, the Web will likely play only a minor role in absolute success or failure.

But consider this: With the right Web site, a company can reduce operating costs, increase customer service response time, improve communication internally and externally, and project a powerful online image. No other busi-

ness tool can offer all of these advantages, even in theory.

In a way, it is the lack of understanding of the Web medium that stalls implementation of a solid online strategy. Decision-makers who do not "get" the Web are more likely to settle for an online brochure rather than commit to the larger investment of a useful, pervasive Web development.

But those decision-makers will eventually discover that their clients are underserved, their prospects underinformed. And then business will be lost to companies that serve better and inform better.

With all the boardroom discussion about reducing costs and streamlining – and basically weathering the recession-like conditions the country is going through – it makes sense to reconsider the Web.

A well-planned and well-executed Web development can (and should) support company operations in every department. It should be an investment, not an expense. Its function should be more important than its flair.

Especially in 2002, having the right Web presence is simply good business. ✍

5 sure-fire ways to lose money on the Web in 2002!

Are you tired of wondering how you're going to decrease those pesky margins? Where you can spend that annoying surplus? Being too far in the black gotcha down? Then try these handy Web tips, and you're sure to be wallowing in red ink by the second or third quarter!

1. Don't hire anybody to manage your site.
This is often overlooked as a great way to lose money. Conscientious internal management typically demonstrates a company's commitment to its Web site. When a company spends the money to build a site, then commits no other resources to maintaining it, it's almost sure to get stale. The real opportunities for loss are more subtle – a neglected Web site not only represents a total loss in terms of site construction costs, it also makes your company look really bad to prospective clients, so you could actually *lose business*, too!

2. Hire the wrong people to build your site.
Although a lot of companies already use this method, it can still be implemented effectively. Remember, your Web development team, whether they be internal or outsourced, can make or break your site. Make sure you hire them without looking too carefully at other sites they've built. And whatever you do, take their word for everything – don't contact their references. Let them use your site to experiment on new things. You'll be paying for their on-the-job training!

3. Bring it all in house.
If you outsource Web development, you run the serious risk of avoiding salaries, insurance and benefits costs. You also might hire a company that will build a site that actually attracts customers to your business, which could result in increased revenues. By bringing it all in-house, you'll be able to pay not only for servers, switches, high-speed lines and additional workstations, you'll also need to hire at least four or five tech professionals at competitive salaries to manage the site. You could easily *triple* the cost of outsourcing development!



4. Outsource to multiple companies.
There's nothing quite like disorganization. If you decide not to try method #3, at least do the next best thing: Hire one company for consulting, another company to build the site, and still another company to host the site. That way, you have three, non-cooperating companies to work with, each one passing the buck and avoiding responsibility for anything that goes wrong. NOTE: Avoid turn-key Web developers! They can provide a full range of services, potentially saving your company money and eliminating customer service headaches.

5. Do nothing.
This is the easiest, most unprofitable method of losing money on the Web. Your competitors will love you for it, and it will keep you happily in the red for years to come. ✍