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www: necessity or hype?

By Jeff Mortimer

At the borders of ancient maps, before the discovery of the New World, a kind of Surgeon General's warning was often inscribed as advice to frisky mariners who might be contemplating going any farther: "This way be monsters."

That often seems to be the concern of those wary of the World Wide Web, that part of the global computer internet designed for the explorations and transactions of ordinary folk and their businesses, or businesses.

Will I have to learn all that technology? Is it just a fad that will cost me a lot of money and then be abandoned? Does this mean the end of print, radio and TV advertising? Isn't it really only useful for certain kinds of businesses? And, perhaps the most plaintive of all, do I have to go there now?

Here, then, is a bit of a map, including answers to the above from some local experts and a few examples of how businesses hereabouts have already put the Web to work for the.

While it's helpful to know the rudiments of the technology, the level of sophistication required is analogous to how much you need to know about mechanical engineering in order to drive a car, or about microchips to use a laptop. "The internet is nothing but servers and routers," says Jacques Habra, president of Web Elite, a web site design and software development company in Ann Arbor. "All it is an easier interface to exchange information we've exchanged all along."

The servers get your stuff onto the web, the routers get it where it's going. Habra notes that the first use of the internet after the military, for whom it was devised, were farmers, communicating weather and crop information.

Note that farmers are highly practical folks, even by small business standards, and unlikely to go hopping on bandwagons; this did something they needed to do, and did it efficiently. Also note that this had nothing to do with building web sites or using them as electronic catalogs or brochures.

In other words, it was already outside the circumscribed view of the web as primarily a retail medium, although that's how it gained its initial notoriety in the business world.

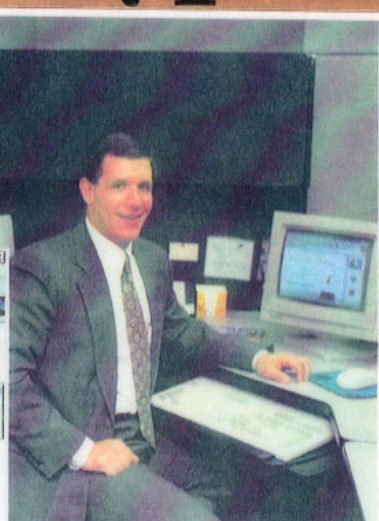
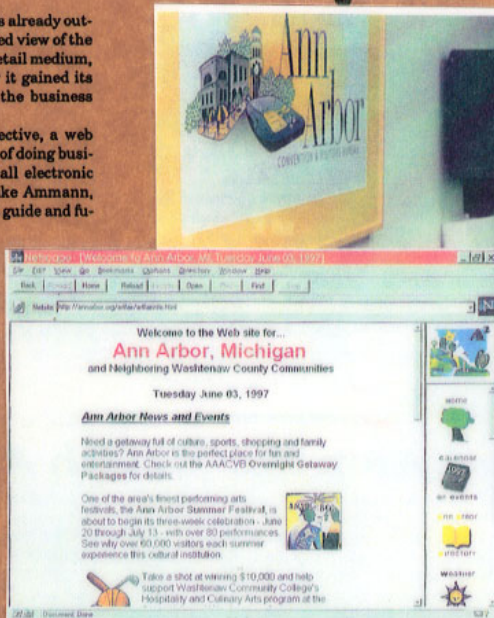
"From my perspective, a web page is another way of doing business, what people call electronic commerce," says Mike Ammann, a free-lance internet guide and futurist as well as director of state relations for the University of Michigan College of Engineering. "It's not just sales or just marketing. It's conducting business."

"The biggest point I try to make for people is that what you can do with the internet is really flexible," says Don Williams, a co-owner of Michigan Integrated Solutions in Ann Arbor, a systems integrator and web site content provider. "To think of it as a billboard to advertise your produce is only the tip of the iceberg. It provides a single source of pretty much all the information that a lot of businesses use in a day."

"The web is just about every marketing vehicle rolled into one," he adds, "but it's more than that. We're just beginning to understand what we can use the web for, and people are coming up with new ideas every day."

This does not mean the demise of other media, Williams hastens to add, but that "we now have another tool. When radio came along, newspapers didn't disappear. When TV came along, radio didn't disappear. They were redefined for the new world view. As we change the way we do business, the way we use the tools of the trade change along with it. If you look at any given profession, people don't trade tools, they acquire tools. They keep their old

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Dave Serino, Marketing and Sales Director of the Ann Arbor Area Convention and Visitors Bureau, is a strong believer of the Internet as a sales tool for bringing visitors to town. Inset is a copy of the first page of the AACVB web site from last June.

PERSON-TO-PERSON J. Downs Herold

By Jeff Mortimer

After 34 years working in various outreach programs at the University of Michigan, J. Downs Herold took the bit in his mouth and became an entrepreneur himself, founding Classic Collegiate China Company early this year to produce and distribute commemorative plates bearing the images of U-M landmarks. He hopes to expand his product line to include Michigan State, Ohio State, Notre Dame and other schools with "a monster alumni group." Now retired from U-M, where his last job was industrial development research program manager in the Office of Technology Transfer at the College of Engineering, he says he's finding that giving advice was a lot easier than following it.

B-To-B: What's your educational background and how did your path take you to administration?

DH: I have a bachelor's in botany and bacteriology and a master's in microbiology from U-M. I'd been working in the dormitories as a resident advisor, and

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ones because, for some jobs, they are just going to be the best. So, in any given situation, they can choose the best tool for the job. The internet is an additional tool, not a replacement."

There are, to be sure, not only retailers who have done well on the internet but also some — like Amazon, the famous virtual bookstore — that exist only there, "but that's only one example of doing commerce on the internet," says Ammann. "There are two things I want to get across here real quick. One is you have to integrate the use of the web into your overall business strategy, so on your business card you have your universal resource locator (URL, a.k.a. address) for your web page, you have it on your letterhead, you have it on your coffee cups, you've integrated it into the way you do business. Then, where you need to start is with customer service, and every business has a customer."

"Most people come at this as here's this huge new market, hype hype hype, and I've got to get out there to sell to all these new electronic customers, which is the wrong way to go about it," he adds. "Start by going to your existing customer base."

And that need not be expensive or complicated. "Do you have e-mail? If they have e-mail, then you can provide customer service and marketing to your customer," Ammann says. "A lot of people think you have to have a web page to market electronically or provide customer service. You don't. All people need is an e-mail address, and most businesses don't collect e-mail addresses from customers or when people walk through the door. That's a simple, easy, low-cost way to start doing business electronically."

As for "success stories," Don Williams says, "We are our own

best-case history. Very shortly after Michigan Integrated Solutions opened last November, got our own web page up and a pretty well-known company, General Motors, was out looking for a company that does what we do. Through the internet, they found us, and we won a contract to work on a pilot project with GM to develop a web site which would be used by their dealers' service departments."

The site, expected to be up and running any minute now, will include service schedules and coupons and is intended to increase the departments' foot traffic. That's just one of an abundance of ways to use the internet. Another is under serious consideration by Detroit Diesel, a client of Peterson Williams Bizer, Inc., an Ann Arbor company that used to be an ad agency but now calls itself "a marketing communication firm that specializes in information design."

"One of the places where the web is most powerful is the intranet," says John Williams, PWB's creative director. "That's the internet technology applied within a corporation, so it's a private environment. It's tremendously powerful. What the net is best at is allowing you to publish large amounts of rapidly changing information. Detroit Diesel has hundreds of hundreds of service bulletins that have to be communicated every month. Doing it in print is expensive; they currently ship 1,000 pounds a month of paper, and that's just service bulletins. Their hope is to move that to an all-electronic distribution medium, and the intranet in their company would be the first place they do that. That's the perfect application."

He sees parallels between the evolution of TV as a commercial medium and the potential of the internet. "In the early days of network TV, when there were literally only three or four channels for

advertising, the competition for those channels was immense and air time was very expensive," he says. "Now that we have cable and satellite, we have a client that runs about two thousand 60-second TV spots a year and they're almost like door-to-door sales calls. Some of them cost \$35."

"People are advertising on TV that wouldn't have 25 years ago. The same is true on the web. The thing that's easy to do on the web now is broadcast large pieces of information and change them frequently. The things that are harder to do are handling consumer transactions or handling

business-to-business transactions that require electronic data interchange. There are some tools out there to do that but they're somewhat prohibitive for small companies. But I think as time goes by, as bandwidth becomes more available, tools become easier to use, security becomes more foolproof, then people will become more comfortable."

One who is already comfortable is Jim Leonard, owner and manager of SKR, an all-classical record store in Ann Arbor. Based on the experience of SKR's sister store, Schoolkids Records, Leonard is committing to an SKR

web site that will, in his view, recreate the store in cyberspace.

"Our site with Schoolkids was fairly effective," says Leonard. "It raised our business perhaps 5%, and that was with, dare I say it, not one heck of a lot of care on our part. Even though it's been inactive for two years, we're still getting sales off of it. However the new improved model will be constantly updated and it's going to have several features which we feel are unique and should make a difference."

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Among them will be a page of new releases, a page for placing orders, and the capability of e-mailing store personnel. Leonard says he knows of only two other all-classical records stores in the country, both on the West Coast, and that a key factor in SKR's prosperity is the expertise of its staff. The link to e-mail from the store's home page will effectively recreate that resource on the internet.

"We feel that having people you can interact with, and not merely reviews, is essentially having our store on the internet," he says. "The cost of getting it up will be a fair amount, but it will be a fair amount. I suspect this is going to be something like opening another store, but a lot cheaper."

And the store will be everywhere. The 10 people, let's say, in Bend, Oregon, who wish they were near a store like SKR can now effectively shop here.

At the Ann Arbor Convention and Visitors Bureau, what marketing and sales director Dave Serino is "selling" is the area itself. Although the bureau's site isn't interactive, virtual visitors can e-mail the AACVB. Serino says it averages three to five inquiries a day.

"They're looking for basic information, maps, they want to know if we have any Japanese steak houses or can they bring their dog to the art fairs," says Serino.

Some have, or develop, more concrete and immediately profitable interests. Sixteen citizens of St. Henry, Ohio, lured by the site's golf information, recently booked a weekend in Ann Arbor. "They found our web site, went to our golf section, sent us an e-mail, and we mailed them a golf guide," Serino says. "They played 64 rounds of golf, and they didn't come to town with empty pockets."

He says the bureau has budgeted for software that provides

vastly more sophisticated reports on site visitors than merely the number of hits, an essentially meaningless statistic.

Web Elite has already developed software for traffic analysis called Visistatistics, which enables a site proprietor to customize visitor reports by domain, by browser, by software, by time and date, by platform, as well as learning which pages are most popular by number and duration of hits, at which pages visitors enter and depart, whether or not they've been there before, and the proverbial much, much more.

"You could limit it to U of M students using Netscape after 3 p.m.," says Web Elite's Habra. "You can use this to redesign a web site to make it better, find trouble spots, find out how it's linked on the internet with search engines."

And it is web redesign that Habra believes will be the next wave, the one that washes away the chaff in the web site business. "Everyone wants to get on-line real quick, so it's all smoke and mirrors at this point," he says. "But no one's really concerned with getting a great product because they're under the delusion that all you want to get on is text and some graphics. I believe the real revenues and the real high-end influx of work will come from the redesign stage, not the initial design."

In other words, as people become more sophisticated about the internet, they will also become more demanding. "It's about education," Habra says. "We've done three dozen really high-end web sites that I'm really proud of, and not one of those clients came in knowing what they could do and knowing what it was all about. They were getting a web site because their competitors were on-line or because of internal pressure. It wasn't until education

and until they were comfortable with it that they understood the breadth of it, the possibilities."

And, yes, the time to start is now. "A lot of folks think they can catch up," says Ammann, "but the technology is evolving too quickly. You need to have your finger in it and learn about it as it's going on."

He notes that the Big Three have already put their suppliers on notice that they will become connected. "It doesn't mean you have to have a web site immediately," he says, "but if you're not willing to adapt and adopt your business to the Internet, you're not going to be able to do business with lots of folks. Soon."