Goals and Objectives of this Meeting, Introductions
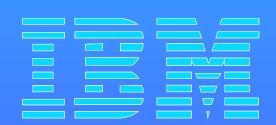
IBM Thought Leaders Forum

Paris, October 29,1999

IBM

Goals and Objectives

- **Establish a community of interests among practitioners, observers and scholars**
- **Develop a dialog among them on the important issues of the day**
- **Discuss and prioritize these issues so as to set an agenda for the industry**
- **Facilitate effective and productive research efforts among the community to add to our knowledge of the industry and to encourage optimal decisions by practitioners**

Agenda

- **Welcome:** J. Bartman
- **Goals, Objectives,**
  Introductions D. Sweeney
- **Keynote presentations**
  - Galeries Lafayette:
    Technology for Change P. Lemoine
  - The IBM Value Chain Vision C. Nivoix
  - The Distribution Industry
    Challenge of Change N. Kumar
- **Report on Advance Survey** D. Sweeney
- **Breakout Sessions** All
- **Report of Groups** Facilitators
- **Summary and Next Steps** C. Nivoix

Introductions

- **Name**
- **Affiliation**
- **That is all!**

Second Keynote Address

The IBM Value Chain Vision

Christian Nivoix

General Manager ,
Distribution Industries,
The IBM Company

Advance Survey of Participants

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Thanks to all who participated

- **Thoughtful responses**
- **Creative contributions**

Most challenging issues facing the distribution industry

- #10. Increased competitive saturation
- #9. Managing in a global market
- #8. Technology management
- #7. Brand management

Most challenging issues facing the distribution industry: *A close race for fifth place.*

- **#6.** **Meeting increased demand for customer service**
- **#5.** **Developing and retaining effective leadership talent**

* One point differences between items

Most challenging issues facing the distribution industry: *A close race for second place.*

- **#2.* Increased competitive concentration**
- **#3.* Electronic disintermediation**
- **#4.* Leveraging supply chain management requirements**

* One point differences between pairs

Most challenging issues facing the distribution industry: *The clear first choice.*

- #1. Developing an effective e-business strategy

Most pressing unanswered questions facing the industry for the coming 5 years:

- Organized 25 suggestions into six broad categories. No rank order is implied
  - E-business: impact and management
  - Customer service and service levels
  - Logistics and supply chain
  - Finance and expanse management
  - Human resources
  - Marketing
- Subject to the analyst's interpretations and grouping logic

The <u>e-business</u> questions

- **What will be the role of e-commerce in retailing and what will be the value of individual market segment data?**

- **How will individual consumer e-commerce orders be fulfilled?**

- **What will be the Internet impact in $'s and SKU's on store P&L's?**

- **What will be an effective business model for e-retailers?**

- **How can a bricks and mortar retailer leverage e-technology to enhance the customer experience?**

The <u>e-business</u> questions (cont'd)

- **How will the industry tame the legal nightmare of cyberspace with no geo-political boundaries?**

- **To what extent will or should trading partners collaborate or compete in a networked economy?**

- **Will the impact of non-technical decision-makers on the purchasing of technology help or hinder the quality, speed a effectiveness of e-business implementation?**

- **How will consumer behavior change with the Internet?**

The customer service questions

- **Can a retailer have a differentiated customer offer and what is the role of service?**
- **How does the hi-tech industry react to the service needs of a global market?**

The logistics / supply chain questions

- **How should we design activities to optimize the conversion of distribution channels?**

- **How should we best optimize total channel efficiency for the consumer?**

- **How can manufacturers and technology vendors retain effective links with their customers?**

- **The need for trans-European third party logistics providers ... fourth party?**

The finance and expense questions

- **What further expense management reductions can be wrung out of systems and how?**

- **What will be the impact of "dot.com" valuations on the capitalization of conventional retailers?**

- **Will reductions in transaction costs overcome the increased logistics expenditures for home delivery?**

The human resources questions

- **How can retailers attract and retain the best and brightest talent for present and future leadership?**

- **How can the industry contribute to improved education and training of the workforce in an increasingly complex systems environment?**

The marketing questions

- How will retailers create a synergistic balance among multiple channels?
- How common should be brand image, pricing, customer support, merchandising etc. across multiple channels?
- What will be the relative balance between store and national brands?
- How can retailers optimize overall category sales across all items?

Summary exerpts from the morning

- **What will be the business model for the multi-channel retailer of the future ?**
  - Strategy
    - Consumer markets
    - Competitors
    - Collaborations
  - Tactics
    - Marketing
    - Branding
    - Pricing
    - Merchandising
    - Logistics
  - Financial
    - Capitalization
    - Productivity (e.g. inventory turns)
    - Profitability
  - Management Systems
    - Leadership
    - Governance
    - Performance metrics

Summary exerpts from the morning (cont'd)

- **What will be the business model for the multi-channel retailer of the future ?**
- **What will this "consumer driven collaborative value net" actually look like?**
  - **Aggregations**
  - **Convergences**
  - **Alliances**
  - **Partnerships**
  - **Branding**

Summary exerpts from the morning (cont'd)

- **Increased consumer sophistication and product knowledge, continued inefficient markets**
- **Consumer-centric organizations and build-to-order markets**
- **Education requirements for knowledge workers in retail**
- **Changing roles and requirements for "in-store" service workers**
- **Convergence / aggregation and massive inventory reductions on a global scale**
- **Physical infrastructure constraints on speed and breadth of e-business**
- **Alliances, joint ventures, partnerships, consolidation and brand leverage**

Summary exerpts from the morning (cont'd)

- **Capitalization constraints on conventional retailers**
- **Impact of knowledge based systems on competitive advantage and education requirements**
- **In an area of alliances, joint ventures how does a company define and leverage its core competence?**
- **Who will win during this period of radical change: Incumbents or Innovators?**
- **What factors will determine the share of penetration of internet sales by various product categories?**

Group breakout sessions

- **Structure**
  - **Four groups**
  - **Facilitator, Scribe / Presenter**
- **Goals**
  - **Review, discuss issues from morning**
  - **Dialog from three viewpoints**
  - **Prioritize the most important issues**
- **Deliverables: The three most pressing unanswered questions for further research**