

# Advancing with e-Business

Geminex

[www.geminex.com.au](http://www.geminex.com.au)



## The business

Geminex is a company which sells retail workwear, personal protective equipment and signage equipment. Established for over 16 years, the company retails its products to a range of industry groups in Darwin and East Timor. Geminex is based in Darwin, NT and employs 16 full time staff.



Lance Martin

Broadband



## The idea

Lance Martin and Wayne Nichols, the company's Directors, introduced the e-commerce initiative two years ago with the establishment of email communications with customers. It was a decision taken by the joint directors, driven by growing customer demand for a more convenient method of communication and purchase. Specifically, customers wanted to use email to make enquiries and place purchases online.

Customers are able to place orders and enquiries electronically which can then be fulfilled promptly. Furthermore, customers have recently been provided with the option of purchasing via the company website. Customers can enter a password-protected account and execute orders at their contracted rates.

To ensure minimum risk with the systems' implementation, Lance consulted customers and business peers who had adopted e-commerce before hiring an IT consultant to assist in the development of the online systems. The process has been incremental, with the company website launched in February 2002.

## Broadband

Following advice from IT consultants, Geminex installed Broadband Internet via an Asymmetric Digital Subscriber Line (ADSL). The business decided to install ADSL as it was superior to conventional dial-up access and provides a faster and more reliable connection whilst enabling simultaneous Internet access by several terminals. The installation involved minimal enhancements to the existing telecommunications infrastructure as data is transmitted through existing copper wires. In addition, Geminex considered ADSL to be both scalable and adaptable to the current needs and future growth of the company.

Geminex was able to utilise Broadband Internet to shorten the execution time of web-based transactions such as online banking and web searches, thereby increasing staff productivity. The process of electronic communications and distribution of purchase orders is expedited. With up to 60 enquiries made online every week, the saving in staff time is considerable.



## The investment

Establishment costs of e-commerce totalled \$7,300. A major portion was spent on staff training (approximately 100 hours) to ensure effective system use (\$4,000). Installation of an ADSL connection cost \$2,200. New hardware required to support the online systems included a router (\$400) and a new terminal (\$700).



## Hurdles

The lack of IT skills within the company presented the biggest challenge to Geminex. Initial attempts to develop a website internally were unsuccessful and an external web developer was commissioned.



## Results



Cost savings totalled \$40,217 in 2001. A large portion was attributed to reduced staff time in handling telephone enquiries (\$26,000). Savings in staff time were also produced by the automatic distribution of purchase orders from the internal system (\$8,667). This has negated the need to produce, print and post purchase orders as a separate process. Increased uptake of electronic communication has minimised the need for fax usage, stationery and office consumables, producing cost savings of \$1,950 and \$1,200 respectively.

Online banking, supplier payments and customer receipts have reduced fees and processing costs resulting in savings of \$2,400.

Ongoing costs during the year amounted to \$3,355. The cost of maintaining ADSL and Internet access was \$1,200 while web site hosting accounted for \$330. The company allocated \$1,825 for amortisation of capital expenditure over 4 years.

Customers based in regional areas have been particularly receptive of the e-commerce implementation due to its convenience. Customers are able to obtain information without the need to physically visit the company premises. Enquiries can also be made electronically outside business hours.

## Future



Geminex plans to extend the use of emails in the future to include the sending of invoices. These are currently printed out and mailed.

The company has only recently developed an interactive website at a cost of \$12,000. The website contains information and pictures relating to products available and now can accept customer orders.

## Revenue and Costs

	(\$)
<b>E-commerce establishment costs</b>	
Preliminary research - staff training	4,000
Telecommunication - installation of ADSL	2,200
Hardware - router	400
Hardware - new terminal	700
<b>Total e-commerce establishment costs</b>	<b>7,300</b>
<b>Operating benefit from e-commerce</b>	<b>2001</b>
	(\$)
<b>E-commerce cost savings</b>	
Stationery - including printer cartridges and fax	1,200
Telecommunication - costs	1,950
Enquiries through email instead of phone - time savings	26,000
Online banking, supplier payments, customer receipts	2,400
Purchase orders - time savings	8,667
<b>Total e-commerce cost savings</b>	<b>40,217</b>
<i>Less: Ongoing e-commerce costs</i>	
Amortisation of capital expenditure*	(1,825)
Website hosting	(330)
Telephony - fixed (ADSL including Internet access)	(1,200)
<b>Total ongoing e-commerce costs</b>	<b>(3,355)</b>
<b>Operating benefit from e-commerce</b>	<b>36,862</b>

\* Note: Capital Expenditure is amortised over a 4-year period

For further information on this case study please go to [www.noie.gov.au](http://www.noie.gov.au)