

# Advancing with e-Business

## Grosvenor Pirie Management

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



Dan East

Broadband



### The business

Grosvenor Pirie Management is a family-owned company that provides superannuation and investment management services. The company specialises in superannuation products - providing establishment, administration and compliance services to small and medium enterprises.

Grosvenor Pirie Management is based in Elizabeth Bay, NSW and employs seven full time staff.



### The idea

Managing Director, Dan East, initiated an e-commerce strategy in 1995 after his son (a non-executive director) demonstrated the online possibilities and benefits available to the company.

A brochure-style website was originally developed but has gradually been upgraded to include interactive features. Other components of the online system include an intranet for staff to access internal information, use of email, online banking and payroll and electronic lodgement of forms to regulatory bodies.



### Broadband

The company has installed Broadband Internet via an Asymmetric Digital Subscriber Line (ADSL). Broadband Internet provides the required information carrying capacity to support the faster downloading times and transmission of large files to clients. This is particularly important given the increasing reliance on Internet technology to carry out business processes such as equity research and post sales service.

An Integrated Digital Services Network (ISDN) connection was installed as a back-up to the ADSL service. This acts to minimise disruption to staff productivity and business operations should Internet downtime occur.



### The investment

Grosvenor Pirie invested a total of \$99,680 in e-commerce. Most of the establishment costs were associated with developing the website. This includes system design (\$2,500), system specifications and selection (\$2,500) and fees for hardware advisors that assisted in implementation (\$5,000).

Expenses involved in building the website include web development (\$25,000), registration of domain name (\$180) and web software to enable easy website maintenance (\$4,000).



### Hurdles

The company has found that a lack of internal Information Technology (IT) skills has hindered the full use of the online system. The conversion of documents to html (web) format for intranet posting has been a cumbersome process but will be resolved through the installation of additional software.



### Results

Grosvenor Pirie generated additional revenue from e-commerce of \$30,000 during 2001. This was sourced from clients who have contacted the company after visiting the website.

Cost savings totalled \$122,500 in 2001. The increasing use of email has saved \$60,000 in staff time. Development of the website has minimised the need for hardcopy marketing

brochures, leading to savings in postage (\$500), photocopying (\$500), printing (\$500) and stationery (\$1,000). The uptake of online payroll and banking has further improved staff productivity, resulting in a saving of \$60,000.



Ongoing costs totalled \$68,420 in 2001. Most of these costs were associated with supporting the intranet, including authentication services (\$1,000), systems maintenance (\$10,000) and system administration (\$10,000). Broadband Internet costs include rental of the ADSL lines (\$9,000), extra telephony costs for data download (\$1,000) and fees to the Internet Service Provider (\$6,000).

Increasing use of email over phone and fax allows finance staff to spend less time on administrative tasks and more time on client work, improving productivity. Access to an intranet for internal information will facilitate knowledge-sharing within the company and will streamline document retrieval and storage processes.

## Future



Grosvenor Pirie Management intends to enhance website features to include a client login area where clients can access their investment accounts and track their progress. An online facility will also be provided for employers to fill out superannuation fund application forms and submit these electronically.

As effective operation of online systems is dependent on fast and consistent Internet access, Broadband Internet is recommended as the most suitable technology to fulfil this purpose.

## Revenue and Costs

|   |          | (\$)            |
|---|----------|-----------------|
| <b>E-commerce establishment costs</b>       |          |                 |
| Web development                             | 25,000   |                 |
| Staff training                              | 10,000   |                 |
| Advertising                                 | 15,000   |                 |
| Systems - design                            | 2,500    |                 |
| Systems - specification and selection       | 2,500    |                 |
| Registration of domain name                 | 180      |                 |
| Telecommunications - four new lines         | 10,000   |                 |
| Office equipment - server boxes             | 1,500    |                 |
| Consultants - hardware advisors             | 5,000    |                 |
| Web software                                | 4,000    |                 |
| Hardware - servers                          | 18,000   |                 |
| Hardware - routers (blue cobalt raq)        | 6,000    |                 |
| <b>Total e-commerce establishment costs</b> |          | <b>99,680</b>   |
| <br>  |          |                 |
| <b>Operating benefit from e-commerce</b>    |          | <b>2001</b>     |
|   |          | (\$)            |
| <b>Additional revenue from e-commerce</b>   |          | <b>30,000</b>   |
| Cost of goods sold                          | (20,000) |                 |
| <b>Gross profit contribution</b>            |          | <b>10,000</b>   |
| Add: E-commerce cost savings                |          |                 |
| Postage                                     | 500      |                 |
| Photocopying                                | 500      |                 |
| Printing                                    | 500      |                 |
| Stationery                                  | 1,000    |                 |
| Staff time - communications                 | 60,000   |                 |
| Staff time - payroll and banking            | 60,000   |                 |
| <b>Total e-commerce cost savings</b>        |          | <b>122,500</b>  |
| <b>Gross benefit from e-commerce</b>        |          | <b>132,500</b>  |
| Less: Ongoing e-commerce costs              |          |                 |
| Electronic payment system                   | (3,500)  |                 |
| Authentication services                     | (1,000)  |                 |
| Amortisation of capital expenditure *       | (24,920) |                 |
| Bank charges                                | (3,000)  |                 |
| Internet service provider                   | (6,000)  |                 |
| Systems - maintenance                       | (10,000) |                 |
| Systems - administration                    | (10,000) |                 |
| Telephony - ADSL line rental                | (9,000)  |                 |
| Telephony - extra download data costs       | (1,000)  |                 |
| <b>Total ongoing e-commerce costs</b>       |          | <b>(68,420)</b> |
| <b>Operating benefit from e-commerce</b>    |          | <b>64,080</b>   |

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

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