

Advancing with e-Business So Design

www.sodesign.com.au



The business

So Design offers creative product development and design to marketing managers and to other professionals involved in the production and planning of fast moving consumer goods. While So Design specialise in packaging design, they are also involved in managing some of the production processes for their clients. The business has been operating for 13 years.

So Design is based in Windsor, Victoria and employs seven full-time staff.



The idea

Design Project Manager, Paul Cooper initiated e-commerce three years ago. The initial goal was to improve workflow, client communications and quality control processes. Paul spent 25 hours researching e-commerce possibilities with a web developer and a network specialist. A programmer and a web developer built the So Design site.

The website is marketed via company correspondence and direct client referrals.



Broadband

So Design installed Broadband Internet via DSL. Broadband technology was chosen as it had the information-carrying capacity to transmit the large graphic files often used in client work. The fast and consistent connection provided by Broadband Internet has been particularly important in urgent situations such as when a deadline is due. Being able to meet deadlines and transmit information when required has a positive impact on the company's reputation for service delivery.

The increased information-carrying capacity and reliability of Broadband technology also provides a cost-saving alternative to couriers, dial up costs and office consumables such as print paper.



The Investment

So Design invested \$17,993 into the e-commerce initiative over the past 3 years. The most significant establishment costs were incurred in web development (\$4,900) and time spent by Paul in contacting a web developer and network specialist to research online capabilities for the business (\$3,500). The establishment of Broadband Internet cost \$389 and the registration of the domain name, \$144. Purchase of compositor software (for the online information repository, project management and workflow tool) incurred a cost of \$8,500.



Hurdles

The greatest challenge faced by So Design has been the need to break through the cultural barriers associated with new technology use. Paul says the company invested significant time in "teaching marketing people (clients), how to use a computer".



Results

As no additional sales channel was created, benefits from e-commerce have come in the form of cost savings, which amounted to \$72,880 in 2001.



Paul Cooper

Broadband



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The most significant expense reduction was realised in the use of the compositor for the approval and submission of work (\$39,000). Half an hour of staff time is saved per submission of data (graphics files, documents and mock-ups), being approximately 15 submissions per week. Completed jobs are now stored on-line rather than on CD, enabling more efficient retrieval for after-sales-service and follow up, saving 2 hours of staff time per week (\$10,400). Savings in physical storage of, and the time taken to burn and file the CDs amounted to \$10,920.

The online approval process and use of e-mail communications has reduced the costs for courier (\$9,240), phone and faxing (\$2,600) and printed stationery (\$720).

The total ongoing costs for 2001 were \$10,738. Most of these expenses were incurred in maintenance of the website including \$1,440 for website hosting and \$3,000 for rental of the DSL line. Staff time spent in updating content on the compositor and website amounted to \$1,800. In addition, \$4,498 was allocated to the amortisation of capital expenditure over 4 years.

The expedited approval process has produced process efficiencies in that time is not wasted waiting for someone to receive a document for approval or unknowingly working on the old edition of a document. These process improvements have assisted in providing customers with a faster delivery cycle for products, which in turn has enhanced customer satisfaction and provided the company with an edge over competitors. All internal and external stakeholders including marketing, legal and product development have access to the most recent versions of work.

Increasing email usage over phone and fax has also contributed to prompt response times to client and associate enquiries. By freeing up time spent in administration and hardcopy correspondence, staff productivity is improved and more chargeable hours can be spent on a design project.

Future

Although satisfied with their current website, So Design see value in upgrading the website with more detailed marketing information. More details will be provided about print specifications in a Question and Answer format so that less staff time is spent on answering technical enquiries.

Revenue and Costs

	(\$)
E-commerce Establishment Costs	
Web Development	4,900
Preliminary research	3,500
Registration of domain name	144
Telecommunications (DSL)	389
Software (compositor)	8,500
Hardware (router)	560
Total e-commerce establishment costs	<u>17,993</u>
Operating benefit from e-commerce	2,001
	(\$)
E-commerce cost savings	
Printing - internal costs	720
After sales service	10,400
Couriers	9,240
Physical storage and filing costs (time to store and costs of CV)	10,920
Telecommunications (savings on phone and fax costs)	2,600
Staff time - expedited approval and dispatch process	39,000
Total e-commerce cost savings	<u>72,880</u>
<i>Less: Ongoing e-commerce costs</i>	
Amortisation of Capital Expenditure *	(4,498)
Website hosting (including compositor)	(1,440)
Telephony - DSL line rental	(3,000)
Staff - updating the compositor /website	(1,800)
Total ongoing e-commerce costs	<u>(10,738)</u>
Operating benefit from e-commerce	<u>62,142</u>

Note: Capital Expenditure is amortised over a 4 year period

For further information on this case study please go to www.noie.gov.au