HOW A MYTHICAL MERCHANT USES THREE AVENUES OF THE NET FOR E-COMMERCE

COOL SPORTZ sits at the center of a web of partners, all connected over the Internet using open software standards. Cool Sportz has a private company intranet to communicate with branch stores and employees in remote offices. A secure extranet links Cool Sportz to its contract manufacturers, suppliers, independent retailers, distributors, and partners such as its law firm and ad agency.

COOL SPORTZ

INTRANET

RETAIL STORES Cool Sportz collects sales data from its 1,200 retail stores around the country and fills hundreds of product reorders electronically. All stores are on the Cool Sportz intranet, a secure link that traverses the Internet. Cool Sportz also "pushes" info on promotions and discounts to its stores.

EMPLOYEES Instead of phoning the Human Resources department, Cool Sportz staff refer to an electronic version of the employee handbook on the company intranet. And they use a Java-based application to change their investment and health-care options and calculate their retirement benefits. Expense reports filed via the intranet are paid within 48 hours.

www.coolsportz.com

EXTRANET

INTERNET

RETAIL STORE

DISTRIBUTORS Cool Sportz sells its CoolWear products through 2,500 independent sporting-goods stores around the country. Distributors who supply these shops use Cool Sportz's extranet to check on their commissions and read up on new merchandise-marketing programs.

MANUFACTURING For years, Cool Sportz has placed orders with contract manufacturers using Electronic Data Interchange, or EDI, an old software standard that is neither cheap nor flexible. Now, Cool Sportz saves money by moving some of these orders over the Internet.

PURCHASING Cool Sportz used to order shoes, ski gear, and camping goods by phone and fax. Now, Cool Sportz saves time and money by sending orders electronically over the Internet. Some suppliers let Cool Sportz enter their private networks to place orders.

LIQUIDATION When products don't sell, Cool Sportz auctions them through an online brokerage. The company posts info about the goods and a minimum price. Potential buyers enter bids, and Cool Sportz ships the goods to the winning bidder.

OFFICE SUPPLIES To centralize purchasing of office supplies, Cool Sportz lets managers in retail stores requisition everything from diskettes to display racks via their PCs. The orders are sent over the extranet from Cool Sportz to suppliers, who deliver directly to the stores.

PRODUCT DESIGN Cool Sportz enlists freelance designers to create CoolWear products. The designers exchange drawings with Cool Sportz over the extranet. Then Cool Sportz's staff and designers can mark them up while talking together live over the Net.

PARTNERS To help efficiency, Cool Sportz requires its law firm, accounting firm, and ad agency to belong to the corporate extranet. This ensures privacy and security for E-mail and electronic files. Cool's marketers brainstorm over the Net with the ad agency.

BANKING While awaiting standards for Net-based electronic banking, Cool Sportz sends invoices by secure E-mail, which reduces paperwork and speeds up payment. The CFO likes collecting bills faster, but is less eager to see accounts payable go electronic.

CONSUMERS Cool Sportz's Web site is promoted in TV ads, and gets thousands of hits a day. From surveys on its site, Cool Sportz collects demographic data. And it advises registered surfers on sales and new products.

RETAIL STORE

ILLUSTRATION BY ALBERTO MENA/BW