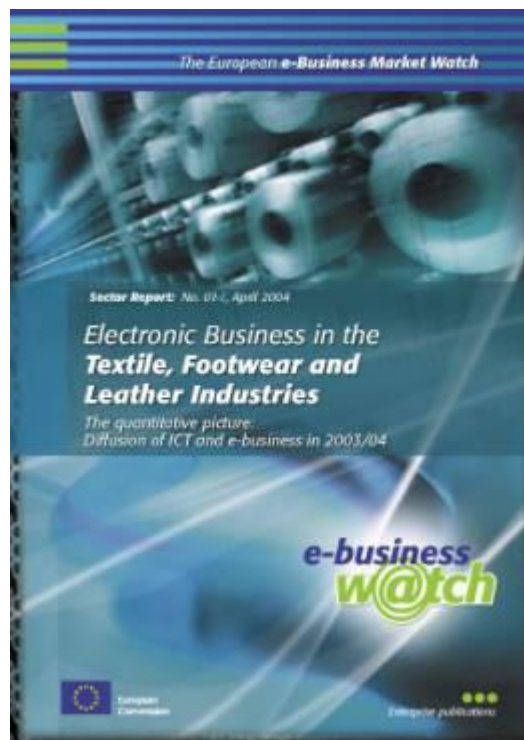




The European e-Business
Market Watch



Electronic Business in the Textile Industries

 **DATABANK CONSULTING**

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e-Business W@tch Workshop
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An initiative of the



**European
Commission**

The Textile industry at a glance

- **Operational definition**

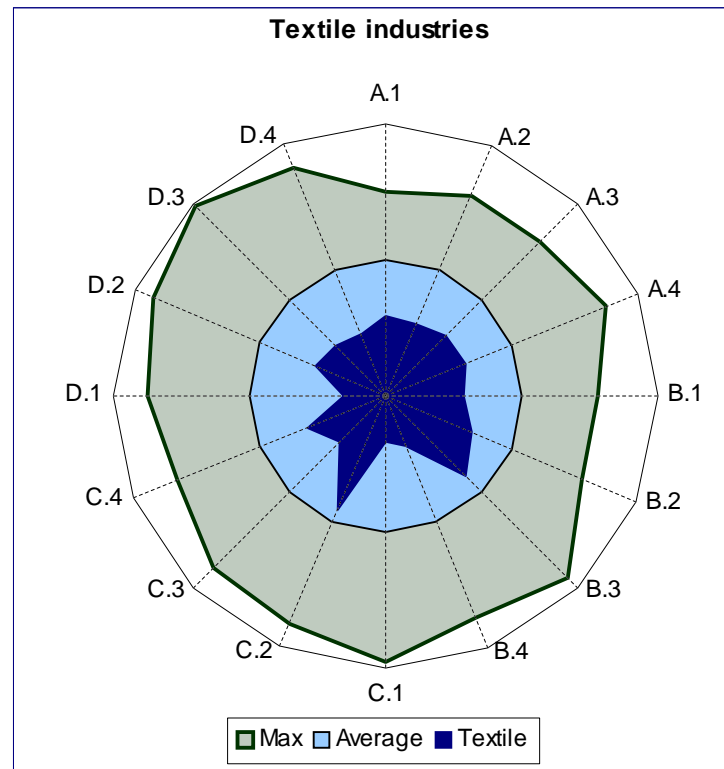
- NACE 17: Manufacture of textile and textile products
- NACE 18: Manufacture of leather clothes, manufacture of other wearing apparel and accessories
- NACE 19: Manufacture of footwear

- **EU market size**

- Employment: 2.2 Million people
 - 7.3% of total manufacturing employment
- 185,000 companies
- >50% employees work in micro and small enterprises
- Combined production value 218 Million €
 - 4.5% of total manufacturing
 - production value from new member states about 5-8% of total EU
- A major sector in the new Member States

Main electronic business objectives

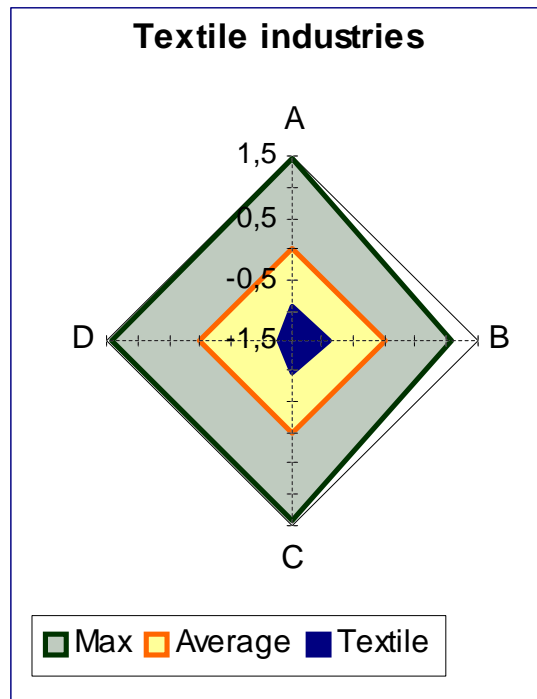
ICT and e-business: sector overview



Indicators

- A.1) LAN
- A.2) Internet connectivity
- A.3) Remote access to company network
- A.4) Wireless access to company network
- B.1) Use of an intranet
- B.2) Use of online technology to track working hours and/or production time
- B.3) Use of ERP systems
- B.4) Perceived impact of e-business on internal work processes
- C.1) Enterprises purchasing at least 5% of their supplies online
- C.2) Use of SCM systems
- C.3) Integration of IT system with supplier(s)
- C.4) Electronic exchange of documents with suppliers
- D.1) Enterprises maintaining a website with a content management system
- D.2) Use of CRM software systems
- D.3) Enterprises selling at least 5% of their goods & services online
- D.4) Enterprises with an online sales system offering the capability of secure transactions

Main electronic business objectives



Categories

- A) Connectivity of enterprises
- B) Internal business process automation
- C) Procurement and supply chain integration
- D) Marketing and sales

A clear digital divide between the textile industries and the rest of the manufacturing sectors

Max = maximum indexed value for one of the 9 sectors

Average = mean value for the 9 sectors

Main electronic business objectives

- **Integration along the value chain**
 - Online exchange of documents is low in a sector where there are many and diverse operational phases
 - Digitalisation and integration of commercial activities is limited, considering number and frequency of supplying operations, relevance of pricing and the issue of stocks
 - Collaboration in product development is the only area where companies have been traditionally working in an integrated and standardised way
 - “Islands of activity”
 - Lack of common standards

Main electronic business objectives

- **Barriers to integration and standardisation**
 - Degree of computerisation and diversity of equipment and infrastructure
 - Cultural barriers, trust and knowledge
 - Lack of a leading role by larger players
 - Security concerns

Case Study: Supply chain integration through Textilebusiness.it

- **Background**

- SMEs based in the textile district of Como (Northern Italy)
- Consolidated network, long term relations
- Migration towards an Internet-based platform for document exchange, publicly funded

- **Objective**

- E-business solution at low cost for SMEs
- Support to BtoB relations among the value chain players

Case Study: implementation

- **Activities**

- Implementation of a „peer to peer“ system, based on XML
- Standardisation of the Communication Protocol
- Training
- Awareness raising among potential users

- **Results**

- Improvement in information flows, cost savings, response speed, reduced errors

Difficulties to involve other members of the supply chain

Business implications

- **Opportunities**

- Enabling innovations
 - Speed up information flows
 - Shorten lead times
 - Decrease supply chain management costs
 - Extend market reach and visibility
 - Extending bargaining power for SMEs

- **Challenges**

- Gaps in infrastructure and connectivity
- Economic return
- Skills

Policy challenges

- **Sectoral gap in ICT infrastructure and usage**
 - General purpose business applications
 - Efficient management of information flows along the value chain
 - Standardisation and sector-specific solutions
 - Raising awareness, enhancing skills