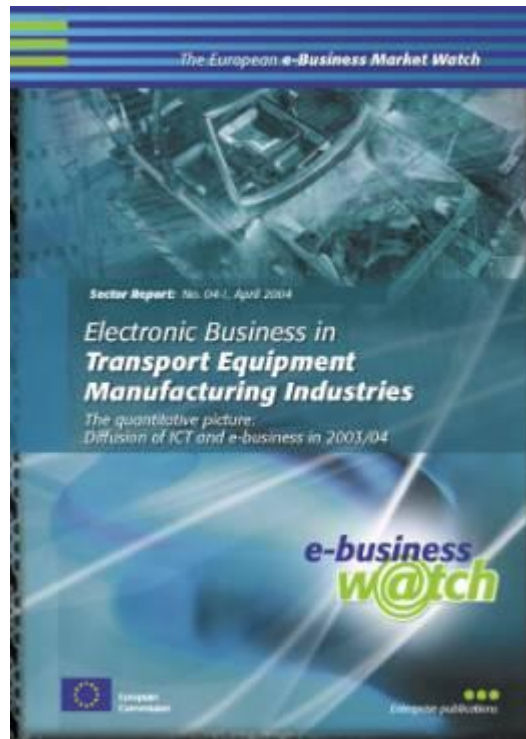




The European e-Business
Market Watch



Electronic Business in the Transport Equipment Industries

DIW Berlin



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An initiative of the



European
Commission

The transport equipment manufacturing industry at a glance

- **Operational definition**

- NACE 34: Manufacture of motor vehicles, trailers and semi-trailers
- NACE 35: Manufacture of other transport equipment

- **A few key figures about the EU market size**

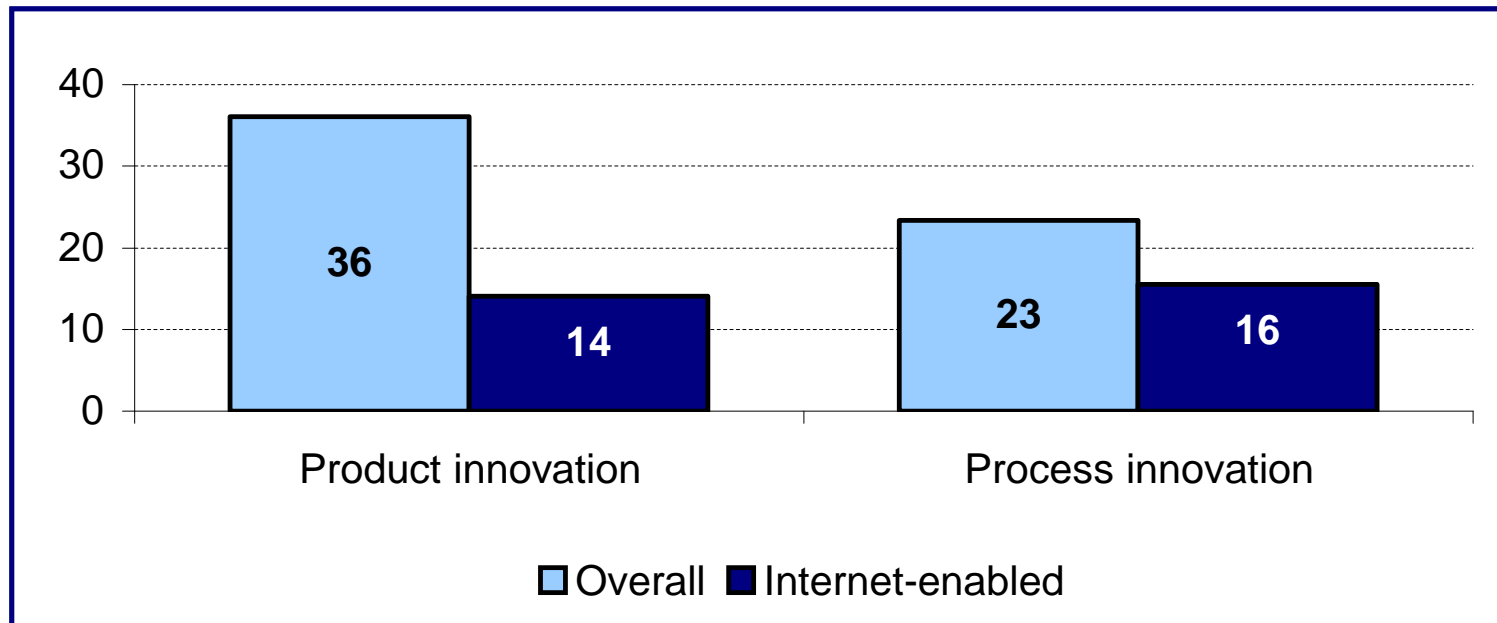
- 2.82 million persons employed
- 731bn € production value
- 96% of production value originates from old Member States (EU-15), 4% from New Members
- High regional concentration
- Large companies (> 250 employees) account for less than 6% of all enterprises, but more than 80% of employment and value added

Main electronic business objectives

- **E-business usage in the transport equipment industries**
 - 99% of sector employees in the EU-5 work in companies that have Internet access and use email
 - Online purchasing very popular: used in companies representing 65% of sector employees
 - Online sales remain niche application: used in companies representing 17% of sector employees
 - High importance of technologies to improve internal efficiency (ERP, HRM, group ware)
 - Pronounced gap in ICT usage between large firms and SMEs, only 55% of micro enterprises use WWW, 70% use email
 - Poland, Czech Republic, Hungary do not significantly lag behind

Main electronic business objectives

- **E-business technologies enable innovations**



Base: transport equipment sector, all enterprises, unweighted. Reporting period: November 2003. Data from EL, AT, PT, SE, CZ, EE, HU, PL. N = 581.

Source: *e-Business W@tch* (2004)

Main electronic business objectives

- **Innovations, both Internet-related and non-Internet-related, are positively associated with financial performance**
 - Both product and process innovations are positively associated with increasing turnovers
 - Differentiating between Internet-enabled and non-Internet-related innovations yields only weak and insignificant correlations à small N
 - All sectors: significant positive correlation of all kinds of innovation with financial success
 - Three clusters:
 - Firms that conduct process and product innovations using Internet-technologies
 - Firms that innovate without the Internet
 - Firms that do not innovate

Main electronic business objectives

- **Innovations are positively associated with employment growth**
 - Both product and process innovations are positively correlated with increasing employment
 - Non-Internet-related innovations are stronger correlated with employment increase than Internet-based innovations
 - However: Internet-based process innovations are NOT positively associated with employment reduction!

Case Study: CRM at Wix-Filtron, Poland

- **Background**

- International supplier of filters to the automotive industry
- Headquarter in Gostyn, Poland
- 600 employees, 20 mio items, 22 mio € revenue
- Supplies OEMs like Ford, GEM, VW
- Customers worldwide

- **Objective**

- Immediate access to all relevant and up-to-date information on customers
- Paper-based workflows hindered every effort to better utilise information and improve customer service

Case Study: CRM at Wix-Filtron, Poland

- **Activities**

- Implementation of a CRM system with the following objectives:
 - Complete information on customers and products
 - Information on customer's structure
 - Immediate access to multifaceted information on sales plans and development
 - Improvement of information and document flow and processing
 - Better control over business processes
- Implementation in 80 days, including user training and monitoring
- Connection with ERP system – up-to-date information

- **Results**

- Complete ad-hoc information about customers, improved customer service
- Changes in information flows and processes
 - à Internet-enabled process innovation!

Business implications

- **Opportunities**

- Enabling innovations and strategic changes
 - Cost savings
 - Greater speed and efficiency of standardized procedures
 - Transparency
- Proven strategy to accompany enterprise growth

- **Challenges**

- Initial uncertainty about ROI
 - Implementation risk
 - Opportunity costs
- Potential lock-in to a specific technology, standard, or industry group

Policy challenges

- **Pronounced gap in ICT between SMEs and large enterprises**
 - Not all e-business tools make sense for SMEs
 - However, simple Internet applications could be beneficial for almost all companies
 - Email
 - Corporate website
 - WWW to browse for information or to purchase online
 - à Raising awareness and enhancing e-business skills among SMEs