

# **E-Business for Managing Global Operations - Opportunities and Challenges Ahead**

**E-Business Watch Conference 2008**



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**BASF SE**



# BASF 2007 - At a glance

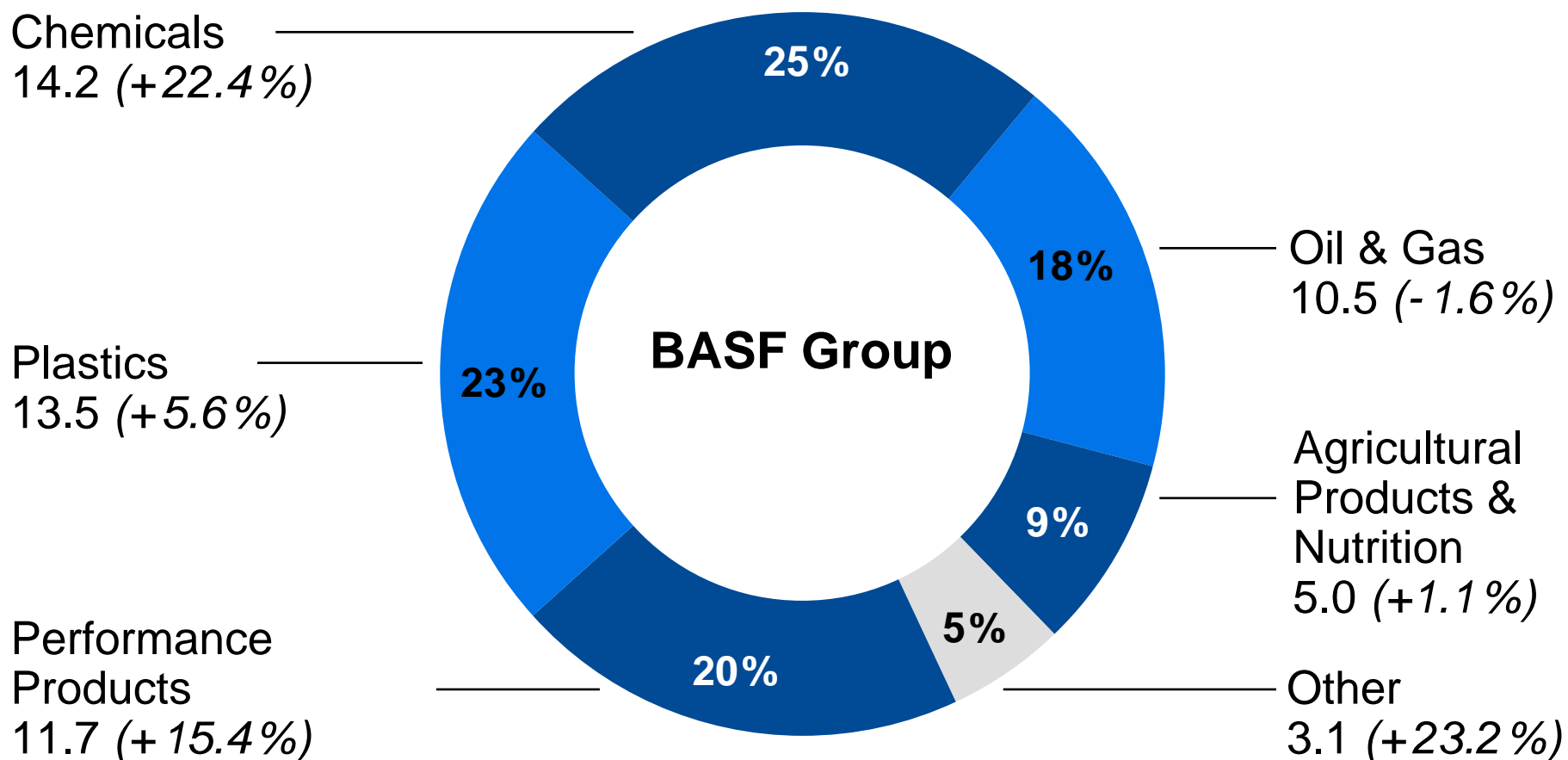


## BASF – The Chemical Company

- The world's leading chemical company
- Offers intelligent system solutions and high-value products for almost all industries
- Sales 2007: €57,951 billion
- Income from operations (EBIT) 2007: €7,316 billion
- Employees at year-end 2006: 95,175




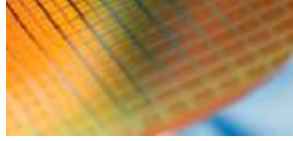

# BASF Group: sales by segment in 2007

billion € (*change compared with previous year*)



# BASF sales by industry\*

## Percentage of sales in 2007

> 15%	Chemicals	
10 – 15%	Automotive   Construction   Utilities	
5 – 10%	Agriculture   Plastics industry Oil industry	
< 5%	Electrical/Electronics   Furniture   Paper	
10 – 15%	Other industries	

\* Distribution by direct customers of BASF

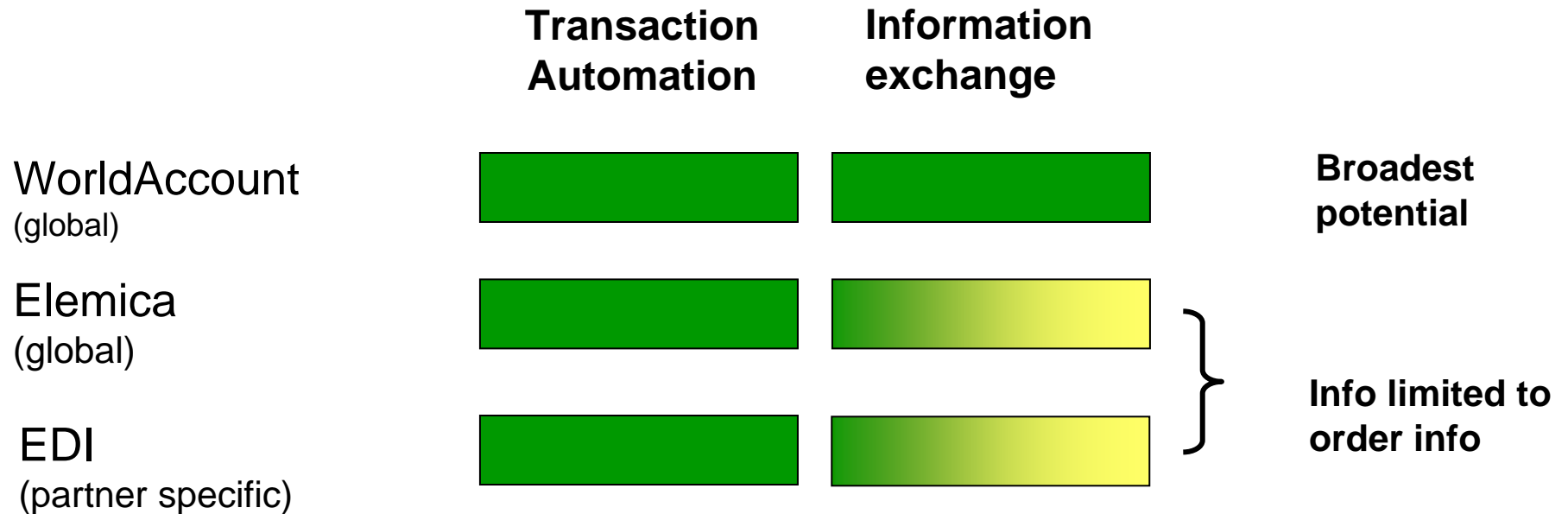
# Internet Usage – The future view

**E-mail account.  
Guitar lessons via Internet.  
Buys his music at iTunes.  
Talks to his grandparents via Skype.  
Gaming via Internet.**



**E-mail account.  
School assignment on Internet.  
Research for school project.  
Collaboration for school project.  
Live soccer scores.  
Latest news of Manchester Utd.**

# Transaction and Information: The two focal areas of E-Commerce



- All tools contribute to process automation and information sharing with customers
- Besides order information product information, downloads etc. play a key role
- Tools complement each other

# E-volution of e-Commerce to e-solutions

**2000**



Orders



Orders  
Order Mgmt  
Order Information



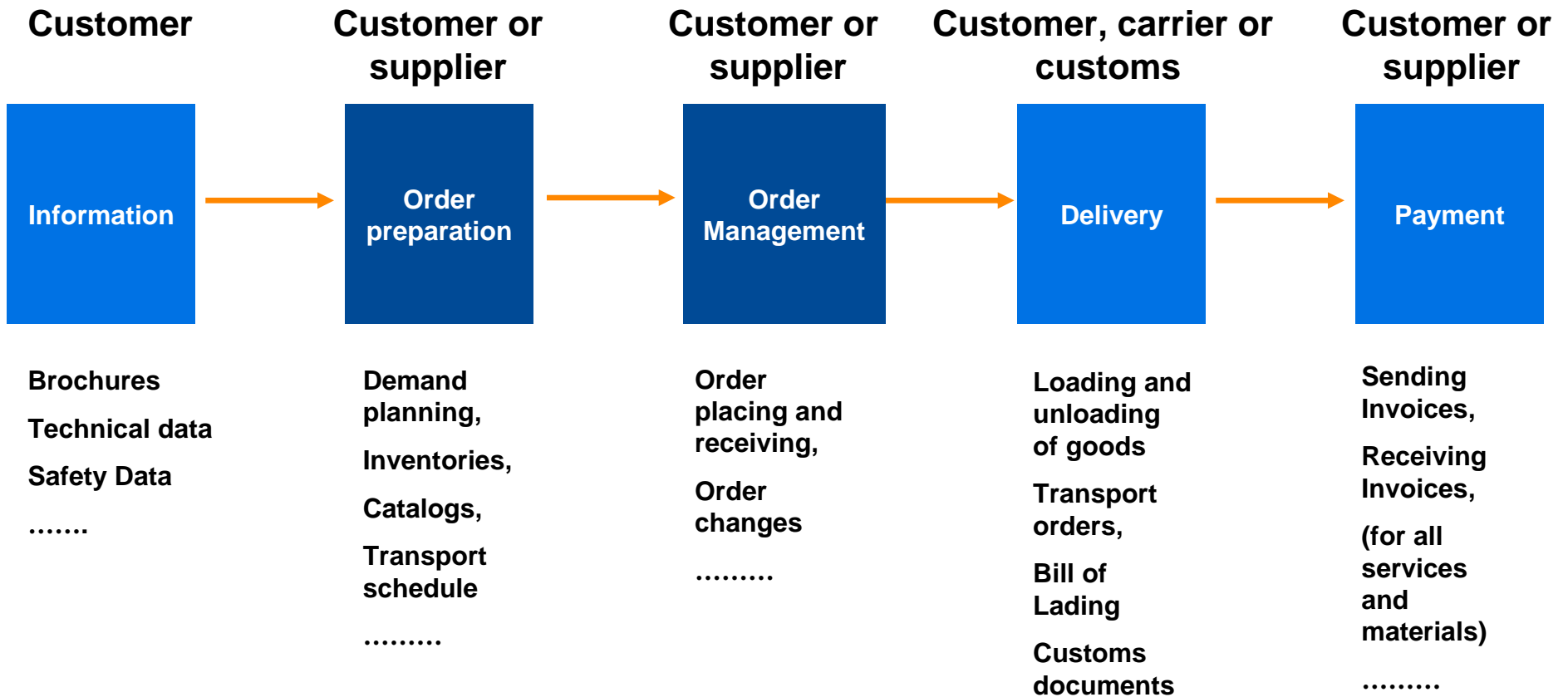
Orders  
Order Mgmt  
Order Information  
Product information



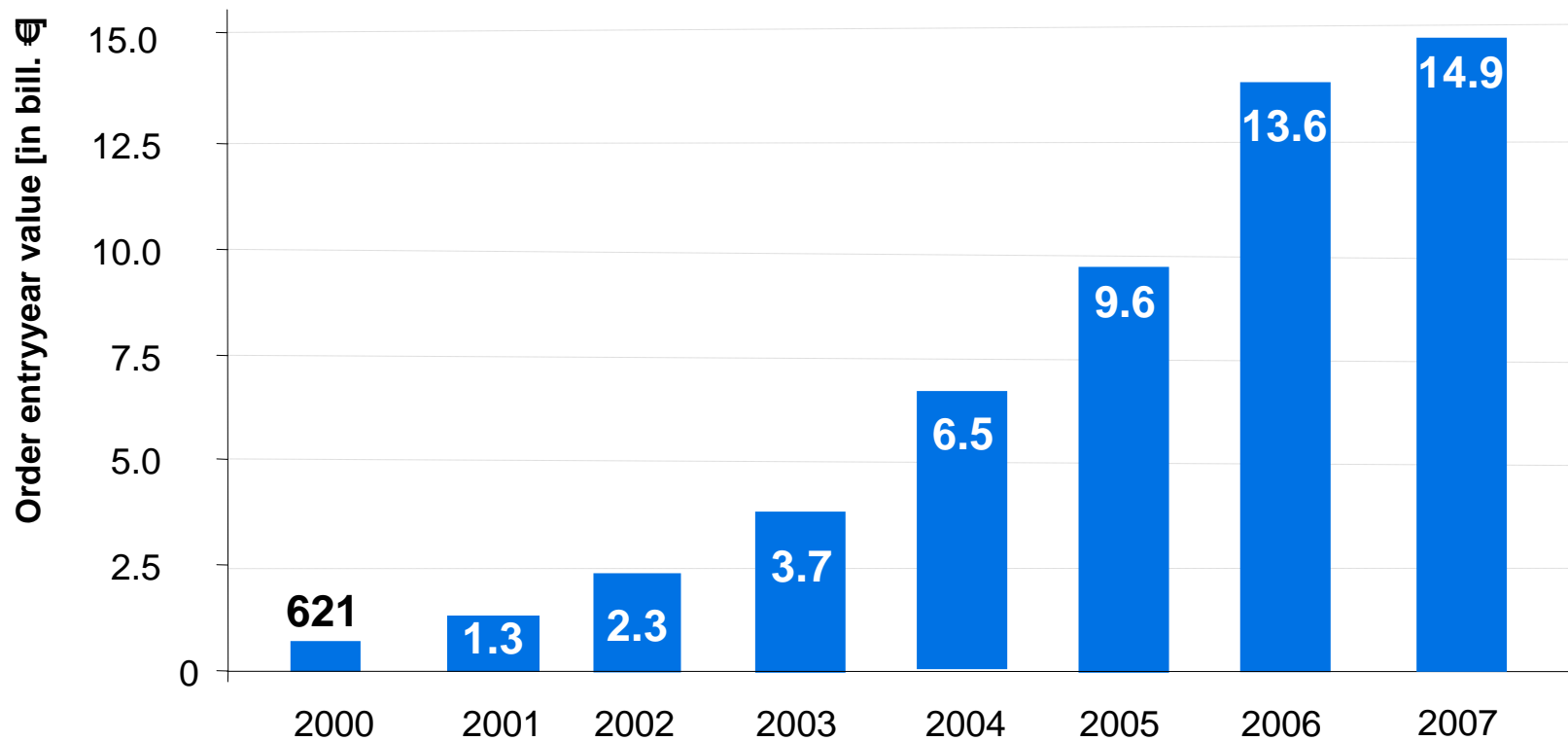
**2008**

Orders  
Order Mgmt  
Order Information  
Product information  
Supply Chain, Logistics  
Customer Collaboration  
e-marketing  
E-invoicing  
Automated fax orders

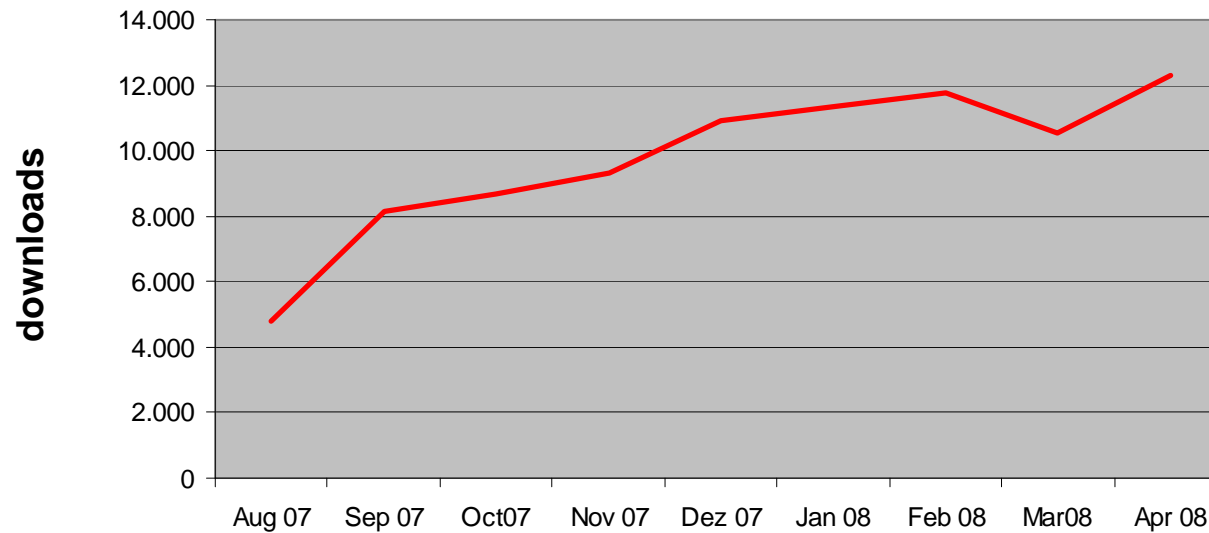
# Customer information and business documents



# Global development of BASF's e-business order entry value



# Example: Downloads from WorldAccount



- examples: Product & process information, certificates of analysis

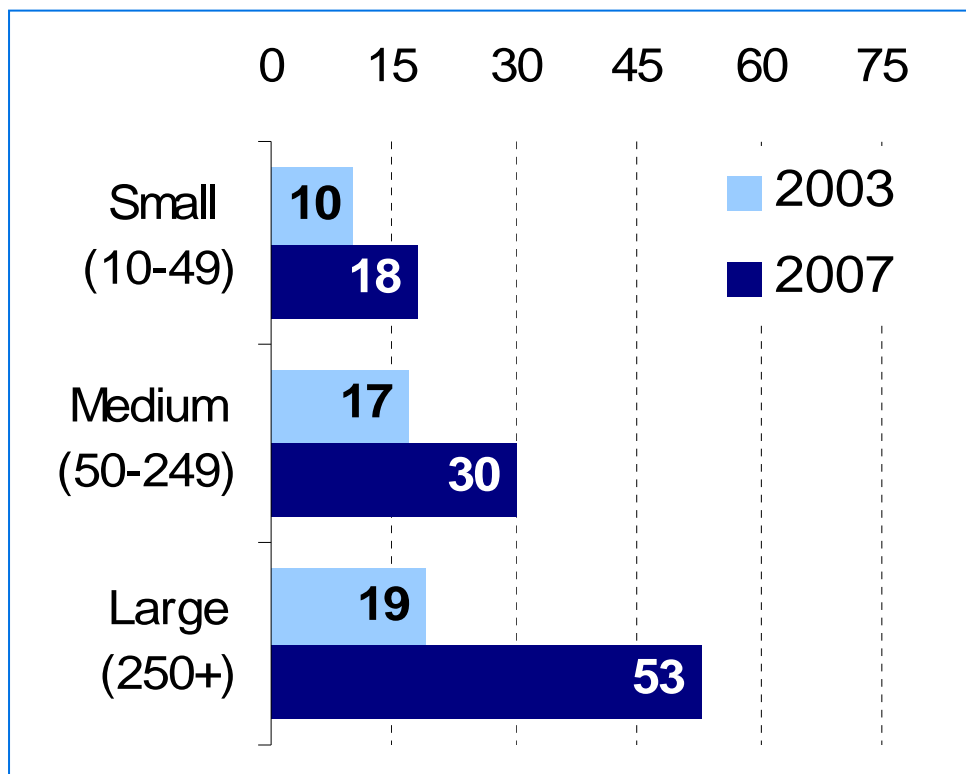
# Information for our customers

- Significant increase of information utilization content (> 30 % in 2007)
- Individualization of information represents a major customer value
- Information at the right time and the right place



# e-Business Watch study: increase in e-commerce adoption

**% of companies receiving orders from customers online**  
(chemical, rubber and plastics industry, 2003/2007, by company size)

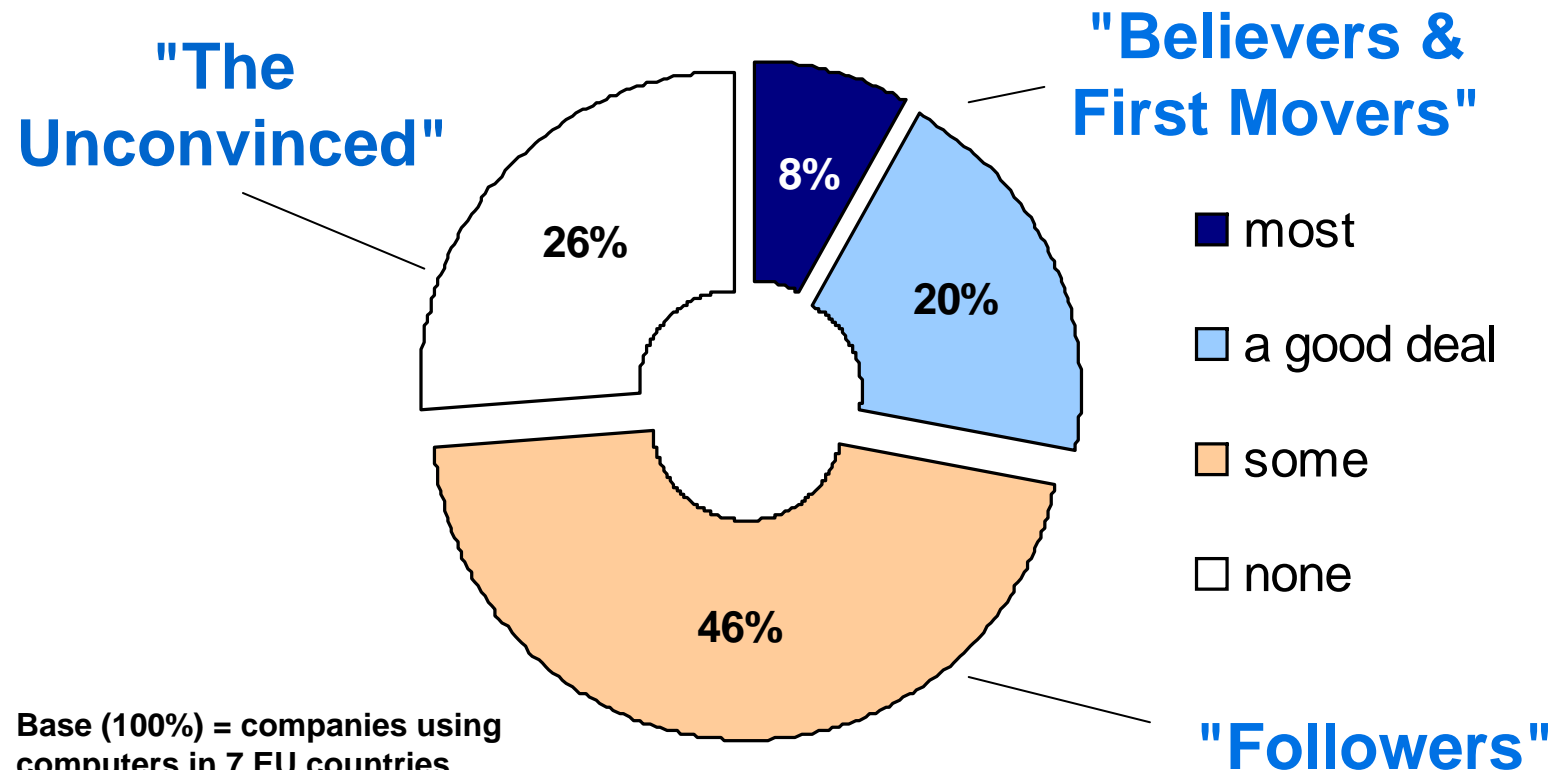


Base (100%) = companies using computers in 7 EU countries (2007) / 5 EU countries (2003); N (2007) = 811, N (2003) = 502.

- e-Commerce adoption rate has increased
- e-Business Watch estimate: online sales accounted for about 10% of total sales in 2007

# e-Business Watch Survey: perceived intensity of e-business – 3 groups

**"Would you say that most of your business processes are conducted as e-business, a good deal of them, some, or none?"**

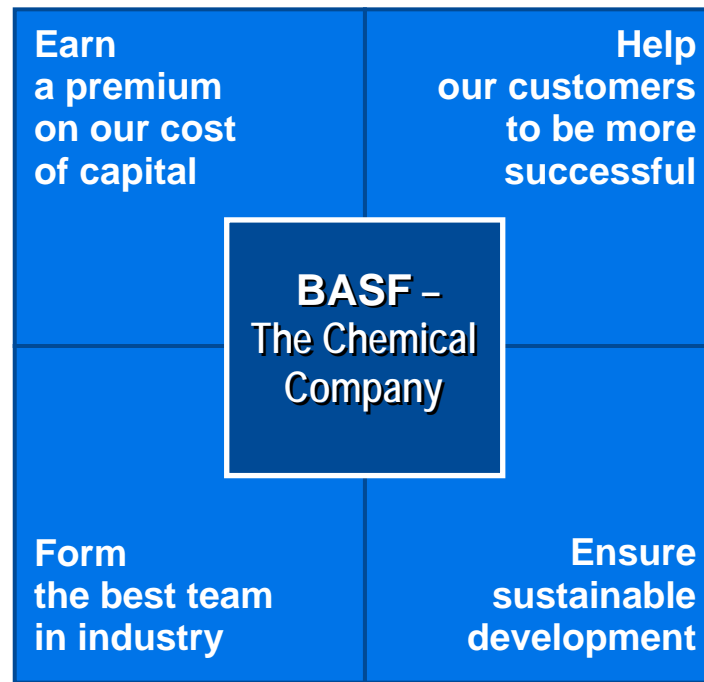


Base (100%) = companies using computers in 7 EU countries.  
N = 811. Data weighted by employment.

# E-Solutions - Strong link into BASF 2015

- Process efficiency
- Automation
- Synergy potential

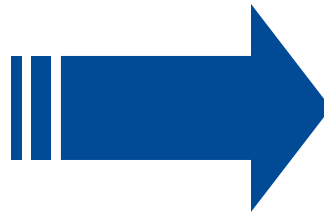
- Global team
- Global exchange
- Best practice
- Cultivate diversity



- Availability and reachability
- Information
- Customization
- Cooperation

- Transparency
- Clearly defined goals

# Change from e-Commerce to E-Solutions Only a new Branding?



# E-solutions – Vision & Mission



e-solutions  
the easy way to do business

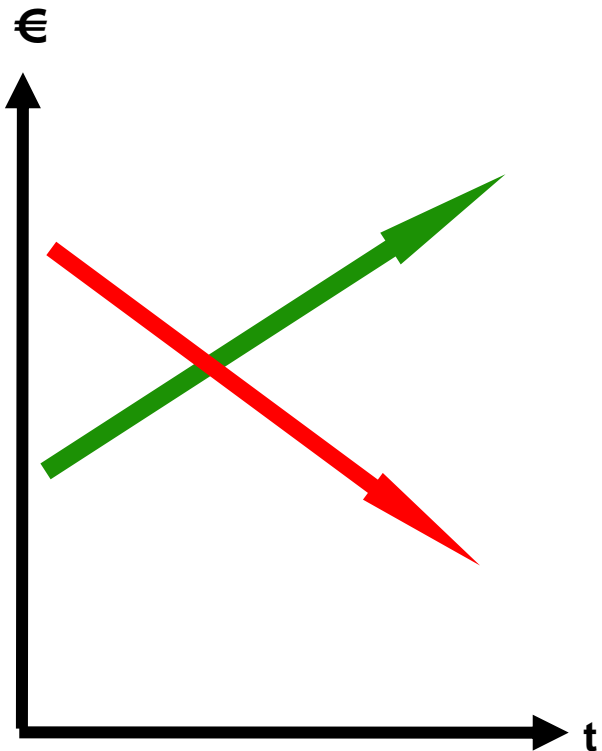
- Support business models, Customer interaction models and customer relationships to accomplish growth and efficiency goals
- Offer e-business tools to enhance and evaluate business processes
- Proactively develop e-solutions for new markets and technologies

# E-solutions - Basics

- Adopted term to reflect the performance of BASF e-business which goes beyond pure transactional e-commerce
- Strategic concept from a sales & marketing perspective
- Reflects the customer perspective & customer interaction models
- Includes a concrete & pragmatic concept how to utilize e-capabilities and defines priorities

# Business drivers are translated into e-solutions

## Strategy goals



## Business drivers

### Growth

- Additional markets
- New regional markets
- New product applications
- Increase customer facing time
- Service orientation
- Pricing strategies

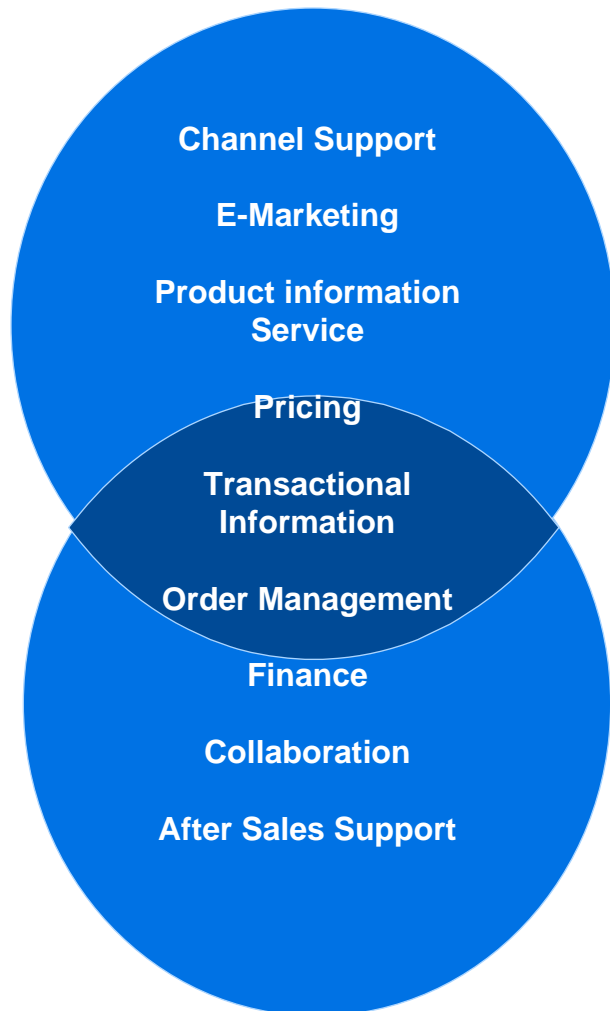
### Costs

- Automation of transactions
- Self service
- Efficient pre- and after-sales
- On-line marketing
- Service bundling

# Business drivers are translated into 6 e-solutions

**e-solutions**

**Business drivers**



**Growth**

- Additional markets
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**Costs**

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# e-solutions - Overview



## Collaborator

- Customized solutions in highly innovative & service intensive industries
- Enable online collaboration



## Differentiator

- Support differentiation
- Enable pre- and after sales support, branding, product & service bundles



## Shape Commoditization

- Support commoditization trends
- Enable automatic transactions, transact.pricing and contract mgmt.



## New Channel

- Implement additional standalone channel
- New markets & customers



## Transactional

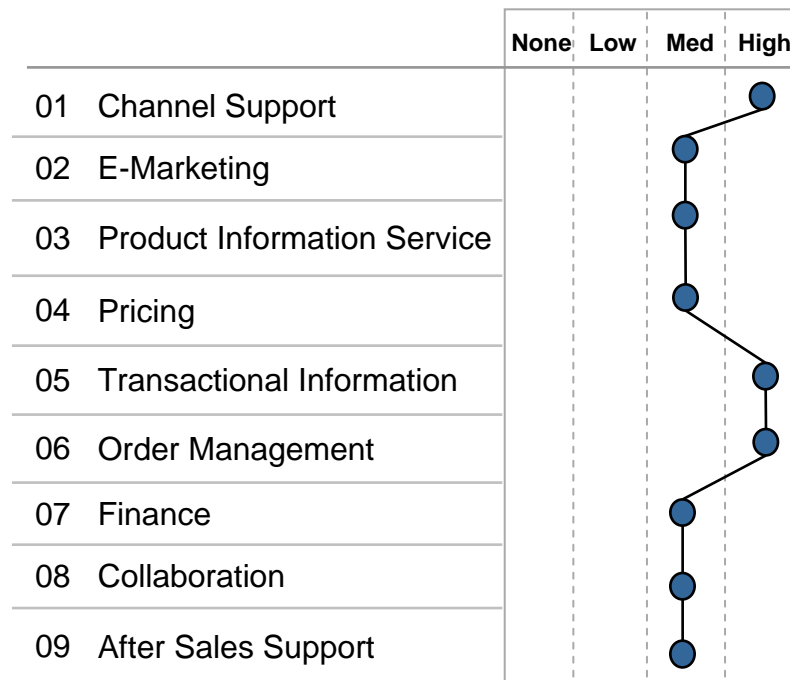
- Use e-business without strategic intention
- Improve transaction efficiency



## Infomediary

- Establish information channel
- Promotion of brands

# Each e-solutions prioritizes 9 major capabilities - example



- Each e-solution comprises a certain pattern of priorities which reflects the individual importance
- Details need to be evaluated directly related to the desired customer interaction

# E-Solutions - Conclusions

- There exists no option for modern companies not to invest in E-Business
- E-Business represents a major sales channel for BASF
- E-Solutions activities go far beyond transactions
- Ambitious growth targets for information, transaction and collaboration
- Globally consistent strategy and management commitment
- Strategic fit with customer interaction is key for success
- E-marketing plays increasingly an important role
- E-Business does not replace the personal relationship

**More time to spend on new  
business opportunities.**

BASF e-solutions – The easy way to do business.

[www.esolutions.basf.com](http://www.esolutions.basf.com)

 **BASF**  
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