

workshops as part of the ICT4D Platform during WSIS. The aim is to help small firms in developing countries become more competitive in today's rapidly changing marketplace, using information and communication technologies.

The theme will be, *The Changing Marketplace: Putting "E" to Work*, the workshops address practical experiences of e-business development and focus on finding new ways of doing traditional business; seizing new ICT-related business opportunities; and helping SME exporters overcome the digital divide. The sessions cover ITC's E-trade Bridge programme, the Swiss-Jordanian e-trade platform, e-waste and e-security and other experiences of putting "e" to work around the world.

These interactive workshops follow up on major themes of the infoDev Symposium on ICT for Development: What Works, What Does Not Work, also taking place during the Summit.

Other e-related initiatives during WSIS include a global meeting of the E-trade Bridge Network, as well as a joint ITC and **seco** exhibit called *The Changing Marketplace*. The exhibit features e-related tools, services, best practice cases and other material.

## Results

ITC's role in the WSIS process is key to achieving the following objectives:

- ▶ Give ICT stakeholders a better understanding of e-business experience, best practices and models of Internet-based economic and trade activities.
- ▶ Harmonize views amongst stakeholders on responses to the global ICT challenges.
- ▶ Provide business recommendations to the WSIS Action Plan.
- ▶ Increase the role and visibility of the business community in developing countries in the Summit. ▶

For more information on ITC and the WSIS process, please visit ITC's web site at <http://www.intracen.org/e-trade>.

# Small Firms Make the Case for E-trade

by Natalie Domeisen, John Gillies and Prema de Sousa, ITC

Across the developing world, pioneering small firms are taking advantage of new information and communications technologies to improve their business processes and expand their export markets for traditional products and services. They are also supplying high-tech goods and services themselves.

The case studies on the following pages provide examples of how applying technology with business flair can boost efficiency and profits — even in small firms.

It's not always necessary to use the most sophisticated technologies. Whether exporting gift items, specialty foods or luxury goods, "everyday" information and communications technologies such as e-mail, web sites, mobile phones and digital photography make a big difference.

Developing and transition economies are also offering skilled services in "new

economy" sectors, such as software programming and web management. Enterprising young people, trained in technology, are helping their countries become e-ready and exporting e-business services around the world. ▶

For more information about the case studies on the following pages, contact John Gillies ([gillies@intracen.org](mailto:gillies@intracen.org)) or Nikolai Semine ([semine@intracen.org](mailto:semine@intracen.org)). ITC consultants, Luz Suplico, R.K. Verma and Mary K. Weed, provided research assistance.

## Opening the E-gates for Shopping in Nepal

The challenge for traditional retailers like MunchaHouse.com in Nepal is to develop an appropriate technological framework to offer online shopping as well as traditional shopping. By applying technology with business flair, the firm has addressed a market need. It aims to expand the export market by tapping into Nepalese communities abroad, and encourage them to buy gifts for friends and family in Nepal. It also aims to expand the domestic market by showing them the potential of online shopping through the packages received from expatriate contacts.

Founded in the heart of old Kathmandu, MunchaHouse is one of the oldest department stores in Nepal. Today, its online shop complements its traditional department store. Part of its success is based on building on a well-established brand and image. E-shopping includes merchandise of over 5,000 items in 25 major categories, including greeting cards and upload of photos for development and delivery. Since the launch of MunchaHouse.com in 2000, the company has developed a customer base of 4,500 members.

MunchaHouse.com saw how the Internet raises the possibility of serving Nepalese people in previously unimagined ways. The web site caters to the Nepalese community outside Nepal, enabling shoppers to select items from a wide variety of categories and items. These products are delivered to over 120 e-connected destinations in Nepal (a tall order for any

**Company:** MunchaHouse.com

**Sector:** Retail

**Location:** Kathmandu, Nepal

**Employees:** 10

**Yearly turnover:** US\$ 100,000

**Export sales as % of total turnover:** 100%

**Current export markets:** Nepalese community abroad

**Web site:** <http://www.munchahouse.com>

**Lessons learned:** Tap into expatriate communities seeking a way to send gifts to family and friends at 'home'. Invest in adapting traditional retail processes (such as product development, payment, distribution and marketing) to an online environment.

mail order company), allowing them to bridge the gap between Nepalese overseas and their relatives in the Himalayan foothills. Delivery costs and time are much reduced compared with the international postal services.

MunchaHouse.com developed its online shopping with local expertise. The challenge they faced was to integrate conventional retail systems with online systems to handle receipt of specifications, samples, order placements, receipt of goods, storage, movement and payment. They developed a model with online directories, business/product catalogues, trade offers and promotion by event sponsorships.

## Exporting ICT Services from Nepal

In less than 10 years, Nepal has undergone an ICT revolution. Back in 1995, the only web site managed and hosted by a Nepalese company was <http://www.southasia.com>. Today, a search for the word 'Nepal' on Yahoo or Google search engines shows a multitude of addresses. Whether it's about Nepal's domestic news, travel sites, or geography, web sites are now perceived within Nepal as a business necessity.

ITNTI has helped Nepal make this transformation, creating the infrastructure for export markets to grow. As the country's most affordable web hosting service and a world-class information service provider, ITNTI set the stage for other services in Nepal.

ITNTI also offers e-business solutions in sectors ranging from agriculture to satellite communications. It provides services for development organizations as well as major European multinational firms. It is also working with countries in the region to promote broad access to knowledge and information for development.

**Company:** Information Technology and Telecom International (ITNTI)

**Sector:** Software, information and communications technologies (ICT) services

**Location:** Kathmandu, Nepal

**Employees:** 150

**Yearly turnover:** US\$ 600,000

**Export sales as % of total turnover:** 90%

**Current export markets:** Canada, Europe, South Asia, United States

**Web site:** <http://www.itnti.com>

**Lessons learned:** Partnerships with a range of corporate clients and development organizations helped this firm capitalize on its ability to stay at the forefront of technology developments and provide ICT services to clients around the world. The web site enabled the company to garner large contracts. Its network services bring benefits to small and medium-sized enterprises in Nepal.

E-shopping

ICT services

Personalized client  
relations

E-distribution

E-shop front

Building trust

## South African Boat Builder Sets Sail with E-mail

When Peter Dean set out to harness the benefits of the Internet to sell boats, he had no idea of just how useful e-mail could be for winning and keeping customers. Building custom boats has always been a delicate and lengthy process of consultation between the builder and the client. Dean Catamarans, a South African maker of luxury catamarans in business for over 20 years, discovered that it could use technology to extend its reach to far-away markets. As the boats take up to nine months to build, it is important to keep clients as far away as Malaysia and the United States engaged in the progress of the boat's construction. Customers receive personalized services, including digital photographs that document construction progress on a regular basis.

Technology has made it easier for customers to take part in the manufacturing process. Dean discovered that the images were especially important for clients to visualize and respond to alterations. Through the firm's web site, clients can assist in choosing specifications and components and suggest modifications. A photographic history of the boat's construction also serves as an ongoing archive for both customer and manufacturer that can be used for insurance and repair purposes. To create a sense of community and aid in the marketing process, Dean employs e-chat rooms and a web-based skippers' log for

**Company:** Dean Catamarans

**Sector:** Luxury goods

**Location:** Cape Town, South Africa

**Employees:** 42

**Yearly turnover:** US\$ 2.5 million

**Export sales as % of total turnover:** 95%

**Current export markets:** Croatia, France, Greece, Italy, Malaysia, United Kingdom, United States

**Web site:** <http://www.deancatamarans.com/english/home.htm>

**Lessons learned:** In the luxury goods sectors, personalizing customer relations is especially important. Strategic use of basic applications like e-mail and digital photographs, chat rooms and online specifications can help win clients and loyalty. Stay away from gadgets and the use of advanced technologies if they do not serve the strategic interests of the business.

documenting voyages on the yachts. Dean considered more sophisticated technology, like web cams, but customers prefer the more prosaic technologies, like e-mail and digital images.

Customers' ability to participate fully in the production cycle has not only expanded the client base worldwide, but has also improved customer satisfaction and customer retention.

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## E-distribution Pays Off for Philippine Delicacies Firm

Pinoydelikasi.com is the first Filipino online delicacies store. It was established in 1999 to meet the demand for exotic foods and specialty items from Filipinos living outside main cities and in expatriate communities around the world.

The company needed to coordinate incoming supply chains and outgoing distribution to customers.

The case of Pinoydelikasi's fresh fish suppliers is a good illustration of the challenges in running such a business, and how applying technology can overcome them. Fishermen supplying fish to the company are mostly located on Bantayan Island, where communication is limited to the village's single telephone operator. To make an order, Pinoy would call the operator, request to speak to a particular fisherman and hang up while the operator tried to locate the fisherman and bring him to the phone. To address this inefficient system and satisfy sales opportunities, Pinoy offered the fishermen subsidized mobile telephones to expedite order placements. With the increased sales, fishermen could afford to invest in the technology, creating a "virtuous circle".

By improving processing and delivery time, lowering its costs, and serving its customers better, the company went on to enjoy considerable success. From an initial capitalization of less than

**Company:** Pinoydelikasi.com

**Sector:** Specialty foods

**Location:** Manila, Philippines

**Employees:** 9

**Yearly turnover:** US\$ 400,000

**Export sales as % of total turnover:** 75%

**Current export markets:** Australia, Dubai, Germany, United States.

**Web site:** <http://www.pinoydelikasi.com/main.php>

**Lessons learned:** Technology can help open markets to expatriates and rural communities without access to specialty shops. To keep customers satisfied and run the business efficiently, use technology along the distribution chain to coordinate what the web site (front end) offers and what suppliers (back end) can deliver.

US\$ 200 in 1999, Pinoydelikasi grew to US\$ 400,000 with an average monthly profit of US\$ 2,000 and a growth rate of 15% to 20% in three years. Moreover, it has provided fishermen on Bantayan Island a regular income that is at least three times what they used to earn.

## Kenyan Leather Retailer Creates E-shop Front

Adelphi, The Leather Shop, was established in 1988 in Nairobi, Kenya and began exporting the same year. With three successful local retail outlets, the company's managing director, Nalina Rupani, thought the potential of the domestic market was saturated. This led her to create an electronic shop front to the world — with the help of an ITC e-trade consultant — which is helping her to expand markets internationally.

The firm designs and manufactures leather goods, such as folders, briefcases, handbags, travel bags and wallets. As in many small companies, only two of the firm's 11 employees use computers and have e-mail and Internet access.

Looking to e-trade for its growth, Adelphi worked with Andrew Otsieno, ITC's Kenyan consultant under the E-trade Bridge programme, to develop an electronic product catalogue, create a web site to market and sell its goods worldwide, and develop e-cards for its local marketing efforts.

The firm took a good look at its 200-plus product range and decided to segment the market according to client needs. It came up with four distinct segments: corporate gifts, conference bags, an Africana range and products for hotel use. The next step was to create a database to support marketing, including photographs of the products for sale online. Adelphi then registered the web site domain name and after careful searches, identified CCNow to supply its e-commerce platform.

**Company:** Adelphi, The Leather Shop

**Sector:** Retail

**Location:** Nairobi, Kenya

**Employees:** 11

**Yearly turnover:** US\$ 102,000

**Export sales as % of total turnover:** 10%

**Current export markets:** Norway, Switzerland, United Kingdom

**Web site:** <http://www.adelphileather.biz>

**Lessons learned:** When planning an e-shop launch, it is essential to know how to use the technology to reach customers. Anticipate client needs and organize your marketing and product offering accordingly, taking into account the detailed specifications and images that international customers require.

The result has been savings in producing print catalogues and brochures, with increased overall sales at the same time. Implementing e-trade is an evolving process, but sales for Adelphi, The Leather Shop look promising. Nalina Rupani says: "Before I was introduced to this ITC initiative, I was approached by various web site development companies and their focus had been more on design than anything else. I now have a total business solution and I'm very excited that we are finally online."

## In Hungary, Tackling Trust in a New Service Industry

Online versions of newspapers and magazines are legacies of the Internet boom that are here to stay. Pressflex was founded in 1998 by print journalists asked to put their own publications online, who subsequently recognized that the global reach of the Internet and the common needs of most periodicals offered them a new business opportunity.

It developed software to meet basic publishing needs, accompanied by a series of design templates that customers can adapt. This lowers site development costs and allows the company to compete with local providers in Western markets. The company hosts clients' newspaper and magazine web sites on a central server; clients can manage their sites in their own countries, via a password-protected Internet site.

A major obstacle has been to convince developed countries that services from a transition economy will be reliable and quality-oriented. Pressflex fought hard to get its first clients in each market, learning that the only way to make inroads was by hiring local staff. Salaries and commissions to professional salespeople is Pressflex's biggest expense to date. Since clients only recognize references from their own country, Pressflex learned that it has to concentrate on a few markets to keep costs

**Company:** Pressflex

**Sector:** Web content management services for newspapers and magazines

**Location:** Budapest, Hungary

**Employees:** 8

**Yearly turnover:** not available

**Export sales as % of total turnover:** 95%

**Current export markets:** France, Monaco, Slovenia, Switzerland, Uganda, United Kingdom, United States

**Web site:** <http://www.pressflex.com>

**Lessons learned:** Gaining trust as an information and communications technologies (ICT) service provider from a transition economy can be a challenge and requires a large investment. Using reference clients, providing very specialized services, and delivering a return on investment within six months helps build confidence with clients in major Western markets.

down. Today, commercial reference clients in major markets help persuade potential customers to work with this Central European firm.