

Making **big business** of **small business**

- **eZoka is an online business procurement site**
- **It acts as a channel between large vendors and groups of small businesses, pooling resources on both sides to reduce costs and boost value**
- **By developing unique technology to drive the site, it has created an asset that it now licenses as a management tool for large enterprises**

Company:

Small businesses, we are told, are the keys to the future of the economy. But anyone who has ever run a small business will know that often the odds seem heavily loaded against ever being able to compete effectively with the big, long-established organisations. Internet technology, and companies like eZoka, are levelling the playing field at a rapidly increasing rate.

eZoka was founded by Jeff Orenstein and Sonia Lo to provide a group online procurement service for small and medium-sized businesses (SMEs). It uses its own unique technology and buying policies to secure volume discounts from leading branded suppliers - such as Action computers, Amerada Hess, Woolwich Independent Finance, Enron and ParcelForce - for companies that would otherwise be unable to buy in sufficient quantities to achieve the economies of scale.

It also licenses the patented technology it has developed to larger organisations, as a means of managing their procurement strategies. Indeed, this is a critical part of the business's growth plan, because it generates additional substantial return on the heavy investment in research and development required to establish the concept.

The Challenge

eZoka's research identified demand for the concept on both sides. SMEs quickly saw the benefits of combining their buying power, while prospective vendor partners recognised that eZoka would provide a single, managed channel to a market that has long been among the most difficult to address on a large enough scale.





To meet the demand, the eZoka team committed to a detailed planning programme, with the aim of ensuring that the right technological structure was in place, with the physical infrastructure in terms of people and resources to support it. The critical factor was that eZoka was to be a conduit rather than an online shop in its own right - the vendors would manage their own catalogues and fulfilment processes, while the buyers would still experience a one-stop-online-shop.

The Solution

Successful Internet-based business concepts nearly always combine a range of diverse elements in an innovative and compelling way. eZoka brought together a simple but highly effective strategy - the unification of multiple purchasing and selling requirements - with unique technology and the traditional values of service and customer care.

Smart management of buying cycles means that goods are shipped immediately and that, wherever it is applicable, customers receive further rebates on already low prices when the final bulk order is negotiated and placed.

“With so many businesses working together, the volume of demand for a particular line builds up over the buying period,” explains Sonia Lo. “By the time we actually place an order, we may have sufficient quantities to achieve savings even greater than the initial discount. Under our unique system, we can refund the difference five weeks after the purchase.”

Two key products were developed to form the foundation of the eZoka solution. Supplier Server enables vendors to access their online offerings with eZoka and update and amend them directly.

Catalogue Server is the engine that integrates the supplier catalogues and presents them as single source to the SME customer community, while also facilitating the centralised ordering system.

Cisco's Catalyst 3500XL routers are at the heart of the technological infrastructure driving eZoka. Service provision is through Cisco-powered Intel Online Services and the NetRep virtual shop assistant delivers the interface, with customer care agents able to interact in real time with customers as they browse. An XML interface enables the catalogue to be delivered non-web based systems.

The Rewards

eZoka is currently performing approximately 40% ahead of its original financial projections and has more than 400,000 SMEs registered. Revenues are generated through sales commissions and the licensing programme, with additional revenue streams developing all the time, such as the eStarter Pack launched in March 2001. .

“The strength of our offering lies in our international presence, as well as the breadth of product range and advanced customer service functionalities,” says Sonia Lo.

The Future

For eZoka's team, the licensing of its patented technologies is a critical part of its future. Pan-European expansion will continue, and a full Customer Relationship Management solution is in development.

Conclusion

Unique technology made eZoka the success story that it is. The server applications developed for eZoka not only make the site itself a viable business concept, they are also assets in their own right with the capacity to generate increasing and continuous revenues. And, like so many Internet success stories, eZoka has succeeded in creating communities of vendors and suppliers whose shared needs and goals create enduring benefits for every individual business.





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