

## Case Study: Australian Antarctic Division

### Electronic Commerce Technology Helps Keep Antarctic Research on Schedule

Imagine having to pre-order the entire supplies to sustain a small remote high technology community for at least a year, and to have all of those supplies ready for just a single delivery opportunity. Failure to deliver has the potential of jeopardising an entire year's work.

That's one of the pressures and challenges facing the supply section within the Australian Antarctic Division, based at Kingston, near Hobart.

The Australian Antarctic Division (AAD) supports Australian National Antarctic Research Expeditions (ANARE) and administers the Australian Antarctic Territory (AAT) and the subantarctic Territory of Heard Island and McDonald Islands.

It's to better meet the challenge of delivering an extraordinary variety of supplies to the researchers in Antarctica that AAD's manager of strategic supplies, Jenny Jones, turned to Tasmania Business Online to apply its e-commerce solution to bring greater efficiency to the operation. It was a process also driven by the Federal Government's imperative for government instrumentalities to move to electronic commerce processes where possible by the end of 2001.

After considering their options, AAD has entered into a 2-year non-exclusive agreement to use TBO as their primary online commerce provider.

"We already had a sophisticated and highly regarded intra-departmental system for ordering supplies," Jenny Jones says. "It is a system that has been much modified to meet our needs, and it works well. The TBO solution appealed to us, because it integrates with our existing system, and does not require us to re-engineer our processes.

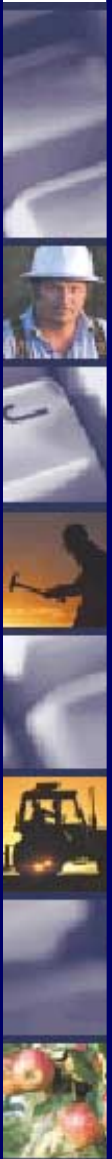
"For us, one of the strengths of the TBO solution is that it is an enabling system, and in short that means that we are able to retain our existing interface – there are no visible or obvious changes for our users.

"Similarly, we don't have time to re-educate our suppliers and users, and the relative simplicity of the TBO solution does away with that need."

AAD first trialled the TBO solution with two suppliers before deciding to go with it.

"The benefit for us is that the system is readily accessible, transparent, easy to use, and requires minimum training," says Jenny Jones. "A secondary benefit is that enables us to speed up the process of obtaining quotations."

Obtaining quotes has always been a problem for AAD, particularly because of the time factor, and the need to arrange firm delivery dates. Required to obtain competitive quotations for any contract with a value of more than \$2,000, this has meant that purchasing officers have to prepare substantial documentation for forwarding to suppliers, then there is the process of waiting for tenders to close, tender opening and evaluation – in all, a three week process at minimum. If it is an unknown or immature market, the process may take even longer.



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With the clock on the delivery voyage constantly ticking, time is lost when waiting on traditional suppliers, only to find perhaps that they are unable to meet specific needs.

“E-commerce is showing us that we can speed this process considerably. We can search catalogues, compare prices, make our own evaluations, and then decide to place an order – all in a matter of hours at most.

“Because the TBO system gives us electronic notification of all stages of the ordering and delivery process, it makes us rest a little easier!

“In any other situation it would sound trite, but the fact is, we can't miss the boat to Antarctica. Everything we have ordered must be ready to ship on the due date. If we fail, we can hold up a whole year's scientific work.”

A sometimes overlooked but important aspect of e-commerce is the ability to compare prices.

“We are finding that by being able to search a number of catalogues for the same product, we get a good feel for pricing levels, and if one supplier is consistently a little more expensive, we can go back and ask: is that really the best price you can do for us?”

AAD has an annual budget of around \$60 million, about half of that amount spent on supplies. While many purchases are one-off items, and a considerable number of other items come from single suppliers, the scope for application of e-commerce is considerable.

“The critical area for success will be the willingness of suppliers to keep their catalogues up to date,” says Jenny Jones. “While our overall budget is quite large, we nevertheless have to make every dollar count, and we have to work hard to ensure that the exact product our researchers want is delivered. That will only happen if there is a strong commitment from suppliers.

“We have a large part of our operating budget assigned to buying specialised ship and station fuels, lubricants and aviation fuel for the Antarctic operations. Electronic catalogues offer us the potential for monitoring spot prices, trends and fluctuations – but the system is only as good as the information that's fed into it by the suppliers.

“Similarly, outside the fuel industry, there needs to be a change in attitude by some suppliers for a whole range of goods. It's not much use to us if we have made a purchase decision based on the posted price in a catalogue, only to find that it is out of date.

“What do I think of the future of e-commerce? Everyone who is serious about business is looking for an e-commerce solution. I think a lot of people just want to log into an existing set-up, without the pain of developing their own system. I suppose that's one of the reasons why we have chosen the TBO e-commerce solution – it's straightforward, it brings us new efficiencies and it is integrating easily with our existing ordering and purchasing system. That's all we can ask for.”

For further information:

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