

Alumni are making
the "InternetCoast"
the smart site for
online entrepreneurs

Riding the Wave of E-Commerce

BY MICHAEL J. McDERMOTT

Sun, sand, surf and ... silicon chips? While the first three might spring instantly to mind when most people think of Miami, it won't be long before the last one fits right in there. South Florida — dubbed "the InternetCoast" — is quickly emerging as the southeastern United States' answer to Silicon Valley.

"South Florida is the current mecca for e-commerce and Internet business," says Marlina Delgado (MBA '85), executive vice president and managing director at Spanish-language portal Yupi Internet. Among the advantages she cites are the area's state-of-the-art facilities and cost-effective telecommunications technology that allow entrepreneurs to set up shop quickly and easily. "Most important," she adds, "people from many parts of the world — especially Latin America — nurture South Florida."

Umesh Jain (MBA '99), who has launched and developed the Florida office of USWeb/CKS, one of the largest Internet consulting firms in the world, agrees wholeheartedly. "The most important

PHOTOGRAPHS BY PAUL MORRIS/GPA

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A woman with dark hair and bangs, wearing a black top, is smiling and holding a large, white surfboard. The surfboard has a red and white border and the YUPI logo in the center. The logo consists of the word 'YUPI' in a stylized font with two red arrows pointing upwards and outwards. The background shows an office environment with computer monitors and another person working at a desk.

www.yupi.com

Marlena Delgado, Yupi Internet

“South Florida certainly is the prime location for e-commerce ventures targeting Latin markets, but that’s because of the great talent from Latin America that has chosen this area to get settled.”

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Christine D'Aquino-Ardalan,
FedEx

“A successful e-commerce business is one that understands the target market and effectively demonstrates a customized, value-added service or product that sets it apart from the competition.”

portals, such as Yahoo! and Yupi, have attracted much of the media attention. Those in the midst of the digital economy revolution, however, are convinced that some of the most lucrative opportunities are to be found in the just-developing business-to-business (B2B) sector.

B2B excites investors

“Investors are tremendously excited about B2B plays, which function as vertical exchanges in various industries,” says Juan Carlos (“J.C.”) Campuzano (BBA '82), a director at Interprise Technology Partners. Campuzano was a portfolio manager at INVESCO Capital Management, where he served as managing director of that firm's International Group and spearheaded business development efforts in Latin America, before joining the venture capital firm.

Interprise was one of the most active venture capital investors in Florida in 1999, according to PricewaterhouseCoopers' Moneytree venture capital survey.

Among the companies in which it has invested are Yupi and World Commerce Online (WCO).

WCO functions as a vertical exchange on the Internet for the perishables industry, Campuzano explains. It started out in the fresh flowers market and is now expanding into the produce area. “WCO is linking all the B2B players within the supply chain of the industry, from flower growers in Latin America, Europe and Africa to wholesalers and retailers in the United States and abroad,” he says. Ultimately, it will even link retailers and consumers.

factor in the success of a company in the Internet age is having access to smart people,” he says. “South Florida has a vast pool of technical expertise, from smart young graduates coming out of schools like the University of Miami, to experienced, seasoned professionals who have decided to move to Florida.”

Attractive location

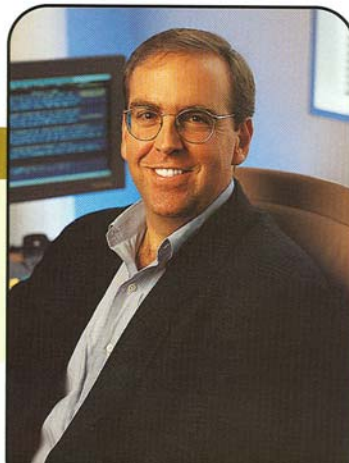
Another important factor in the emergence of the InternetCoast, Jain says, is the area's location, especially its proximity and role as a gateway to Latin America. In fact, he says, a combination of four things

— talent, U.S. expertise, infrastructure and multilingual staff — positions South Florida as one of the world's most attractive places for e-commerce and Internet companies to do business.

The array of opportunities that exists in e-commerce is vast, and consumer-oriented ventures, such as Amazon.com and online drug stores, and information

J.C. Campuzano,
Interprise Technology Partners

“The technology revolution is still in the early stages. There is much more to come. There are so many ideas out there that one of the biggest challenges is being selective and making appropriate choices.”



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WCO is a good example of the kind of opportunities that exist in the B2B segment of e-commerce. Flowers and produce have been fragmented industries with few opportunities to wring costs out of the supply chain. "Now there is a real opportunity to get some control of trading activities. These are the kinds of opportunities we are looking for in e-commerce companies," Campuzano says.

Giving more control to the consumer

With Internet retailing skyrocketing over the past two years, one emerging area of opportunity for B2B e-commerce companies lies in e-fulfillment, that is, getting the product to the customer.

"This is the next hot button issue in e-commerce," says Christine D'Aquino-Ardalan (MBA '99), a marketing analyst with FedEx who specializes in Latin America and the Caribbean. "From the very beginning, FedEx has been at the forefront of information technology. We have solutions that provide the customer with greater control over their e-commerce business. That, in turn, offers a greater level of satisfaction to the final customer — the online consumer."

Jeanne Becker,

"E-commerce opportunities exist in virtually every industry. Companies that can be first to market and have the resources and team to execute a concept are facing an unlimited horizon."



Jeffrey Sopshin, Ernst & Young

"Security really is the next big issue out there. The other side of e-commerce is the risk management side. There is a cost and a risk associated with just about anything you might do related to technology."

Illustrating how integral the e-commerce function is becoming to logistics companies such as FedEx, the company in March rolled out FedEx Home Delivery, a new service that allows consumers to customize delivery days and times, including scheduling deliveries by appointment on Saturdays and evenings.

The new system collects specific deliv-

ery information from consumers at Web shopping sites and transmits the data to regional delivery facilities. There it is printed and becomes part of a driver's delivery manifest. An automated vehicle routing system uses the customer information to determine which packages should go on which vehicles, as well as the delivery routes drivers should take and their sequence of stops. FedEx also is using a geographical information system to generate maps with turn-by-turn directions for drivers to ensure that their routes cover the fewest miles in the shortest time possible.



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Julio Ramirez, AnswerThink Consulting Group

“A big challenge for e-commerce is that it is so new, there is no reservoir of experience to tap. The rules are being written as we speak.”

E-fulfillment will be the focus for many logistics companies over the next 18 to 24 months, predicts Julio Ramirez (MBA '82), a director at AnswerThink Consulting Group, a publicly traded information technology (IT) consulting company. “Originally, many logistics professionals believed there was no difference between e-fulfillment and the bricks-and-mortar variety,” he says. “The dismal performance of Christmas 1998 changed their minds.”

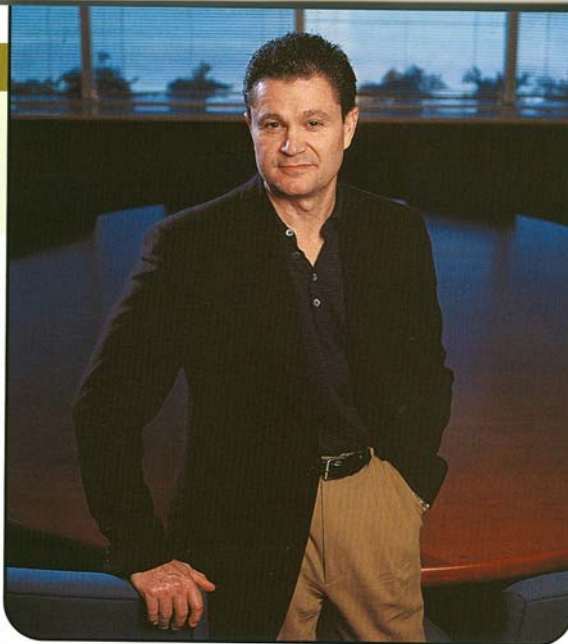
E-fulfillment involves more than just the delivery of packages, Ramirez says, and three types of companies are targeting this business: third-party logistics firms, such as Ryder System; parcel companies, such as FedEx and United Parcel Service; and end-to-end ventures, such as Amazon.com. “A lot of companies are trying to offer e-tailers full end-to-end integration service, but with its market pull and presence, Amazon is big enough to do it,” he says.

Marketing plays

Amazon's e-fulfillment logistics service allows e-tailers to create virtual storefronts linked to Amazon's Web site. Such storefronts, however, are pure marketing plays. The logistics provider handles all other aspects of the business, from inventory and distribution to invoicing and collections.

Umesh Jain, USWeb/CKS

“Change is the only constant in this industry, and companies that are not flexible enough to constantly innovate and keep focusing on a moving target will not be successful.”

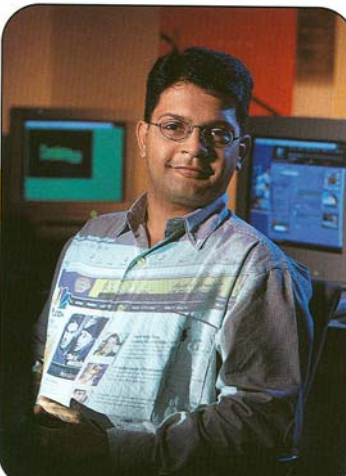


“The Internet is the perfect tool for collaboration between businesses,” says Jeffrey A. Sopshin (BBA '85), a partner at Ernst & Young's Information Systems Assurance and Advisory Services prac-

tice in Miami. “That really is the B2B space, and the concept of virtual organizations is something we will be seeing more of in the future. Even companies that were once fierce competitors are starting to work together in cyberspace.”

Even with the red-hot growth and seemingly endless opportunities e-commerce presents, progress will not come without some bumps in the road. The greatest challenge is simply gaining critical mass. Despite the boom in e-tailing, for example, that channel still accounts for only about 1% of total U.S. retail sales.

The situation is even more pronounced in overseas markets. “Many countries in Latin America are still taking baby steps as far as Internet access is concerned,” says Delgado.



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"Therefore, penetration and connectivity are both a challenge and a huge opportunity." Current Internet penetration rates in the region are 1% to 2%, compared to about 20% in the U.S., she adds. "Telecommunications rates are high, computers are expensive, and the education levels vary tremendously from continent to continent."

The challenges notwithstanding, the marketplace clearly sees Latin America as representing a huge opportunity in e-commerce. Interprise's Campuzano points to a conference on the Latin American Internet in Coral Gables earlier this year sponsored by a major Wall Street investment firm. "It was incredibly over-subscribed," he says. "They were expecting about 300 people, but they got nearly 1,000. There is just a huge amount of interest in this right now. Many believe the Internet and e-commerce market in Latin America today is where the U.S. was in 1996."

Interprise's research suggests that Internet use in Latin America will quadruple over the next few years. Companies that are early to market, such as Yupi, stand to reap important benefits from the current climate.

Local boosters

South Florida's emergence as the InternetCoast is also getting a boost from influential business groups. Among those working to promote the area as the InternetCoast are The Beacon Council, Miami-Dade County's official economic development partnership, the Florida Venture Forum and the Information Technology Forum of South Florida.

Governor Jeb Bush has also promised to actively promote high-tech growth in Florida and has formed a task force toward that end. In January, a group of venture capital firms, led by Interprise, announced a plan to form a network of high-tech business incubators throughout the state, with the first two expected

to open in Miami and Boca Raton.

"Clearly, there is a lot going on in this area, and there is more to come," says Holly E. Wiedman (MBA '80), executive vice president for business development at The Beacon Council. "The InternetCoast encompasses a new regional

approach to market information technology and e-commerce together with Miami-Dade County and Broward and Palm Beach counties. This marks the first time in three decades that the three counties have come together on any economic development project." A new Web site, InternetCoast.com, is now promoting the area.

"Miami's reputation as a gateway to Latin America is really shining here," explains Jeanne Becker (MBA '84),

Becker also functions as the executive director for the Florida Venture Forum. "Many Latin America-based or -targeted companies are establishing U.S. beachheads in Miami for credibility," she says. "They can find the funding they need here, and they have access to more strategic alliances and joint ventures than they would find anywhere else."

Additionally, Becker is a founding board member of the Information Technology Forum of South Florida. She says the emergence of the digital economy has had a powerful impact on her own public relations firm. "We are Florida's largest agency. I head up the dot.com practice, and it's a 24/7 proposition. Communication with the press is now an instantaneous phenomenon, and we have to work at the same pace and with the same kind of entrepreneurial spirit as our customers."

That's just the way it is in the new and constantly changing world of e-commerce. And it's a world that, increasingly, is going to be headquartered in South Florida. ●