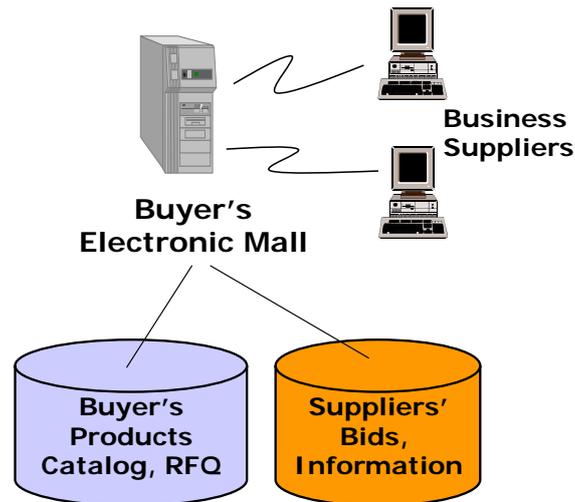


BUYER-ORIENTED MARKETPLACE

Under the platform of supplier-oriented marketplace, the buyer's acquisition department has to manually enter the order information into its own corporate information system. Searching e-stores and e-mails to find and compare suppliers and products can be very costly to companies like GE, who purchase thousands of items on the Internet. Therefore, such big buyers would prefer to open their own marketplace, which we call the buyer-oriented marketplace, as depicted in Figure below. Under this model, a buyer opens an electronic market on its own server and invites potential suppliers to bid on the announced RFQs, as the GE case illustrates. This model offers a greater opportunity to committed suppliers.



Successful Case and Challenge

An example of a successful case of this category is GE as illustrated earlier. Boeing Inc. is another example. As the number of such sites increases, suppliers will not be able to trace all such tender sites. The situation will be improved with the introduction of online directories that list the open RFQs. Another way to solve this problem is the use of software agents, which can reduce the human burden in the bidding process.

BUYER-ORIENTED MARKETPLACE: GE'S TPN CASE

The most popular type of buyer-oriented marketplace is the buyer's bidding site. As an example, note the functionality of GE's TPN—the electronic bidding site built to enhance GE's procurement process. Read in the opening section of the chapter about how the TPN Post helped GE's procurement process. Note that GE's TPN is open to other buyers who want to post their bids there.

ELECTRONIC BIDDING PROCESS

Under the buyer-oriented marketplace model, sellers can no longer sit and wait for visits from business buyers, as in seller-oriented e-mails. Instead, the bid site provides a chance for the sellers to participate in the bidding process of GE according to the following procedure:

1. Buyers prepare bidding project information
2. Buyers post the bidding projects on the Internet
3. Buyers identify potential suppliers
4. Buyers invite suppliers to bid on projects

5. Suppliers download the project information from the Internet
6. Suppliers submit bids for projects
7. Buyers evaluate the suppliers' bids and may negotiate electronically to achieve the "best deal"
8. Buyers accept the bids that best meet their requirements

BENEFITS TO BUYERS

The GE TPN Post system can improve the productivity of the buyer's sourcing process and allow buyers to access quality goods and services from around the world. This larger pool of suppliers fosters competition and enables the buyers to spend more time negotiating the best deals and less time on administrative procedures. The benefits of joining GE TPN Post as buyers are:

- Identifying and building partnerships with new suppliers worldwide
- Strengthening relationships and streamlining sourcing processes with current business partners
- Rapidly distributing information and specifications to business partners
- Transmitting electronic drawings to multiple suppliers simultaneously
- Cutting sourcing cycle times and reduce costs for sourced goods
- Quickly receiving and comparing bids from large numbers of suppliers to negotiate better prices
- Since GE has opened TPN to other buyers, this benefit can be shared with other companies; but GE can earn fees from them.

BENEFITS TO SELLERS

Sellers in the GE TPN Post system can gain instant access to global buyers with over \$1 billion in purchasing power. Sellers may dramatically improve the productivity of bidding and sales activities. The benefits of joining GE TPN Post as sellers are:

- Boosted sales
- Expanded market reach
- Lowered costs for sales and marketing activities
- Shortened selling cycle
- Improved sales productivity
- Streamlined bidding process

LESSONS

The process of electronic bidding and its benefits to buyers and sellers are examined. Since other large companies can easily duplicate this benefit, this kind of buyer-oriented marketplace will grow more popular. This will attract more vendors to cyberspace for B2B electronic marketing.