e-COMMERCE

IP, G-P, AND WEYERHAEUSER PLAN E-MARKETPLACE

DONALD G. MEADOWS

INTERNET BUYING AND SELLING TECHNOLOGY TO ENHANCE SERVICE TO CUSTOMERS

Late in March, International Paper, Georgia-Pacific Corp., and Weyerhaeuser Co. jointly announced their intention to develop a global business-to-business marketplace to enable buying and selling of paper and forest products online.

The companies intend to "take a leadership role to facilitate the utilization of Internet technology to enhance service to customers and increase efficiency with suppliers." They predict that "the electronic marketplace will create a foundation for common industry standards to simplify and accelerate the adoption of electronic commerce across the industry."

The planned E-marketplace would operate as an independent entity with its own board of directors and management team. Initially, the three founding companies would each have an equal equity position, but it is expected that more partners will join the initiative. The entitiy could go public, based on demonstrated success.

The companies note that the U.S. paper and forest products industry ships more than US$ 200 billion worth of products annually. By working together to establish an electronic marketplace, the three companies believe they "can benefit customers by simplifying transaction processes, improving information flow, and increasing speed of delivery, thereby reducing costs. Providing both procurement and sales functions means the online marketplace will also enable participating companies to streamline purchasing operations, reduce inventories, cut internal costs, and increase capital efficiency in the industry."

The three companies have been conducting a search for a chief executive officer for the new operation and are assessing potential technology partners to add state-of-the-art expertise to the enterprise. The companies had planned to promptly complete a definitive agreement, finalize a business plan, and enlist additional strategic partners, including forest products companies and affiliated industry firms.

John T. Dillon, International Paper's chairman and chief executive officer, said, "This is a substantial commitment on the part of three industry leaders to develop a comprehensive electronic marketplace for the forest and paper sector. As manufacturers, marketers, and distributors of a broad array of products, we will collectively bring expertise and resources to this effort."

A.D. "Pete" Correll, Georgia-Pacific's chairman and chief executive officer, said, "This is a bold move for the paper and forest products industry. It is a defining step in our industry's positioning in the electronic business-to-business marketplace. Our companies immediately bring products and distribution capability through our active, joint participation."

Steven R. Rogel, Weyerhaeuser's chairman, president and chief executive officer, said, "Rapidly evolving technology is dramatically changing the global marketplace. This initiative will aggressively shape the electronic marketplace in the paper and forest products industry to ensure our industry meets the current and future needs of our customers. It will also promote better relationships with other trade partners, such as suppliers."

According to a joint press release, executives representing the three companies who will serve as a steering committee include Marianne M. Parrs, executive vice president, International Paper; John N. Balboni, vice president—e-business, International Paper; David J. Paterson, vice president—electronic commerce, Georgia-Pacific; Robert A. Renner, director—electronic commerce, Georgia-Pacific; Mack L. Hogans, senior vice president—corporate affairs with acting responsibility for electronic business, Weyerhaeuser; and Darien E. Roseen, vice president—strategic planning, Weyerhaeuser. Morgan Stanley Dean Witter has been selected to provide financial consulting services for this initiative.

Until the electronic marketplace is up and running, which is subject to governmental and other approvals, the companies will continue to conduct sales and procurement activities as normal. IP's previously announced relationship with PaperExchange.com will remain part of the company's e-commerce strategy. TJ

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