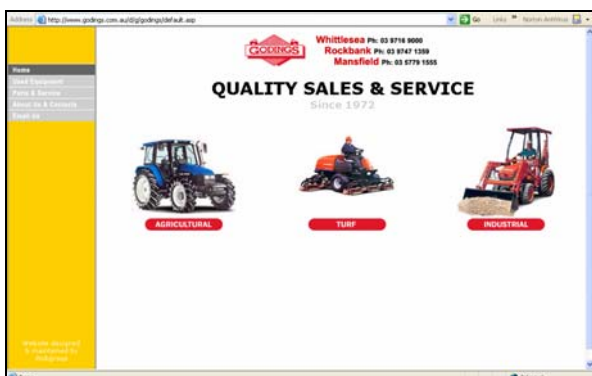


Case Study 5 of 20 Online Process Automation Industry: Retail Farm and Turf Equipment

>> THE BUSINESS

Godings is a privately owned company established in the rural town of Whittlesea, Victoria in 1972. It specialises in the supply and service of agricultural, lawn, turf and excavation machinery. Godings employs 36 people with branches at Rockbank on Melbourne's western fringe and at Mansfield.



>> WHAT WAS INITIATED?

Godings eCommerce initiatives involve:

1. Participation in an agricultural machinery eMarketplace
2. A content managed website
3. Broadband connectivity via an ADSL connection to its head office in Whittlesea.

What is an eMarketplace?

An eMarketplace is an online forum where multiple organizations buy and sell products and services using different trading mechanisms including buying from catalogues, auctions, reverse auctions, requests for quotations and requests for tenders.

While Godings has benefited significantly from all three initiatives, its participation in the eMarketplace www.ihub.com.au has yielded its best return on investment.

Ihub.com.au operates an Application Service Provider (ASP) subscriber business model, which allows Godings to enter a password protected area of the website to manage content relating to its new and used machinery.

"The important thing is to keep your websites fresh. We have processes to ensure that as soon as a product comes in or goes out, any online reference to it is updated immediately. You have to put processes in place which ensure site updates are part of the daily routine".

Ian Godings, Managing Director

Customers use Ihub to source both new and secondhand machinery by searching listings that include photos, prices and descriptions. Ihub have also provided the business website www.godings.com.au.

Godings also uses its ADSL connectivity to assist in sourcing and ordering the bulk of its supplies from supplier websites.

>> HOW THE TECHNOLOGY WORKS

In order to manage their stock inventory:

1. Godings staff log into a secure dealer's section of the Ihub website
2. Pictures and details of newly available machinery are added to the website using a Content Management System (CMS)
3. Ihub website is updated in real time
4. Customers find new listings from the public section of the website and contact Godings to express their interest in a product.

>> RESULTS

Godings have reported significant benefits from each of their eCommerce initiatives, however, it is the selling of machinery using the Ihub system that has had the most impact on Godings' business. The service has contributed \$60,000 in net sales during 2004 while some \$22,500 has been gained in other communications and staff productivity savings.

The Ihub system in conjunction with the business website has also allowed Godings to reach new markets throughout Australia.

After up front and operating costs, the return on investment achieved is \$51,200 in 2004.

>> COSTS

The total cost of implementing Godings eCommerce initiatives was \$31,300. Much of this cost is due to dedicating staff time to managing the content of both the eMarketplace and the website.

>> CHALLENGES AND PROCESS CHANGE

Managing Director, Ian Godings, found that the biggest challenges were finding time to implement changes as well as having to find time to manage the significant increase in email communications.

He also says that the greater convenience of providing product information online is offset by the lack of human interaction between staff and customers, which in turn diminishes the trust component of a business relationship.

>> FUTURE PLANS

Most of Godings future eCommerce plans surround bringing their Rockbank and Mansfield operations into line with the Whittlesea headquarters – a considerable challenge given the lack of broadband connectivity infrastructure in these areas.

>> REFERENCE WEBSITES

www.godings.com.au
www.ihub.com.au

>> REFERENCE eNOTES

eNote 5: Website Development
eNote 11: Buying Online

For further information go to: www.mmv.vic.gov.au/casestudies

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>>E-COMMERCE PROFIT & LOSS ANALYSIS

	2004
Additional Revenue from eCommerce	\$
Increased sales indirectly via the Internet	500,000
Total Increased Revenue	500,000
Less Cost of Goods Sold	440,000
Net Profit for eCommerce	60,000
Add: E-Commerce Expense Reductions	
Reduced telephone bills	500
Reduced staff costs to retrieve information	18,000
Reduced customer services costs	4,000
Total eCommerce Expense Reductions	22,500
Gross Benefit from eCommerce	82,500
Less: Up Front Fixed Expenses	
Computer hardware including Modem	1,500
Computer software	4,000
Network systems	1,000
Anti-virus and Security software	300
Staff Training on technical systems	800
Teleco hardware and connection costs	200
Total eCommerce Up Front Expenses	7,800
Less: Operational Expenses	
Internet Service Provider	1,000
Hosting of Website	800
External technical support	800
Telephone lines	500
Staff Training	400
Online dedicated staff	20,000
Total Operational Expenses	23,500
Total eCommerce Costs	31,300
Total eCommerce Benefit	51,200

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