

Building an extranet or upgrading an existing one is an extremely cost-effective and flexible way of working more closely with suppliers and customers.

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INTRODUCTION

An extranet is a private website that lets you share information with staff, customers or suppliers. Currently more than one in five British businesses have them many finding them invaluable for improving communication, reducing costs and working more effectively. More secure than e-mail, extranets are also more flexible and easy to use. They are accessed through a standard internet browser and you can allow users access to different facilities and levels information.

Frequently businesses start out with a homemade, password protected area of their website, which they use for exchanging files too large to e-mail. As the value of the extranet becomes clear they often upgrade to a more sophisticated solution that allows them to share product and pricing data, accept orders and payments, or manage collaborative projects. This factsheet looks at the range of technical options available and the choices that other businesses have made. Whether you are looking to build your first extranet or invest in upgrading your existing one, it should help you identify the right alternative for your business.

THE BENEFITS

The range of benefits than an extranet can offer is wide and will depend on how sophisticated the solution you invest in. Generally speaking, though, the main benefits of an extranet are that it can help you to:

- cut costs, automate processes and improve efficiency;
- improve customer service and business relationships; and
- promote flexible working.

Cut costs, automate processes and improve efficiency

As a permanent link between your business and your customers and suppliers, an extranet has tremendous scope for improving the way you work.

Examples include:

- reducing costs by making manuals and specifications available online, rather than printing and posting them;
- allowing documents, designs, plans, specifications and other work to be reviewed and commented upon online, which speeds up the development and approval process and reduces the need for meetings;
- online ordering, especially useful for repeat orders, which can cut the time and administration involved; and
- acting as the basis of an Electronic Data Interchange (EDI) or Just In Time (JIT) inventory system, to connect your systems with those of customers and suppliers to exchange information and manage stocks.

Improve customer service and business relationships

By giving customers direct access to information, an extranet allows you to improve the service you offer with minimal outlay.

Some businesses restrict their extranet to their most valuable clients giving them better access to sales and service representatives via e-mail or instant messaging. Others let customers amend product specifications online or create bespoke orders.

Extranets can also boost the reputation of your business, helping position you as more advanced technologically and more responsive to customer needs. Many businesses, for example, create a section on their extranet for each project they undertake. They use it to store copies of all e-mails, documents, presentations and other material related to the project a lowcost service that is tremendously useful for clients.

Promote flexible working

As well as changing your business's relationship with your customers and suppliers, an extranet can be a first step to encouraging flexible working in your business. Provided they have internet access, staff can work wherever they are. This helps support mobile workers and can make home working a real possibility.

What an extranet won't do for your business

There are two downsides to an extranet. Firstly, most extranets are not directly linked to your network. Files have to be uploaded to it, which means users aren't necessarily working with the most up-to-date information. You can resolve this by investing in some content management software (of which more later) or by encouraging staff to keep the extranet in synch with the rest of the business.

The second consideration is security. Extranets are more secure than e-mail, but unless you invest in extra security measures extranets aren't necessarily suitable for highly confidential information.

Despite these drawbacks, extranets are an extremely cost effective way of improving your business. Read on to find out about the different extranet options, their uses, costs and which ones are best suited to your business.

EXTRANET OPTIONS

A simple extranet can be built for next to nothing. Upgrading to a sophisticated one can cost several thousand pounds. Deciding which option to go for is a question of balancing your budget against the needs of your business essentially, what information you want to share with whom and how.

Your options are:

- a password-protected area of your website;
- extranet software;
- content management system;
- commission an extranet; or
- outsource your extranet.

A password-protected area of your website

If you already have a website, the easiest option is simply to add some extra pages to it and password protect them a feature that is standard with most website set ups. This is the basic set-up that many businesses start with.

You can use it to give customers or suppliers account-specific information. You can also use it for project management; approval of technical or design work and customer histories.

The advantage is that it can be set up and maintained in-house. It's also a cheap and flexible option. On the downside, if you don't have a content management system (CMS) then updating information will take more effort and

you won't be able offer interactive tools such as a search engine or price calculator. This option is not secure enough for sensitive information.

Depending on your hosting arrangements, it may have no extra costs. If it does, it is unlikely to be more than a few pounds a month.

This option is ideal for sharing project documents with a small number of clients and speeding up the client approval process. If your business is on a budget, this option can help you test the water before investing in a bigger solution.

If you've successfully implemented a password-protected area of your website, you could look at upgrading to an extranet. Finding out what your customers want is key to deciding what new features you need.

Extranet-specific software

To create an extranet that has many features and is easier to run, you can buy one of a number of software packages. The most useful feature is being able to create and update pages using a simple user interface. You can offer users a searchable archive of information and let users register for e-mail alerts.

The business benefits of this solution are that it's cheap and easy to use - you can update pages through a simple browser interface. And you can cater to an expanded range of clients.

The drawbacks? This solution is like an electronic filing system that's intended more for making specific pieces of information available to users rather than encouraging collaborative work.

The software starts at around £200. The option is ideal for cutting the costs of publishing technical or product information, offering an extranet to a large number of clients, serving clients that require regular but not continually updated information.

Content management system

When an extranet grows to the point where it needs to be updated regularly or to hold time sensitive information, businesses often decide to invest in a content management system (CSM). A CSM allows you to publish automatically tailored content from existing business applications.

You can use it to make up-to-date price and product information available; create a sophisticated, interactive extranet; let customers place orders automatically. Other features include shared calendars; message boards; online chat; instant messaging and web meetings.

The benefits are that it is less labour-intensive to run; it handles a wide range of file types, media and applications; it can accommodate a large number of users. On the downside, you will probably require technical help to scope and implement a CMS, since you need to look at how it will integrate with your existing systems.

Prices range from £3,000 to over £10,000 for a complex, flexible system that allows you to transfer content from databases. This option's ideal for large, complex businesses that want to make a wide range of information from different systems available to a large number of customers and suppliers; supporting a mobile sales force; promoting flexible working or homeworking.

Commission an extranet

As businesses develop a more collaborative way of working with the customers and suppliers, they may find that an off-the-shelf solution can't mesh their systems together or provide the level of features that need.

In this case, some businesses choose to commission an extranet from an ISP, web design consultancy or networking company, who will design, build, implement and host the extranet.

This is especially effective for advanced

business processes like EDI or JIT. The benefits are that you get an extranet tailored precisely to your needs and those of your customers and suppliers. The drawbacks, though, are that it can be costly, and it will take longer to scope and build than an off-the shelf solution. Although IT skills aren't required, project management ones are. Check that the extranet you are offered won't tie you into proprietary systems or support contracts that might be costly to end. For a simple extranet, the cost might start at £2,000. Something complex could be tens of thousands of pounds. This solution is ideal for bringing complex systems together. It's worth considering if you don't have an IT department or you want to set the foundations for a supply chain strategy.

Outsource your extranet

A rapidly growing area of technology is outsourced services. So-called Application Service Providers (ASPs) deliver services like IT support, database analysis or virus protection electronically. In the same way, for a monthly fee, you can outsource your extranet requirements to an ASP who will tailor their existing extranet software to your needs and host your extranet site.

The experience of our best practice case study companies is that this solution can be very valuable for integrating with supply chain partners. The benefits include: compatibility with suppliers; IT support backed by a Service Level Agreement; smaller up-front investment and access to upgrades. The drawbacks are that it can be costly, you may have less control over your extranet than if you host it yourself and the system will be less tailored than a bespoke extranet.

Solutions can cost anything from a few hundred to several thousand pounds a month. They are ideal for businesses in industries with

existing extranet standards, for very large organisations and companies without an IT department.

CONSIDERATIONS

There is a range of issues to consider when setting up or upgrading your extranet.

Business relationships

Many businesses are finding that they need to join forces and share resources with their supply chain partners in order to meet customer demands. Here the emphasis is on collaboration rather than competition even if that means sharing your sales leads and business know-how in order to generate more business for everyone.

While an extranet can be tremendously valuable, the most difficult part of collaborative working is coming to terms with the culture change and leaving secrecy and competitive strategy behind.

Security

With any investment in IT, security is a major consideration. If you're going to make sensitive business information available, you need to make sure it is properly protected. Because no system is completely secure, security threats need continual monitoring. However, this shouldn't put you off an extranet with adequate security it is much more secure than a telephone call, the mail or unencrypted e-mail.

What you need to do is invest in a level of security that balances the value of the information with the costs of securing it.

For guidance on best practice in information security, visit the communications and IT section of the achieving best practice in your business web presence.

Managing the content

For information on an extranet to be useful it needs to be appropriate and accurate. The businesses with the most successful extranets create a content plan that sets out what information will be made available, to whom and who will be responsible for maintaining it. Best practice is to involve the prospective users in drawing up the content plan and then to check regularly that the extranet meets their needs.

Depending on the system you invest in, you may need to assign someone to oversee the extranet and be responsible for keeping it up to date.

IMPLEMENTATION GUIDE

This checklist will help you implement an extranet project.

Research & analyse

Set objectives

- Set goals for your extranet. For example, do you want to improve customer service, reduce costs, or improve efficiency?
- Agree specific, measurable objectives for what you want to achieve, such as improved productivity, reduced travel and print costs, increased customer satisfaction, a reduction of the time spent developing a product, increased sales or better stock control.

Cost/benefit analysis

Compare the costs of an extranet such as software, maintenance and less tangible costs such as staff training with the benefits, such as increased customer satisfaction and greater efficiency.

If you have an existing extranet, balance the costs of upgrading it with the cost of replacing it with a new system.

Consult

Professional advice

If you lack the skills in-house, contact your Business Link adviser, for help on how best to:

- outline your requirements;
- establish how much you can afford to pay;
- scope the project;
- advise on implementation;
- provide training and software support.

Plan & test

Evaluate options

- Think about the way you work and how your business could benefit from sharing information with customers and suppliers.
- What kind of information and facilities do your supply chain partners need?
- Could mobile or home workers benefit from an extranet?
- Consult your prospective users to assess the level of security you need to put in place.
- Do you have in-house expertise to build an extranet, or should it be outsourced?
- Decide what features you need:
- Will you need 'co-browsing' facilities which allow multiple users to open and work on the same document?
- What types of files will be made available?
- How regularly will it need updating?
- How many users will it need to support?
- What systems will it need to connect to?

Plan the rollout phase

- Run a pilot create a simple passworded area of your website.
- Decide which staff will require training and allow time for them to adjust to the new system.
- Will you have the technical expertise to install the technology yourself? And what about teething problems and ongoing maintenance?

ACT

- Roll out any necessary training.
- Encourage staff involvement and feedback, this will help smooth implementation, as staff buy-in can make or break a technology project.
- Allocate resources for promoting its use among internal and external target communities that may need some initial encouragement.

EVALUATE

- Monitor and review the impact on your business and against your objectives.
- Get feedback from staff, customers and suppliers on the changes.
- Evaluate the impact after six months and one year. Have you achieved your objectives? Establish how you could improve things further.

CASE-STUDY**Noiseworks**

Sector: IT

Size of firm: 21

Location: Berkshire

Website: <http://www.noiseworks.com>

IT public relations firm Noiseworks has used its extranet to improve efficiency and productivity.

Objectives

Noiseworks was founded in 1989. The company works with information and communications technology vendors, service providers and trade associations.

Noiseworks has to keep clients continually up with date with targets something that, though essential, was a big administrative burden. Noiseworks' management team believed the time spent creating and delivering reports could be better spent on developing the business and securing new clients.

The firm believed that allowing clients to access data themselves would free up the extra time required.

Solution

Noiseworks developed QuickPlace, a password-protected web based extranet so that clients can securely access all activity updates, progress reports and other documents relating to them. One key feature is a 'dashboard' a personalised management display showing each client Noiseworks' progress against set targets.

QuickPlace can also be used by Noiseworks' partners to access all of the documents needed to run PR campaigns such as press releases, photography, opinion articles and background documents.

The service is available 24 hours a day from anywhere in the world with an internet connection.

"QuickPlace acts as a real-time 'window' on our work 24 hours a day, viewable by clients wherever they are in the world. It is regularly considered a 'pitch winner'", says managing director, Tom Cheesewright.

Results

"Improvements have been made in the efficiency of day-to-day working practices, internal and external communications and information tools and resources," Tom comments.

QuickPlace has allowed Noiseworks to develop a much more efficient client service. Clients can access data much more regularly as and when they want it. Noiseworks' employees also have more time to spend getting results and securing new business.

"One of our main aims was to cut down our own and our clients' workloads," explains Tom. "Using the web environment has multiple benefits. It saves time formerly spent responding

to client requests, leaving us more time to spend getting results. The process for approving documents is vastly simplified, with version control included in the online environment tracking edits, revisions and approvals," he concludes.

Noiseworks has saved approximately 25% of the time formerly spent on administration using the web-based toolset.

Challenges

Tom admits that while Noiseworks employees are technologically advanced, the limited IT knowledge of others is occasionally frustrating. "Ability is sometimes a barrier. The level of technical abilities people come out of school with is improving all the time but they don't always have the level you'd expect," he concedes.

The Last Word

Noiseworks will continue to invest in technology to improve efficiency and productivity. The company is currently implementing mobile email access for all account members through smartphones and PDAs and is also increasing inbound and outbound network bandwidth to accommodate web servers and improve the access to online resources.

"In new business pitches, it is our adoption and use of the cutting-edge technology which is regularly considered a major agency differentiator," Tom concludes.

CASE-STUDY

DELAP & WALLER CONSULTING ENGINEERS

Sector: Engineering

Size of firm: 170 employees

Location: Leeds

Website: <http://www.delap-and-waller.com>

Delap & Waller's extranet has been a vital part

of reshaping the company's whole entire business model from internal processes to relationships with clients.

Objectives

The engineering business has traditionally revolved around partnership between customers, suppliers and trading partners. Delap and Waller recognised that it could use technology to improve information sharing between staff in various offices and with architects. This would streamline business processes and provide a speedier, more efficient service for clients.

Solution

The company invested in a secure client extranet and embraced the concept of an integrated supply chain based around collaborative working.

Now, virtual teams of clients, suppliers and staff co-operate on projects, streamlining processes and reducing completion times. Administration of all offices is carried out at one site, whilst a company intranet ensures that all staff have access to vital business information. This reduction in duplication of effort has translated into impressive cost savings.

A project hosting service is available via the extranet and allows people to collaborate on designs. Any changes to documents, drawings or specifications are relayed instantly to the right members of staff via e-mail, fax, pager or mobile.

Delap & Waller can also offer virtual models of projects by using simulation software, allowing clients to view and comment on the concept. This means the company can provide fundamental information on the performance of a building long before the first blocks are laid.

Results

This collaborative approach has unlocked knowledge and expertise within the company, and allowed Delap & Waller to take on a wider variety of projects and win new business from a range of clients. One of the key turning points for the business was winning a contract with Marks & Spencer. "We wouldn't have secured that work if we hadn't been proactive in technology development," says Managing Director Liam O'Hagan.

The combination of cost savings and new business has had a positive effect on the company's bottom line. Profits have increased over the last three years, a fact Liam attributes in part to technology: "Technology has certainly given us the edge with many blue-chip clients and has brought in contracts that we wouldn't have been able to handle without investment."

The last word

Far from resting on its laurels, Delap and Waller intends to expand the scope of its investments in technology. "Initially we were looking at computers and how they could help with the design process," explains Liam. "Now it's much more than that. We're looking at communication, job costing, analysing the efficiency of projects. We have to do all of that in order to grow the business."

FURTHER HELP AND ADVICE

IT consultancy and development companies across the UK offer a range of options. You can search for an agency at <http://www.econsultancy.com/providers/>.

GENERAL BUSINESS ADVICE

For more information on achieving best practice in your business contact your local Business Link advisor by visiting the website at <http://www.businesslink.gov.uk> or calling 0845 600 9 006.

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