

"We Deliver" - E-commerce in Action with Australia Post

Linda Nicholls, the Chairman of Australia Post, describes the practical - and profitable - examples of e-commerce in action with Australia Post.

I don't think the real gap in e-commerce is between Australia and the rest of the world. I think it's between the potential of e-commerce and where the thinking of most Chief Executives is.

Now one of the really good things about being Chairman of Australia Post ("Post") is that I have the opportunity to work with a Chief Executive that gets it - that can really make a difference.

What I'd like to discuss is some of the things that we're doing at Post, with an emphasis on the ideas that you could use tomorrow and have them profitable for you this week.

In being Chairman of a very large company (Australia Post is the fifth most profitable company in Australia) I think making money matters. I have heard a lot about revenue; I have heard a bit about cost and I think it's time we talked about profits.

E-COMMERCE IS ABOUT BUSINESS STRATEGY

I don't think e-commerce is about IT. I think e-commerce is about business strategy. I think e-commerce is about identifying opportunities and going after them, the way a good Chief Executive, the way a good management team, the way a successful corporation does in any aspect of their business. So for me, the toughest decisions about e-commerce have nothing to do with which browser or which server. The toughest questions, I think, are how exactly are your customers going to find you? What's your business advantage?

Now those are questions that Chief Executives obviously have to answer if they're going to put together a decent business plan. They're questions that Boards of Directors ought to know their Corporation has the answer to if they're doing a job in corporate governance, and clearly those questions are ones where significance only escalates as the network world marches on.

Now I'm pleased to say that it was in the early 90's that Post saw that there were some competitive advantages available for us from e-commerce and the advantage that really hit us in the face were:

- extended functionality and convenience to our customers;
- the opportunity to make some of our business customers more profitable; and,
- the opportunity to make us more profitable.

There were two areas where we thought we could make some advances - one was trade and services and the other was business-to-business. I think that the role that Post plays today is helping businesses with e-commerce strategies that let you transition from where you are today to the exciting promise often discussed.

BRIDGING GAPS

I think that what Post is doing to help people make money is about bridging the gap, and when I talk about bridging, I'm talking about our delivering a couple of very specific benefits. One is bridging so that services are easy and useful for all customers, and the second is bridging in the sense of migrating existing activities from their real physical world to their virtual e-commerce world.

So, yeah, okay, so what, Linda. What do you really do? What's this idea that's going to make me money tomorrow if I'll only sign up, huh?

BILL PAYMENT

One example that I think is very strong at Post is what happened to us in the bill paying business. Now, bill paying (other than having you lick stamps and put them on envelopes and send cheques that we deliver through the mail) has not been a traditional business for us. But a few years

ago, a number of you would be aware, we got into electronic bill paying through our outlets over the counter. We do about 130 million transactions a year with about 240 bills you can pay there.

Now last year we moved to Telethon*, and in August it's on the Internet. A service that is in transition from something comfortable and conventional that customers understand, through to e-commerce.

POST'S E-COMMERCE CUSTOMERS

Now who are the customers for this and why do they care about it? Well, we've really got two sets of customers. One is the householders and small businesses who go in to Post Offices every day to pay bills, call us on the phone, and in August, use the Internet. They love the convenience, they love the functionality because they don't get it anywhere else. But the second group is business because electronic bill paying improves cash management, it gets the bills collected faster, it drives revenue to the bottom line, it delivers profits. I don't know about your customers but my customers like to be profitable. They like to know that I help them make more money.

ELECTRONIC DATA INTERCHANGE

The second service we're in is what we call EDI. EDI post is a service for electronic acceptance, preparation and printing of high volume mail. Now clearly this is a service for major mailers and many of you here today in small business would not be participating in this. But what constitutes major mail is, of course, a number that's getting smaller all of the time. Now today EDI post is available to make deliveries clearly by print and also by fax. Very soon we'll have delivery on the Internet. So as a major mailer, you don't have to worry what address your customer prefers - we deliver. It's a very interesting service.



ELECTRONIC BANKING

I hope some of you have used Gyro Post. There are over 2600 of our postal outlets where you can do electronic banking. There are ten financial institutions participating. What's interesting to me about Gyro Post is, firstly, the tremendous increase we've had in take-up and transaction through-put. We did 23 million transactions last year and this is quite a new service. But what's particularly interesting about Gyro Post is how it brings financial services to the bush. It brings financial services that were previously only available in Sydney and Melbourne and the capital cities into regional Australia and into rural and outback Australia.

RURAL AUSTRALIA

One of the things that interests me in electronic commerce is not just how you provide the service to geeks and nerds, executive road warriors - that's not my market. My market is all of Australia. We know that we have a number of customers, particularly those in rural Australia, and I apologise to Telstra, who don't have adequate phone services so

that they can surf the Net from home. Many of them don't have enough electricity to plug in to keep their PC going. Why? Because they are generating electricity themselves. These are customers who are enjoying electronic commerce with Post.

TAX PAYMENT

I'm glad Michael Carmody's here. I know some of you wondering what's a tax man do, other than trying to collect revenue. Most people don't know that Post actually collects a very large portion of Australia's revenue. We collect about half of the total tax take in Australia - that was \$53 billion last year - and if you're not yet using Tax Pack Express, which is our electronic lodgement service, I think you'd better get down to the Post Office.

PRIVACY

A strong theme through a number of our speakers was issues about security and trust and particularly the issue of privacy. At Post we take privacy very seriously. We know that privacy is something we have understood for a very long time.

Whether you're posting love letters or your tax return, you're entrusting us with information you want kept very personal and very private and just between you and the addressee, and we've been doing that for generations. It was therefore natural that we took the issue of privacy in e-commerce very seriously, and that's what led us into developing the world's first certification service, Key Post. It uses digital signatures, public key cryptography, enables confidential and verified electronic messages.

I had a very pleasant Key Post experience this morning and that is that one of my larger customers, Alan Stockdale, unprompted said really nice things about Key Post. Now I don't know about your business, but in my business, when customers tell you the service is terrific, you know the service is terrific, so I'd like to thank Alan for that unprompted advertisement and for those of you who would like to know more about it, well, please talk to us.

E-COMMERCE GROWTHS

What's the outlook for e-commerce growth? I've only spoken about the things we're doing now. The motto of Post is "We Deliver". As you heard from FedEx, we deliver matters in the world of e-commerce. Why? Because you can teach a mouse to shop but nobody has taught the mouse to deliver. Logistics, warehousing - very big businesses. Businesses we've been in for a long time, businesses we're not just good at - we're the best at it.

We're not stopping our investment in new technology. We know that a significant part of our future is in e-commerce, but we're particularly interested in those aspects of e-commerce that are profitable for us right now and are profitable for you, our customers, right now.

So, in summary, what we're looking at doing is moving our own business and our customers through a transition from what we've been doing traditionally to what we know is the realisable potential of the e-commerce world.

Linda Nicholls is the Chairman of Australia Post. This article is based on her paper presented to the E-commerce "Enabling Australia" Summit in Canberra on 16-17 April 1998.