

# Advancing with e-Business

## Design ONE Solutions

[www.design1.com.au](http://www.design1.com.au)



Bill Pearson

Advanced e-Business



### The Business

Design ONE Solutions (Design ONE) was established in 1982 offering graphic design services to government, environmental, educational and corporate organisations throughout Australia. Based in Hall in the ACT, Design ONE employs two full time designers and one part-time designer in addition to Managing Director/Designer Bill Pearson.



### The idea

Managing Director Bill Pearson believes "if we weren't doing our e-commerce initiative, we wouldn't be in business today." He initiated the company's adoption of e-commerce in 1997 to take advantage of the international marketing opportunities and communication efficiencies required to remain competitive in the industry.



### International Trade

The use of e-commerce has exposed Design ONE's services to an international audience from a central point on the web, transcending time zones through electronic communication and proofing processes.

Design staff now use email to send PDF files (an Adobe Acrobat file format) containing drawings, proofs and other graphic design work to clients rather than hard copy documents. Clients download the PDF files to proof initial designs and concepts before production.

The company now has an overseas clientele in countries such as Japan and the U.S.A. to whom they supply design, artwork and printing services. All communication is conducted via email, as is proofing and the procurement of translation services.



### The Investment

The total initial setup cost of the project was \$30,825. Web development was performed internally for \$5,000 including time taken for preliminary research and production. Consultants charged \$3,500 to assist Design ONE with their strategy, and \$2,000 was invested in staff training to host and maintain the company's e-commerce implementation.

The company has insured its data with the protection of a backup system (\$10,000), and the web server and associated software (\$2,500) completed the required infrastructure. A further \$7,000 was allocated for off-line advertising.



### Hurdles

Bill found that it was difficult to encourage clients to utilise the online proofing facility. In actively approaching this problem, Bill visited individual clients to install the necessary software on their computers and teach them how to use it. Clients have now become proficient with the software and prefer to use it over paper based methods.



### Results

Design ONE solutions generated an additional \$190,000 in revenue due to their e-commerce initiative. Approximately 60 per cent of additional e-commerce revenue has been sourced from overseas in 2001 (\$110,000), with domestic sales increasing by an additional \$80,000. In total, this resulted in a gross profit contribution of \$67,000. This was also supplemented by a \$10,000 AusIndustry grant towards the attainment of Quality Assurance ISO 9002.



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Total cost savings achieved through electronic communication and streamlined business processes amounted to \$13,700 in 2001. Hardcopy distribution of files was replaced by email saving marketing (\$500) and postage and freight expenditure (\$2,500). Improved staff efficiency in administrative tasks saved \$3,000, with a further \$1,000 saving attributed to the electronic payroll system.

Ongoing costs associated with the e-commerce system amounted to \$9,709. Annual system maintenance costs and Internet Service Provider fees incurred \$900 and \$840 respectively.

Capital expenditure was amortised over a four-year period (\$7,706).

Customer satisfaction has been the major success of Design ONE's e-commerce initiative. The improved process efficiencies from the initial order to design, proofing and delivery has expedited the production timeframe and contributed to a high quality end result. As customers now have greater input in their project, Design ONE are better placed to ensure the end product is aligned with customer specifications.



## Future

Bill is currently satisfied with the company's progress in e-commerce, particularly the process efficiencies and revenue generation that have been achieved. In the near future, Bill would like to install a broadband Internet connection, however, due to the current unavailability of Asymmetric Digital Subscriber Line (ADSL) in Hall, a broadband satellite connection is under consideration.

## Revenue and Costs

### E-commerce Establishment Costs

		(\$)
Web development	5,000	
Registration of domain name (three domain names)	550	
Staff training	2,000	
Advertising - offline	7,000	
Telecommunications - additional phone line	275	
Consultant fees	3,500	
Hardware - backup server, CD copier and tapes	10,000	
Hardware - server and software	2,500	
<b>Total Establishment Costs</b>	<b>30,825</b>	

### Operating Benefit from E-commerce

		2001 (\$)
<b>Additional Revenue from E-commerce</b>		
Domestic Sales	80,000	
International Sales	110,000	
<b>Total Additional Revenue from E-commerce</b>	<b>190,000</b>	
<i>Less: Direct Costs</i>	(123,000)	
<b>Gross Profit from E-commerce</b>		<b>67,000</b>
<i>Add: E-commerce Cost Savings</i>		
Postage and freight	2,500	
Staff time: Administration	2,000	
Staff time: After sales service	200	
Bank charges	500	
Travel	5,000	
Staff time: Telecommunications (including communication time)	2,000	
Staff time: Payroll	1,000	
Marketing	500	
<b>Total E-commerce Cost Savings</b>	<b>13,700</b>	
<b>Gross Benefit from E-commerce</b>		<b>80,700</b>
<i>Less: Ongoing E-commerce Costs</i>		
Amortisation of capital expenditure*	(7,706)	
Internet Service Provider	(840)	
System maintenance	(900)	
Telephony - phone line rental	(263)	
<b>Total Ongoing E-commerce Costs</b>	<b>(9,709)</b>	
<b>Operating Benefit from E-commerce</b>	<b>70,991</b>	

\* Note: Capital Expenditure was amortised over a four-year period

For further information on this case study please go to [www.noie.gov.au](http://www.noie.gov.au)