

Advancing with e-commerce

Australian Car Transporters

www.austcartrans.com.au



The business

Australian Car Transporters Pty Ltd (ACT) has transported cars, light and heavy commercial vehicles, boats and caravans for over 20 years. The company is based in Western Australia and services all remote areas of the state as well as all other Australian capital cities, with its modern fleet of 12 trucks.

The company has a head office in Perth and employs eight staff, three of whom are based in a Melbourne branch to coordinate east coast bookings.



The idea

Director Tony Trusso adopted e-commerce in 1997. Despite having no computer skills, Tony recognised e-commerce as an excellent way to grow and improve his business.

The main driver prompting Tony to investigate e-commerce was the need to service customers who were increasingly adopting e-commerce.

ACT now uses the Internet as an additional sales tool. The company's website details the distribution network and transportation fleet and allows customers to directly request quotes or make booking enquiries.



The investment

In 1997, ACT invested approximately \$10,180 in e-commerce. Tony estimates that it cost \$5,000 to develop the site, and \$5,000 was spent on software, hardware and telecommunications with a further \$180 spent to register the Internet domain name.

In 2000 e-commerce returned \$12,660 to ACT before establishment costs and e-commerce is forecast to contribute a net benefit of \$23,940 in 2001.

The company's ongoing annual e-commerce costs are \$5,460 and include the costs of maintaining the site, telephony and Internet service provider fees.



Hurdles

The only real challenge to implementing e-commerce at ACT was encouraging staff to use the computer. However, in-house training in the use of e-mail and the Internet incurred negligible time costs. Tony himself didn't know how to turn on a computer three years ago, but now proclaims he is an expert.



NOIE

The National Office for the
INFORMATION ECONOMY

ERNST & YOUNG
FROM THOUGHT TO FINISH.™

Results

ACT saves \$2,500 a year on marketing materials and postage as information can be emailed directly to their major customers as opposed to regular mail. E-mail also accounts for substantial savings in phone calls as staff tend to correspond with clients via e-mail as opposed to over the phone. As ACT operates nationally and the majority of phone calls are generally STD rates, the savings on phone calls has been quite considerable and Tony estimates the annual saving to be approximately \$3,000.

Cost savings have also been stimulated by the use of online banking for payroll and payment of bills. Staff save approximately 2 hours per week as they no longer have to waste time writing out cheques but rather pay accounts online saving the company about \$1,820 per year.

Another key benefit is the increase in revenue attributable to the website, estimated at 5-8 per cent of sales. Online sales, which were relatively slow in the beginning, are now growing steadily and are forecast to grow by 87.5 per cent in 2001.

Through search engines Tony believes the company is now reaching a larger market which can help sustain its growth.

Ongoing e-commerce costs include an additional telephone expense at \$80 per month to connect to an Internet service provider (ISP) that costs an additional \$2,500 each year. In addition website maintenance is done in-house which is estimated to cost \$2,000 worth of staff time each year.

Future

In the future Tony plans to track delivery progress of vehicles online. This initiative will provide further cost savings as the online information will reduce staff time spent answering telephone enquiries.

	2000 Actual \$	2001 Forecast \$
Revenue from e-commerce	40,000	75,000
<u>Less: Direct costs</u>	(29,200)	(54,750)
Gross profit from e-commerce	10,800	20,250
<u>Add: E-commerce cost savings</u>		
Marketing materials	2,500	3,125
Telecommunications	3,000	3,750
Online banking	1,820	2,275
Total e-commerce cost savings	7,320	9,150
Gross benefit from e-commerce	18,120	29,400
<u>Less: Ongoing e-commerce costs</u>		
ISP	(2,500)	(2,500)
Telephony	(960)	(960)
Site maintenance (non-cash)	(2,000)	(2,000)
Total ongoing e-commerce costs	(5,460)	(5,460)
Operating benefit from e-commerce	12,660	23,940
<u>Less: E-commerce establishment costs</u>		
Web development	(5,000)	-
Internet domain name registration	(180)	-
Hardware and software	(5,000)	-
Total e-commerce establishment costs	(10,180)	-
Total net benefit from e-commerce	2,480	23,940

For further information on this case study please go to www.noie.gov.au