

# Advancing with e-Business

## Burke Air

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



Tim Burke

Advanced e-Business



### The Business

Established in 1979, BurkeAir offers building management services as well as preventative maintenance, mechanical servicing, repairs and installations to commercial air conditioning equipment. Based in Perth, Western Australia, BurkeAir is a family business employing 21 full-time and three part-time staff.



### The idea

Directors Tim Burke and Ken Webb initiated BurkeAir's adoption of e-commerce four years ago. Ken, the driving force behind the implementation, wanted the company to be on the leading edge of innovation and saw an opportunity to increase business efficiency in information distribution to clients and staff.

Netlink CRM partnered BurkeAir being Information Technology (IT) industry experts to ensure a successful implementation that maximised the return on the company's investment. A Customer Relationship Management (CRM) system and Job Costing (JC) system was installed as a marketing tool to improve customer service. It allows BurkeAir to track customer history and maintain important client information in a central database. Wireless telecommunications technology using Personal Digital Assistants (PDAs), linked with Global System for Mobile Communications (GSM) and job costing software were also incorporated.



### Customer Relationship Management

CRM refers to the integrated business processes and systems that manage and optimise the business-customer relationship.

The CRM software maintains a database of customers that allows each director to review customer details, personal details, level of business, type of business, and type of systems. It also provides reporting functionality for client job history.

A key aspect of CRM is gathering customer data in order to strategically align products and services with customer needs. It provides BurkeAir with a better understanding of each of its clients, enabling service delivery to be catered to individual needs. This facilitates stronger customer relationships, generating additional work from individual customers, and allows directors to view work requirements and purchasing trends on work performed for specific clients.



### The Investment

BurkeAir's initial e-commerce investment totalled \$306,500, including \$200,000 for the CRM, PDA wireless, and job costing software. Preliminary research was critical to the system's successful implementation and a total of \$40,000 was allocated for this purpose. The company spent \$38,000 on PDAs with GSM modem cards, and \$15,000 on office hardware, including the server. The website development fees and additional telecommunications expenses were \$12,500 and \$1,000 respectively.



### Hurdles

Tim and Ken realised before embarking on the project that careful preparation would be required to ensure a successful e-commerce implementation. To this end, they have invested heavily in preliminary research partnered by Netlink CRM's expert IT assistance.



### Results

BurkeAir generated additional revenue of \$50,000 in 2001, contributing \$21,000 to gross profit. By providing the company with detailed customer profiles and purchasing trends, additional work has been won from both new and existing customers.



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Total cost savings attributed to e-commerce amounted to \$127,776 in 2001. The use of email for internal and external communication contributed significantly to this figure with \$104,000 saved in staff efficiency, and reductions of \$14,400 in telecommunications expenditure. Use of the Government Electronic Marketplace (GEM) improved staff productivity in the tendering process valued at \$1,536, and the wireless system saved travel time valued at \$1,600. Moving administrative functions such as banking, payroll, and online vendor payments reduced expenses by \$6,240.

The total ongoing cost for e-commerce in 2001 was \$84,785, with the majority of this amount being allocated to the amortisation of capital expenditure over a period of four years (\$76,625). The remainder is allocated to system maintenance costs (\$6,000), additional telephony charges (\$1,800) and website hosting (\$360).

The new wireless system has boosted productivity by enabling staff to allocate less time to administrative tasks and more time towards client servicing. Thus, customers benefit from the enhanced quality of service and increased efficiency of air conditioning system monitoring and maintenance.

BurkeAir's pioneering efforts in the use and development of wireless technology have also led to a partnership with Compaq who have used Burke as a case study in their own advertising material.



## Future

BurkeAir are in the process of developing their website interface to allow the owner and property manager of client buildings to view the relevant information they need on the building.

BurkeAir's Research and Development (R&D) division is currently involved in the development of Banjo, a permanently on-line facilities management system that automates the management processes of buildings, owners, managers, contractors and tenants.

## Revenue and Costs

### E-commerce Establishment Costs

		(\$)
Web development	12,500	
Preliminary research	40,000	
Telecommunications	1,000	
Hardware - PDAs and GSM modem cards	38,000	
Hardware - Server and misc.	15,000	
Software - CRM, job costing and wireless	200,000	
<b>Total Establishment Costs</b>	<b>306,500</b>	

### Operating Benefit from E-commerce

		2001 (\$)
<b>Revenue from E-commerce</b>		<b>50,000</b>
<i>Less: Direct Costs</i>	29,000	
<b>Gross Profit from E-commerce</b>		<b>21,000</b>
<i>Add: E-commerce Cost Savings</i>		
Staff time: tenders	1,536	
Staff time: reduced travel	1,600	
Staff time: Communication	104,000	
Online banking, payroll, Bpay	6,240	
Telecommunications	14,400	
<b>Total E-commerce Cost Savings</b>		<b>127,776</b>
<b>Gross Benefit from E-commerce</b>		<b>148,776</b>
<i>Less: Ongoing E-commerce Costs</i>		
Amortisation of capital expenditure*	(76,625)	
Website hosting	(360)	
System maintenance	(6,000)	
Telephony	(1,800)	
<b>Total Ongoing E-commerce Costs</b>		<b>(84,785)</b>
<b>Operating Benefit from E-commerce</b>		<b>63,991</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)