



Chapter VII

The Beginnings of a Postal E-Marketplace: Innovation or Natural Evolution? The Corprocure Story

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Abstract

This e-business case study of the corProcure enterprise is instructive as it reflects three recurrent themes of the dot-com period:

- 1. First, the seemingly powerful but unstable corProcure's business model was created between a number of large corporate institutions in response to the corporate pressure to enter the dot-com world.*
- 2. The quick revelation that the initial business model was incompatible for the founding corporate partners.*

3. *The buyout of the venture by one of the partners, Australia Post, and re-engineering the direction of corProcure for a more workable e-marketplace business direction. This was considered to be the way forward.*

This evolution, learning curve, and redirection of the e-purchasing cartel was in one way just a snapshot at the macro-level of what happened to many ventures during the dot-com boom. At the micro-level, the change in direction was reflective of a more pragmatic business sense approach, when all the late 1990s hype was stripped away from the initial e-business model. The new business model incorporating an e-marketplace also reflected the need for the new owner to diversify into non-traditional products as part of new e-business and e-logistic strategies. These strategies were being examined globally by Postal Authorities.

Introduction

In 2001, the **Universal Postal Union** and the World Bank released a report that proposed that the Post Office was potentially headed for being a sunset industry unless it addressed the issue of its product erosion (UPU, 2001). A further international postal e-logistics report examined various ways that this “postal sunset industry mentality” could be addressed and the actual declines arrested through the introduction of some critical strategies (Hassall, 2003). In Australia, however, since the advent of the dot-com wave, what was the local postal authority doing to stem the stagnation in the demand for its traditional postal products? Was it trying to leverage the new Internet-based technologies, thus enabling a range of new services?

What the **Post Office** did was change its focus to internal e-procurement and implement utility bill payments. As well, Australia Post instigated a warehousing and fulfillment business, which ran in parallel to the existing postal network. What was perceived to be the e-business “showstopper” was its partnership with 13 other major corporates, in a buying consortia called “corProcure” (www.corprocure.com). This buyers’ club began life at the tail end of the dot-com hype in 2000. By January 2002, the 13 partners cleared the deck chairs and allowed Australia Post to purchase the **corProcure** entity and technology. Why had the potentially largest buying cartel failed so quickly? What lessons were learned and what was the obvious e-business strategy that needed to be implemented?

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