Chapter 4.15
Evolution of Electronic Procurement in Egypt:
Case of Speedsend.com

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ABSTRACT

Emerging information and communication technology is driving transformation and change in the cyberspace. Speed, competition and globalization are key factors for development and growth in the reengineered global business environment where electronic business promises to grow in volume helping the digital economy to mature and dominate. This chapter demonstrates the case of an Internet startup that capitalized on the opportunities presented by the information economy. Since its establishment in 2001, the business2business platform of speedsend.com pioneered the electronic procurement industry in Egypt through a customized Web-based platform. The transformation of classical emerging markets challenges into opportunities has been a critical success factor that related to all building blocks of the business venture including technology infrastructure deployment, community awareness, information availability, and cultural adaptation of the online business amongst others. The owners of Speedsend.com developed a set of models to drive down procurement costs while providing a practical and reliable electronic solution that can boost enterprise procurement efficiency and effectiveness and that could be appealing to a community that is known for being resistant to change and not really mature in terms of information technology adoption, diffusion and adaptation. The case focuses on the models deployed by speedsend.com demonstrating the internal and external challenges faced and lessons learnt.

EVOLUTION OF ELECTRONIC PROCUREMENT

The Internet is an enabler to many online applications that renders organizational processes more effective and more efficient (Pani & Agrahari, 2007). One of these applications is the procurement process that has traditionally involved slow and manual procedures for handling procurement transactions (Hawking et al, 2004). eProcurement refers to the electronic acquisition of goods and services in a firm (Turban et al, 2006). eProcurement has had an increasingly important role in business2business (B2B) commerce (Philips & Piotrowicz, 2006). Moreover, with the continuous improvement in information and communication technology (ICT) and especially Internet-related technologies, opportunities emerge to make procurement for goods and services more transparent and efficient (Carayannis & Popescu, 2005). eProcurement has been advocated as a tool that can improve competencies and performance.

It is important to note that eProcurement has received tremendous attention from both researchers and practitioners alike (Pani, 2007). The reasons for such focus are numerous however; one can include the positive implications on process quality, total procurement cost, user satisfaction and system responsiveness (Subramaniam & Shaw, 2002). The implementation of eProcurement in private enterprises has resulted in savings in the range of 10-15% of procurement value (Somasundaram, 2007). However, a challenge remains constant among various eProcurement implementation and that relates to human resistance (Angeles, 2006). eProcurement practice is not well-established or documented in the context of emerging economies (Yamamoto & Karaman, 2007). Therefore, the case of Speedsend.com tries to demonstrate the initiation, development and implementation of a business2business procurement venture in the context of an emerging economy, Egypt (Kamel, 2000a & 2000b). The case shows the different stages of development as well as the various challenges and opportunities that faced the founders of the promising Internet startup.

SPEEDSEND: EGYPT LEADING EPROCUREMENT PLATFORM

It was 10am on a rainy morning in Cairo (Egypt) in February 2006. While the rain drizzled outside his office window, Ahmed El-Sherif looked out the open doorway of his office and stared at the increasing number of employees, whose offices were on the same floor of his office, not taking into account the other two full floors that were occupied by the rest of the firm employees. What started out, as a business operation with only two people in 2001 was now rapidly approaching 95 staff members and counting.

As Speedsend.com co-founder, partner and sales director, El-Sherif mind was occupied with many concerns. Together with co-founder Mohamed Hussein, they had an unwavering goal of formulating their exit strategy, which guided the firm efforts since its foundation. In El-Sherif words, *"we wanted to setup a firm with a proven premium tested business model to valuate it and sell it at the end"*. According to El-Sherif, in order for them to reach their desired goal, they decided to build a company with a premium business model which would provide effective means of managing and controlling corporations' procurement processes. Moreover, both of the cofounders wanted to gain an advantage from existing and emerging technology as an accelerator for their business, and that was to be accomplished by the firm being an online electronic procurement-servicing firm.

Speedsend.com aim was to develop a set of comprehensive products that provide companies of all sizes with both process and cost benefits making the firm the leading "office consumables" online supplier and a one-stop-shop platform for all businesses. The aim of Speedsend.com was to provide an IT-based solution using electronic business that can radically alter the ways in which

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