



Chapter XXI

GlobeRanger Corporation

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EXECUTIVE SUMMARY

This case traces the dynamic evolution/revolution of an e-commerce entity from concept through first-round venture financing. It details the critical thought processes and decisions that made this enterprise a key player in the explosive field of supply chain logistics. It also provides a highly valuable view of lessons learned and closes with key discussion points that may be used in the classroom in order to provoke thoughtful and meaningful discussion of important business issues.

INTRODUCTION

GlobeRanger's business concept originated from the idea that wireless technology today allows for easy tracking of people, but that there are no means to comprehensively track assets and goods in real time as they move through the supply chain. Initial discussions about the value proposition focused on hardware-based mobile tracking systems as they are predominantly found in the market today. A solution necessarily would have consisted of a Global Positioning System (GPS) receiver chip linked to the asset being tracked, which in turn is connected to a wireless device that sends information to a central tracking center. Such a system would provide great benefits to those involved with the asset's transportation or dependent on its arrival.

After an extensive analysis, GlobeRanger made an early decision that hardware-based systems will substantially extend the time-to-market, tie-up resources, and limit the company's ability to adapt to its fast changing environment and unique customer

requirements. Prior to funding, the executives decided that the greatest value was in location information and its derivatives that could add value in supply chain management. As a result, the decision, to drop hardware and concentrate on information, at a very early stage led to a novel and innovative business model that is, to this day, unparalleled in the market place. This strategic shift from tools to solutions is the major focus of this case.

GlobeRanger's management team's insights regarding risks and pitfalls of pursuing a hardware strategy and, in turn, its early shift in direction within the same field is the heart of this study. Tracking is time and information sensitive. An organization's supply chain management function is increasingly important in today's highly competitive environment with compressed business cycles. Many firms are reengineering their logistics operations and moving to just-in-time manufacturing, distribution and delivery. In effect, GlobeRanger shifted from the data gathering function to that of providing real-time data mining and analysis with the attendant opportunity of offering proprietary solutions to clients by using advanced IT techniques and technologies.

Today, GlobeRanger is a facilitator of B2B e-commerce solutions that add value to supply chain management initiatives by creating visibility in an area that has been largely overlooked. GlobeRanger's proprietary solutions offer its clients improvements in efficiency, effectiveness, customer satisfaction, and competitive advantage while creating barriers to entry.

One of the fundamental observations that led to GlobeRanger's current business model was that location information alone is of very limited value. Rather than settling for information about the mere location of an asset or goods, GlobeRanger has deliberately taken a much more comprehensive approach of integrating various other sources of information that provide context to location. For example, delivery trucks could be rerouted dynamically based on ever-changing traffic and road conditions. GlobeRanger serves as a facilitator in improving complex logistics systems. Traffic is getting more congested. Payroll and fuel costs are increasing, thus providing the needed business case for the GlobeRanger system named eLocate™.

GENESIS OF IDEAS

Several things came together rather serendipitously to bring GlobeRanger to life. As is often the case, the company originated as much from coincidence, right timing and luck, as it did from its founders' experiences and track records. Without several key individuals meeting at the right time, each one with ideas that ultimately melded into an innovative business concept, the company would have never been founded. A senior executive from Nortel Networks, a successful entrepreneur, and a seasoned IBM researcher put all of their experience and knowledge together to create the foundation for GlobeRanger.

It all started when George Brody left his post as vice president at Nortel Networks to become an entrepreneur and founder of a company that was to operate in the converged areas of wireless and Internet technologies. He was contemplating several possible venture ideas. George met with Roy Varghese, a Dallas entrepreneur who also had ideas of starting a high-tech venture. The relationship between the two men had initially been formed when Roy invited George to meet an Indian government official for

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