

# **Enabling B2B Marketplaces: The Case of GE Global Exchange Services**

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## **EXECUTIVE SUMMARY**

The objectives of the case are to provide an overview of the B2B segment of the e-business industry for students to understand the intricacies of how it functions, an in-depth example of how an industry can be analyzed, and an example of how to identify keys to success for a company, GE Global Exchange Services (GXS). Other subject matter objectives are to provide an example of how a company can identify opportunities and threats in its industry and how to analyze competitive market situations, develop alternative strategies, evaluate the consequences of decision models, and make winning corporate decisions.

Figure 1. Selected Products and Operations of General Electric (1999)

Products and Services	Sales (\$ million)	% of total sales
GE Capital Services	55,749	50%
Industrial Products and Systems	11,025	10%
Aircraft Engines	10,081	9%
Power Systems	9,844	9%
Plastics	6,924	6%
<b>Technical Products and Services</b>	<b>6,848</b>	<b>6%</b>
NBC (broadcasting)	5,790	5%
Appliances	5,667	5%
Other	619	
Adjustments	(1,715)	
<b>Total</b>	<b>110,832</b>	

Source: Hoovers Online Network (2001). (Online). <http://www.hoovers.com>. Accessed February 10.

## BACKGROUND

Global eXchange Services combined innovative Internet commerce technologies with its quality control process. General Electric's division of GE Information Services (GEIS), as shown in Figure 1.

For more than 30 years, GEIS had been pioneering advances in the information management industry. In the 21<sup>st</sup> Century, GE Global eXchange Services intended to maintain this leadership position as the most experienced and responsive provider of complete solutions for business electronic commerce. In its initial stages of formation in 2000, GXS began to service its own customers (i.e., its own set of buyer and seller trading partners involved with GE internally). In later stages, GXS began to serve as a dual-purpose private exchange where it sold its B2B e-commerce services to external buyers and sellers (i.e., linked more than a hundred separate markets) plus maintained its internal network operation. GXS planned to stay ahead of its competitors by applying Internet technologies, forming strategic alliances, and creating additional products and services to help GE customers streamline supply chain management. GXS mission was "To create intelligence throughout the business supply chains of our customer around the globe combining Six Sigma process discipline with innovative electronic commerce technologies" (GE, 2001). The three basic services that GXS extended, Enterprise Resource Planning, Quality Control, and Consulting and Training, were incorporated into its products offered.

## Technology

In a June 1999 interview with *Business Week Online*, GE Chairman and CEO, John Welch, stated, "Where does the Internet rank on my priority list? Its number one, two, three, and four. I don't think there's been anything as important or more wide spread in all my years at GE" (GE, 2001). As Welch noted, the technology was a major component of business, especially at GXS. The software involved e-commerce applications that performed as Web portals for e-commerce to be conducted. As shown in Figure 2, there were 3 portfolio applications through which GXS conducted its B2B commerce: GE Integration Solutions, GE Interchange Solutions, and GE Marketplace Solutions.

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