

The Expresso paper portal is not here to create a new market rather to smooth the flow of communication with existing customers. But until end users join the party it is going to be of limited appeal **By Ron Alalouff**

Time to smell the coffee

Now that the scars of the dotcom bust are fading, are we any closer to an open electronic trading platform in the paper industry?

Those who can look back at the heady days of the e-commerce boom without wincing may remember several paper trading initiatives which promised the world.

PaperExchange.com was set up in the US and came over to the UK with a mission to shake up paper buying in Europe. The objective was to create a centralised marketplace by electronically connecting paper mills, merchants, printers and other end users to a single purchasing and logistics system. Buyers from anywhere in the world could negotiate prices and other factors online, anonymously if they wished. The service also offered credit clearing, logistics and other industry resources.

Twofold aim

The aim was twofold: to provide transparency on prices and hopefully iron out some of the wilder fluctuations and secondly, to reduce transaction costs.

It is easy to say that PaperExchange.com (and its competitor PaperX.com) were simply victims of the bursting of the dotcom bubble, and to some extent that is true. But it seems that the paper industry was not ready or willing to entertain such radical change to its structure.

"The mills ignored us and the merchants were very worried that this would take away their business," says



If supply of stock is streamlined from the mills the

Paul Bennett, once European sales manager for wood-free products at PaperExchange.com. "They realised they could do this themselves."

It is a moot point whether it was the mills or the merchants whose lack of support contributed to the demise of these wider e-commerce platforms. But the paper industry as a whole wasn't keen on them, to put it mildly. It didn't like seeing a group of dotcom start ups trying to create a new marketplace, which could threaten established distribution channels.

So in came Expresso which proclaims it is created by the paper industry and for the paper industry.

Established in 2001 by a group of paper merchants and manufacturers, who account for some 54% of the European fine paper business by value, it has taken the goal of online trading very seriously. Investing some €22m in the system and using management consultants McKinsey, the likes of Antalis, PaperLinx and Map have been setting up links with manufacturers such as Sappi, M-real and Stora Enso. Although established by the paper industry, the Expresso club is, in theory at least, "open to all participants in the paper industry, from mill to end customer". The only problem is, no end users in the shape of printing companies are yet involved.

Progress is slow

It seems that the very expense and complexity of the IT infrastructure needed has meant that expansion of the system, beyond merchants and mills, has been inhibited. Even here, progress



Henry Cubbon: 'Gradually making progress'