

# CRN

## Customer Dissatisfaction

E-services firms beware: Clients won't tolerate project missteps for very long.<sup>1</sup>

*By David Jastrow & Jerry Rosa*

Last fall, the Web site of high-end fashion e-tailer Style365.com glittered like a Versace suit. But beneath that veneer, it was more like an old pair of jeans.

The site's overall branding and design were fine, says Kathy Prost, president and chief merchandising officer of Style365.com, Beverly Hills, Calif. However, the solution provider, the former USWeb/CKS, now MarchFirst, missed deadlines, experienced a high turnover of developers and didn't supply the promised site management and analysis tools.

Eventually, Style365.com's relationship with the Web solutions firm soured. The coup de gr%E2ce came when USWeb/CKS failed to deliver the e-commerce engine, Prost says.

"We were thinking we would receive great service," Prost says. "The site was not integrated to the degree of our specifications. They were not meeting the requirement we had bargained for." Style365.com ended up enlisting Nexgenix, an Irvine, Calif., Web solutions firm, to take over the project.

Style365.com isn't alone. The golden boys of e-commerce solutions, the Web integrators and consultants, are losing some of their luster as dissatisfied customers step forward. Clients are blaming integrators for a range of miscues in e-business projects, including poor execution, miscommunication, blown deadlines and gaps in technology know-how.

The message for Web services firms: Shape up, because customers won't hesitate to get someone else to do the job.

"Execution matters," says George Price Jr., an analyst at Legg Mason Wood Walker. "Whether you are a traditional or Internet professional services firm, you have to execute."

No doubt, Web services firms are encountering sharper scrutiny. In June, Forrester Research released a study that turned a spotlight on the shortcomings of Web commerce integrators.

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Key among the findings was that none of the 40 firms rated scored high marks as an end-to-end solution provider, although most aspired to be one. Not one firm "demonstrates excellence" across its strategy, marketing, design, technology and business practices, the report says.

What's more, Web integrators often are too focused on speed-to-market, prone to product mismatches and cost overruns, and remiss in partnering with other providers when help is necessary, the study says. Forrester predicts a wave of consolidation as these firms seek to shore up their weaknesses.

Harley Manning, a Forrester analyst, says the market is still in its infancy and may be moving too fast for its own good. "This is a train wreck of an industry," he says.

In their defense, Web services firms say their industry's speedy rise has garnered a lot of attention, magnifying any problems that exist.

"E-businesses don't fail any more frequently than any other companies in business. It's just that the failures that have occurred lately have been publicized," says Stephen Mucchetti, president of Scient, San Francisco.

Web integrators and analysts also note that customers often have dreamy expectations of their e-business plans and don't exercise enough due diligence when shopping for a solution provider. "The client is usually very poorly prepared to pick the diamonds from the coal," Forrester's Manning says.

Still, customers' dreams can become nightmares when solution providers overpromise and underdeliver. In the worst cases, e-business relationships gone awry are igniting legal showdowns. IAM.com, a start-up for actors and models, sued Razorfish in July because it was unhappy with its site's functionality. Razorfish countersued to collect \$500,000 in unpaid bills. Both companies declined to comment.

"The lawsuit with Razorfish will start a trend," Manning says. "A lot of companies will begin to have these public spats, and we will see more lawsuits."

A myriad of factors fuel the disintegration of e-business projects and relationships. Sometimes projects blow up because of pitfalls in technology expertise. For instance, upscale New York grocer Dean & DeLuca booted Zentropy Partners, Cambridge, Mass., because of its lack of familiarity with IBM e-commerce software.

"Zentropy had no experience with net.Commerce [now part of the WebSphere line]," says a former Dean & DeLuca executive, who wished to remain anonymous. "Some of the fault lies with Dean & DeLuca [in failing] to select the

right people. Likewise, Zentropy was too aggressive in promising what they could deliver."

Steve Voci, Zentropy's chief marketing officer, admits the project was bumpy. "We met the demands of the project," he says. "It might not have been smooth from the client perspective."

Even strong integrators can falter on e-business projects. Tanning Technology lost \$5.5 million in its second quarter when cable giant British Sky Broadcasting killed the contract because of escalating costs.

"Sometimes projects grow in scope and complexity beyond what either of the parties anticipated," says Dick Herman, vice president and global director of marketing and strategy at Tanning Technology, Denver.

In other circumstances, Web shops are finding themselves in projects where their skills may not be the best fit. Lipton Brisk and Agency.com, for example, parted ways when the e-solutions firm didn't deliver an interactive branding campaign that reflected the iced tea maker's traditional branding scheme. Agency.com declined to comment.

But failed e-business relationships also create openings for general and specialized Internet services firms. So as some Web solution providers stumble, others step in to aid customers in digital distress.

That's what happened at Style365.com. Unhappy with the performance of USWeb/CKS, the e-tailer in late November assembled an in-house technical team and a wish list and then went shopping for a new integrator. Its wish list included a new e-commerce engine, an e-CRM component and product fulfillment capability.

"I'm sure they could have handled what we needed them to provide, but I can't tell you that because I didn't see it," Prost says. "I don't think there was any strategy on how they were going to manage this out-of-control infrastructure."

In January, Style365.com signed on Nexgenix to take over its Web project. "They had two chief concerns," says Ed Hynes, national director of the creative group at Nexgenix. "One was would we make our deadline, and the other was would we meet the requirements and have the competency and expertise to help them plan."

Nexgenix's 10-year systems integration history comforted the Style365.com team, Hynes says. "We got into a great deal of detail in our planning, and we left no stone unturned."

But Nexgenix didn't take a sledgehammer to all of USWeb/CKS' work, Hynes says. Using a Unix Solaris platform, Nexgenix implemented Art Technology Group's Dynamo as the e-commerce engine. Custom-built components were added for content management and CRM functionality.

"Nexgenix delivered the store," Prost says. "They were not flashy, but they were very solid in their presentation about what they could deliver."

Meanwhile, to replace Zentropy, grocer Dean & DeLuca followed a recommendation made by IBM and employed DataSkill, a San Diego e-services consultant. "They are absolute pros on DB2 and WebSphere," says the former Dean & DeLuca executive.

Recently, Reston, Va.-based e-commerce integrator Iconixx bailed out Sallie Mae, the educational loan institution. Sallie Mae executives became nervous when, after eight months and \$1 million, a Big Five consulting firm delivered the Internet strategy on paper only, says Ted Smith, vice president of e-business solutions at Iconixx. "We see that a lot of times, where we are being called to come in and help or patch things up," says Smith.

Likewise, Phoenix-based Web Emporium took the e-commerce reins for nautical merchandiser West Marine, Watsonville, Calif., when it nixed its previous solution provider.

"We get emergency calls from a lot of people upset with their current providers," says Marshall Freiman, CTO of Web Emporium. "As a result, Web integrators are more selective in taking on projects that fit their skills," he adds.

The e-solutions firm made sure its strategy for West Marine would float before kicking off the project, says Vince Allen, senior director of creative services at the retailer. "Web Emporium was very realistic about what we could expect. They were not in the overpromise and underdeliver realm," Allen says. "It's easy to go kaboom in a hurry," he adds.

Of course, not all business deals can be expected to work smoothly or even at all, as with Style365.com. MarchFirst executives declined to discuss details of the project. But a company spokesman says the matter is closed and the Chicago-based Web services firm has its share of satisfied clients that come back with additional projects, such as Williams-Sonoma and FAO Schwarz.

To establish solid e-business relationships and produce rewarding project experiences, Web integrators must become more adept at handling customer expectations, experts say.

"There is a tremendous sense of urgency and expectation [among clients], and a major challenge is expectation management," says Don Ganguly, co-chairman and co-CEO of Nexgenix.

That also means Web services firms can't be all things to all customers, says David Yockelson, e-business strategy analyst at Meta Group. "No one does everything well. A lot of it is setting a reasonable level of expectations."