A NEW STUDY OF THE VALUE OF E-COMMERCE TECHNOLOGY:
Lifting stock price returns with the INTTRA Global Shipping Platform
THE PROOF OF A TECHNOLOGY INVESTMENT IS IN A COMPANY’S SHARE PRICE

The true test of any business technology is how much return it can provide on the investment that was required to implement it. Better still, if the benefit of the technology can be reflected in the overall performance of the company, its investment can pay dividends.

In the ocean container shipping industry, business-to-business (B2B) e-Commerce technology can have a significant and measurable impact on a company’s stock price when it solves fundamental challenges in how the company handles its ocean container shipping activities. Starting back in the 1990s, several studies have attempted to measure the effects of information technology on firm productivity. Most of the analyses at the firm level established a positive relationship between various measures of investment in information technology and firm productivity. However, there are no firm-level studies of eCommerce technology that link quantifiable cost savings and productivity gains with such factors as:

- Efficiencies from the automation of transactions,
- Economic advantages of new market intermediaries,
- Consolidation of demand and supply through organized exchanges; and
- Changes in the extent of vertical integration of companies.

Now, INTTRA is presenting a new study that suggests a specific technology that automates a major component of a firm’s processes can have measurable effects on the ultimate measure of productivity...firm valuation.

A NEW INDEX WITH RISING STOCK PRICES: “THE INTTRA 39”

In 2008, INTTRA commissioned a study with Professor Seth Sanders, PhD, of the Department of Economics and the Terry Sanford Institute of Public Policy at Duke University. The study analyzed the stock price return of 39 publicly traded companies that implemented the INTTRA Global Shipping Platform (the “INTTRA 39”) for their shipping needs between January 2002 and April 2007. The performance of the INTTRA 39 was compared to relevant groups of publicly traded companies that didn’t implement the INTTRA Global Shipping platform.

The INTTRA 39 index was constructed from the 39 companies of INTTRA’s 169 largest U.S.-based and global customers that are publicly traded on the NYSE, the BOLSVA, NASDAQ, and other exchanges in 9 countries. Thirty-eight percent of the INTTRA 39 is listed on exchanges outside the U.S. and 66% do business in just two sectors of the economy—Basic Materials and Consumer Staples. The mean time for full implementation of the INTTRA Global Shipping Platform across these 39 firms was approximately 4 months. On average, we observed the firms for 44 months after full implementation (which was the amount of time that the last-implemented company used the system on the date that the study began). After joining INTTRA, these firms issued an average of 500 booking and shipping instructions per month. This demonstrates the large potential benefits gained from reducing the costs of managing shipping processes electronically.
The findings of this statistical analysis indicated that the stock price of the INTTRA 39 rose 0.5% to 0.6% per month more than the comparison groups in the 5 to 69 months following the adoption of the INTTRA Platform. Professor Sanders also conducted a number of checks to verify that these returns were not the result of movements in market conditions, market liquidity, or changes in foreign exchange rates that might have been correlated with when these firms adopted the INTTRA technology.

The results of this study have far-reaching implications for global carriers or shippers with large-scale shipping needs, such as the manufacturing industry (durable, consumer and raw materials).

"The findings...indicated that the stock price of the INTTRA 39 rose 0.5% to 0.6% per month more than the comparison groups..."

– Seth Sanders PhD, Department of Economics

Terry Sanford Institute of Public Policy, Duke University

OUTPERFORMING BOTH THE S&P 500 AND A MARKET INDEX

Taking a closer look at the basic analysis, this was a “before and after” study of the impact of the implementation of the INTTRA Global Shipping Platform. The model included controls for general movement in the market, as well as measures of market liquidity and exchange rates.

For comparison to the INTTRA 39, we used the S&P 500, a benchmark measure of general market movement, as well as a market index especially constructed to match the industrial sectors and countries where the firms were listed. As you can see in Figure 1 below, the INTTRA 39 performed significantly better than both the S&P benchmark and a benchmark constructed to match the countries of operation and industrial sector of the INTTRA 39 in the 48 months after adopting the Global Shipping Platform. The INTTRA 39 did not outperform these benchmarks before adopting INTTRA technology.

Figure 1: INTTRA Firms vs. Comparisons

Source: S&P500 Firms & Firms Listed on 10 Foreign Exchanges from COMPSTAT Database
THE LARGEST B2B E-COMMERCE PLATFORM

INTTRA is the largest B2B e-Commerce platform dedicated to container shipping. Through a set of web based and EDI products, firms can conduct their shipping documentation transactions with any of INTTRA’s 22 member carriers electronically – eliminating the need for traditional reliance on faxes and phone calls.

In addition to providing a more efficient data transmission mechanism, INTTRA streamlines the business processes for the movement of containerized freight allowing data to be formatted in forms needed for various purposes. These included formatting shipping instructions into bills of lading, which helps reduce errors and avoids delays at ports of entry. This study revealed that the firms in the INTTRA 39 realized these types of gains after adopting the INTTRA B2B e-Commerce shipping platform, which translated into a better bottom line and stock performance improvements.

If your company is not using the INTTRA Global Shipping Platform, you could be falling behind your competition. If you are using this technology, you are helping your company gain a competitive advantage to move ahead in the shipping market. And if you are a carrier already connected to INTTRA, you are helping your customers outperform their competition; but if you are a carrier who is not connected to INTTRA, you may not be giving your customers the business edge they need to succeed.

See how INTTRA may help raise your stock

Learn more about what this study could mean to your company’s bottom line performance. Ask your INTTRA rep to review the full study report – “The Valuation Return to Adopting e-Commerce Technology: The Case of Adopting the INTTRA Global Shipping Platform” – with you and your team.

For details on the products offered through the INTTRA Global Shipping Platform, please go to www.inttra.com.

“The results suggest that e-Commerce can have very large effects on a company’s stock price when the technology adoption solves a fundamental problem important to the firm.”

– Seth Sanders PhD, Department of Economics
Terry Sanford Institute of Public Policy, Duke University
MORE ABOUT INTTRA

Founded in 2000 and headquartered in Parsippany, NJ, INTTRA is a leading global provider of e-commerce solutions to ocean carriers and their customers. INTTRA professionals work with customers to streamline and standardize their shipping processes, applying their e-commerce knowledge of the shipping industry for customers in markets worldwide.

The INTTRA e-commerce platform offers a comprehensive range of e-commerce tools, including: Sailing Schedules, Booking, Shipping Instructions, Bill of Lading, Track & Trace, and Reports. Accessing the INTTRA platform is simple, using any combination of their channel solutions: INTTRA-Link (EDI-based, system-to-system connection), INTTRA-Desktop (off-line PC application), or INTTRA-Act (web-based application).