

Instructor's Answer to Web Case 1

BestResults.com – Building a Corporate Portal

Answer File: BestResults_a.XLS

This problem introduces the concept of corporate portals to students and teaches students how to research business topics on the Web. In addition, this case provides practice in the management skills of planning and deciding. Students are asked to research and write about corporate portals, and help plan for and decide on the wisdom of making an investment in a corporate portal. Students are asked to prepare a report based on their Web research, and then to calculate the accounting rate of return and the net present value of the project (advanced).

Detailed Instructions

1. The following Web sites provide *general* background information about corporate portals:

An *About.com* tutorial on “enterprise portals”:

<http://compnetworking.about.com/cs/portalscorporate/index.htm>

Semantic Studios discusses problems with corporate portals:

<http://semanticstudios.com/publications/semantics/portal.html>

Another discussion of problems with corporate portals, this time from *Intranet Journal*:

http://www.intranetjournal.com/articles/200010/ic_10_12_00a.html

Offers a list of business portal software applications—e.g., Sun Microsystems, Microsoft, IBM:

http://www.business.com/search/rslt_default.asp?type=web&query=%22business+portals%22&vt=all

The Microsoft home page for their business portal information:

<http://www.microsoft.com/BusinessSolutions/businessportal.aspx>

The following are some major corporate portal provider companies:

Plumtree. <http://www.plumtree.com/> - Develops software that gives employees, customers, and partners a personalized Web page with information, applications, and services. Includes very sophisticated ROI calculators on its site. Arguably, the industry leader.

mySAP.com. <http://www.mysap.com/solutions/netweaver/enterpriseportals/> - Combines SAP's business enterprise software with portal access technologies.

Oracle. <http://portalcenter.oracle.com/> - Oracle claims to lead the corporate portal market.

Offers a list of more business portal development companies:
http://www.b2business.net/infrastructure/Portal_Builders/

Corporate portals provide access to the following types of content:

- Current operating financial information (sales, costs, and revenue data)
- General corporate content (press releases, investor news, general financial news and stock reports)
- Business documents (company policy positions, reports and research)
- Human resource content (health-plan information, retirement plan applications, and job listings)
- Miscellaneous information (building and cafeteria hours, employee phone books)
- Knowledge base content (company experts, corporate library, and training materials)

Portals provide many benefits to firms. For example, they can

- Improve management decision making by providing managers with real-time data on company performance
- Leverage company investments in existing information systems by making information from older systems available to employees at a single point
- Reduce the costs of the IT function by making it possible for users to generate their own reports as needed
- Maintain the security of confidential business data by enabling only authorized employees to view that data
- Provide easy access to non-confidential data by enabling regular employees to view it online rather than in paper-based form

Students should present this information (or similar) either as a report or as a PowerPoint slide show. The report or presentation should include some or all of the following features:

- a summary description of corporate portals, including their features and benefits
- summary of their specific advantages to a business like BestResults.com
- screenshot of at least one portal

2. The students are asked to calculate the accounting rate of return on the investment. The accounting rate of return takes into account depreciation but does not take into

account the time value of money. Students need to use formulas to calculate intermediate results like total costs, benefits, depreciation, and annual net benefits. Students should use a formula for the accounting rate of return. The students should end up recommending the investment because the return on investment is 55% over the three-year period, which is far above the returns that could be expected from a variety of alternatives.

3. In calculating the present value of the expected net benefits, use the Excel NPV function as indicated on the answer spreadsheet. From the present value of the annual net benefits subtract the project cost to arrive at the net present value of the project. Because the net present value is greater than zero, the investment should be made. In fact, in today's dollars the investment is worth \$609,909, a very strong return on the investment.