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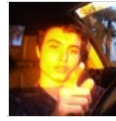
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Auto Makers' Online Parts Exchange To Become Legally Incorporated

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By KAREN LUNDEGAARD Staff Reporter of The Wall Street Journal

Updated Dec. 8, 2000 12:01 a.m. ET

Covisint, the Big Three auto makers' online parts exchange, is expected to jump an important hurdle Friday as it becomes a legally incorporated entity, according to sources familiar with the plans.

Once incorporated, Covisint, set up in February by [General Motors Corp.](#) GM +0.63%, [Ford Motor Co.](#) F +0.69% and [DaimlerChrysler AG](#), will be able to charge fees for the online-auction and catalog services it is now running as part of a pilot program. It also will proceed with hiring a permanent staff. Currently, it is operating with more than 350 employees on loan from the auto makers, technology concerns and consulting firms.

Firms to Create One-Stop Service for Auto-Repair Parts on the Web (Feb. 9)

Online Exchange of Auto Makers Clears Final Regulatory Hurdle (Sept. 27)

The seemingly mundane task of incorporating has taken weeks longer than officials had originally predicted, in part because of the pure complexity, said Rico Digirolamo, one of three co-chief

executives running Covisint.

With seven major companies involved -- including auto makers [Nissan Motor Co.](#) NSANY +0.50% and [Renault SA](#), which also have joined the exchange, and [Commerce One Inc.](#) and [Oracle Corp.](#) ORCL +1.52%, the founding technology partners -- and all their attorneys, it been a cumbersome process.

The signing "is going to be like [at] a 200-foot table with hundreds of documents that everyone has to sign," Mr. Digirolamo said.

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Covisint, which has been expected to be the largest of the so-called business-to-business exchanges handling global purchasing of as much as \$300 billion at just the five auto makers, has been fraught with delays almost from the beginning. The Federal Trade Commission began investigating the exchange weeks after it was announced Feb. 25. The commission ended that inquiry in September, the same month German antitrust regulators also cleared the exchange.

But Covisint's own timetable for incorporating and hiring a CEO -- within 30 days -- came and went. The company still doesn't have a chief executive. Harold Kutner, GM's group vice president of global purchasing and an executive on the hiring board, said last week in Chicago that a CEO would be named by Christmas.

That forecast is still "pretty optimistic," said one person close to the situation. The search could be wrapped up just before the Christmas holiday "if they go after one of the guys that's unencumbered" by a job, this person added. Otherwise, the decision seems unlikely to be made until early January.

Among the sticking points: the prospects and the auto makers disagree over Covisint's current valuation -- a critical issue when you are wrangling for a sizable piece of equity.

Since the product launch in late September, Covisint, operating out of temporary

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headquarters in Southfield, Mich., has run more than 80 auctions with about seven clients, representing \$300 million of goods, Mr. Digirolamo said. The exchange also has posted eight catalogs, with 40 customers buying \$3 million in products to date.

-- Joann S. Lublin contributed to this story.

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