

## Fitting two into one

### MARIUS HAAS

The merger last year of two giants of the IT hardware sector, Hewlett-Packard and Compaq, was a major event – not least for Marius Haas, who as VP of worldwide e-business was responsible for the unification of their IT infrastructures. Profile: Pieter Preston Portrait: Charles Glover

As vice-president of worldwide e-business at Hewlett-Packard, Marius Haas is keenly aware of how businesses of every size and make-up can use the Internet: as a tool for communicating with customers, partners and staff; as a platform for streamlining existing business processes; and as a direct sales channel to end users.

Yet meeting Haas, it becomes quickly apparent that his role and responsibilities are dictated by quite different terms of reference from those of a typical head of e-business at a typical company.

This is largely due to the fact that following its groundbreaking \$19bn (£11.8bn) merger with PC supplier Compaq, completed in May 2002, HP is anything but typical. With a combined workforce of nearly 150,000 and annual sales topping \$70bn, the scope and scale of Haas's job is immense by any standards.

Nevertheless, with multiple degrees in business administration and a career planning the Internet strategies of three of the world's leading IT firms, Haas appears well qualified for the challenge.

He says that despite doubts prior to the merger about the strategic logic of the deal (among channel partners, corporate customers and analysts), it has proved to be the most successful acquisition in IT history.



“By eliminating overlapping functions, rationalising supply chains and exploiting bigger economies of scale, we’ve already produced around \$3.5bn [£2.2bn] in ‘value capture’ since the merger closed – and a year ahead of schedule,” he explains.

And by reducing operational costs, the merger has also allowed HP to increase its

margins, which has meant it can offer more competitive pricing and challenge for the dominant position in specific global markets.

“It was strategically desirable for both companies to be number one in every market where we compete,” explains Haas. “We wanted to be able to compete effectively with the likes of Dell [the leading direct-to-end

user PC vendor] and IBM [the leading supplier of IT products and services to business].”

The merger, he says, gave the new combined business the leverage to do so. “We’ve improved our position across multiple market categories. We’re the biggest IT company in Europe, and worldwide we’re number one in server shipments, storage, and printing and imaging. We’re number three in IT services (previously we were seven) and we’re number one worldwide for portable PCs.”

Formerly VP of Compaq’s global e-business division, the role that Haas has played in the process of integrating the two enterprises has been crucial to HP’s continuing success. It has also helped his team to develop a best-practices blueprint for the services they’re now delivering to HP’s expanding corporate customer base.

Between September 2001, when the merger was first announced, and May 2002, when it was officially completed, Haas’s team worked on what he refers to as “three key day-one deliverables”: ensuring that the combined data and assets of the companies’ corporate Web sites, intranets/extranets and email systems were incorporated and consolidated as smoothly and effectively as possible.

“One million man hours was spent planning this integration work,” he says. “My team was, for the most part, secluded from other day-to-day business operations, with the sole job of getting the new company ready [to launch]. For example, we had to ensure that the HP.com site carried all 10,000 Compaq and HP products and that customers could come to the site and purchase the entire combined range from day one.”

Since then, Haas’s team has worked on further refining the HP.com site, initially focusing on providing corporate customers with the tools and resources to collaborate with their account teams and partners online, “so that they can streamline their e-commerce activities through services such as near-real-time global ordering, tracking, reporting and support.”

A key objective has been to ensure that HP.com is the definitive point of contact for enterprise-level corporate customers.

“HP.com isn’t designed solely to be an e-commerce engine,” says Haas. “Our customers demand that the site be a one-stop shop for all of their IT needs, covering support, purchase, education, events and so on.”

To this end, the Enterprise Resource Centre provides site visitors with the latest news, case studies and white papers, as well as numerous free online e-business strategy

courses. Haas has also introduced innovative support services, such as a real-time online chat facility, which he says has proved popular with corporate users. “More than 30% of those customers who are offered this free service take advantage of it and rave about how effective it is.”

More conventional sources of information are also available, such as personalised opt-in e-newsletters, which are currently sent to more than 4m HP customers globally, covering support and maintenance issues and previewing HP’s latest product releases.

Haas says his key aim has been to create a “frictionless business environment” and to boost the volume of business sales conducted online. With around 4m unique visitors passing through the site every week, and estimated savings of between \$25 and \$35 (£15-£20) on each order processed via the Web, the rationale behind this strategy is clear.

At the same time, he emphasises that his division is also responsible for devising and initiating “new revenue-driving opportunities”, which he says are being achieved in two ways. The first has seen the e-business team looking to exploit well-established and well-defined online audiences that complement existing sales channels.

Within this remit, Haas has forged alliances with a growing list of high-profile partners, including popular portals like Yahoo! and Disney, specialist services such as IT

news site CNET, and major e-commerce services like Amazon.com and Ebay.

It’s a diverse group. But each partner site has a global coverage and serves discrete audiences that HP is keen to capture and convert into new customers.

With Ebay, for example, Haas struck a deal to open a shop on the auction site selling refurbished computers and accessories, items consisting mainly of cancelled orders and returned products. Haas’s team worked with Accenture to develop the new store as part of the consultancy’s ‘Connection to Ebay’ programme, designed to help corporate customers shift unsold inventory.

“With Ebay you have a market of 16m regular users spending on average three hours per session online,” explains Haas. “It’s also a customer segment which, as well as seeking discounts, has traditionally been quick to adopt new technologies. This is a good example of how we’re using the Internet to win mindshare among individuals and enterprises, and exploit previously untapped markets which are unlikely to conflict with other HP reseller channels.”

In the US, HP has also begun rolling out an interactive kiosk programme in partnership with a range of retailers. “It’s an extension of both HP’s eStores programme and our consumer retail channel programme,” says Haas. “It involves six partners [Staples, Office Depot, Office Max, Circuit City, Best Buy and Costco Online] and HPShopping. We’re investigating rolling it out to other regions.”

The second way in which Haas is helping HP drive revenue opportunities is by pushing the e-business division’s services capabilities.

“We’re building relationships with customers beyond the simple delivery of products,” he explains, drawing on his team’s e-business expertise to help enterprise customers improve the efficiency of their supply chains, increase the usability of their Web sites and assist the integration process following mergers and acquisitions.

The recent history of the IT sector has seen the major vendors transform themselves from conventional manufacturing businesses using third parties to distribute and resell their products, into more self-sufficient, full-service operations with the capability to sell direct to the end user while boosting long-term revenues with value-added services.

The Internet has become a key tool in this transformation, and, given his track record in assisting this process, the influence of Marius Haas looks certain to grow. ■

## CURRICULUM VITAE

**Name:** Marius Haas

**Title:** Vice-president of worldwide e-business, Hewlett-Packard

**Age:** 36

**Education:** 1986-90: Bachelor of Science in Business Administration, Georgetown University, Washington DC; 1990-91: Masters in Business Administration, International Management, The American Graduate School of International Management, Phoenix; 1999: executive leadership coursework, Harvard Business School.

**Career:** 1991-95: various positions in Advanced Technology Programs and Corporate Materials and Services, Intel Corporation; 1995-2002: VP of Commercial PC Group, Compaq Corporation; director, Compaq.com and SMB.com; director of e-services marketing, Compaq; manager of corporate strategic planning, corporate development, Compaq; 2002-present: VP of worldwide e-business, HP.