

# Covisint is feeble and doomed, professor says

*He claims suppliers have better options*

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An automotive supplier consultant says **Covisint LLC** won't survive more than two years.

John Henke, an Oakland University marketing professor who also conducts annual surveys of the automotive supplier industry, said suppliers won't use a tool that is controlled by the automakers. There are also other services in the marketplace they can use instead of Covisint.

"There is no compelling reason to use them," Henke said. "The basic premise of Covisint was wrong — the idea that the automakers could own it and make money off of the people they are already beating up on in

terms of prices."

Covisint was founded in 2000 as an automotive e-commerce cooperative funded by **General Motors Co.**, **Ford Motor Co.** and **DaimlerChrysler AG** to provide an auction service and the ability for automakers and suppliers to exchange information, such as designs, over the Internet. **Nissan Motor Co.**, **Renault SA**, **Commerce One** and **Oracle Corp.** joined the cooperative later.

Covisint spokesman Dan Jankowski said Henke's claim doesn't have merit.

"I believe the suppliers who understand the value proposition we offer in terms of improved efficiencies, reduced time to market and materials cost, are strong supporters of Covisint," Jankowski said.

Covisint is also overseen by a board of representatives from

the automakers and suppliers.

But Henke said Covisint has already displayed its ineffectiveness. Last month it cut 100 workers and Kevin English resigned as Covisint's chairman, president and chief executive officer. He was replaced by Harold Kutner, former group vice president of worldwide purchasing for GM.

"Their life has been prolonged because they are being funded by the automakers."

He added that companies such as **FreeMarkets Inc.** are already offering the same services. The Pittsburgh-based FreeMarkets operates real-time, business-to-business online auctions for companies buying industrial parts, raw materials and services in more than 190 product categories.

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