



The Soto Law Group, P.A.

CONSTRUCTION PRACTICE GROUP

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NEED STEEL? LOG ON TO AMAZON.....

Forward Magazine, a Metals Service Center Institute publication recently circulated a fascinating article about the encroachment of Amazon on industrial supplier and distributor markets.¹ The article, authored by Peter Beller, highlights a renewed interest in developing ecommerce options for steel distributors. A quick visit to AmazonSupply.com confirms the author's claim that "under the 'materials' category, metal: from aluminum sheets to stainless steel bars to copper tubing" are available for purchase.²

In light of Amazon's encroachment how worried should steel distributors and metal service centers be? Probably not all that much. According to experts consulted by Peter Beller, "Amazon [is not] going to laser-cut steel."³ Furthermore, the customization, project know how and customer relationships developed by service centers are factors Amazon cannot realistically duplicate or compete with.

Full online selling and shipping services isn't new. In fact, as Mr. Beller highlights, some big names such as ThyssenKrupp and ArcelorMittal shut down their STEEL 24-7 portal in 2007 because it simply did not pick up enough traction.⁴ So if the risk of AmazonSupply displacing or cutting into the industrial steel market isn't all that apocalyptic- why care? Well, ecommerce is [was always] here and is only growing. While AmazonSupply won't likely be the equivalent of the big Walmart that closes down the local shops- it does highlight the importance of having an online/ecommerce presence and option. For those that already do, it's a good reminder to review your online presence in light of new markets and legal concerns.

For example, does your company allow customers to fill out an online credit application? If so, when was the last time your application was updated? Are new company wide procedures in place that are not reflected or accounted for in the online application? Are the companies Standard Terms and Conditions disclosed on the online application? Are they even accessible online? Can customers place orders online? Are appropriate disclaimers, terms of sale, credit terms and applicable fees disclosed in the purchase process?

Companies need to first consider what they want/should offer customers online. How much of an online storefront do you need or want is an important question. Who will it serve? The internet is most certainly a doorway to new markets and contacts. It also brings new challenges and risks. When deciding to what degree an online storefront could be utilized to serve new and existing customers, a discussion with legal counsel knowledgeable in both the construction and business industries is a wise course of action. Together, you can decide what needs to be included in your online pages, applications and legal disclaimers. If you already have an online presence, counsel can work with you to identify legal concerns and update your forms.

¹Forward Magazine "Is Amazon Your Next Competitor", January-Feb 2015 edition, Peter C. Beller.

² Id., 6

³ Id., 8

⁴ Id.

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