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TECHNOLOGY

# TECHNOLOGY; Mexico Cement Giant Plans Internet Emphasis

By SIMON ROMERO

Cemex S.A., the big Mexican cement producer and one of Latin America's most successful multinational companies, expects today to announce the formation of a subsidiary that will consolidate its Internet strategies and expand the company into online procurement services, the chief executive said.

Moving beyond Cemex's core business -- producing and selling cement -- the subsidiary, CxNetworks, will focus mainly on the online procurement of goods and services for the construction industry and on Internet consulting services.

Several of the largest Latin American companies are working to move parts of their operations online, even if their main business has little to do with the Internet. In the case of Cemex, management hopes that the new unit can use the stable cash flow generated by its cement business to branch out into areas that are potentially faster growing.

"We're not simply about selling cement," Lorenzo H. Zambrano, Cemex's chairman and chief executive, said in a telephone interview yesterday. "In the end, we're selling timeliness and quality and the image of a company that is at the top of its class."

The third-largest cement company after Holderbank of Switzerland and Lafarge of France, Cemex -- with substantial operations in Mexico, Spain, Egypt and several Asian and other Latin American countries -- is already known for its real-time updating of inventories and its global positioning systems that use satellites to track its trucks.

With the new subsidiary, Cemex plans to go beyond these initiatives and a previous strategy to create an online business-to-business exchange for the construction industry together with the Votorantim and Bradesco groups of Brazil.

For example, in a pilot program in Mexico, Cemex has signed up 120 construction companies seeking lower prices for goods and services that are not necessarily related to cement, said Juan Pablo San Agustin, who will head the new unit. Similar online procurement programs are planned in coming weeks for Brazil, Argentina and Spain.

Cemex is also seeking to broaden its sales of information technology and Internet-based consulting services, which will be grouped under the new unit. It estimates revenue from these activities around \$100 million this year, with 40 percent coming from companies that are not already customers.

"In the short to medium term, these initiatives won't mean much for the bottom line," said Graham Makohoniuk, a portfolio manager for Globalvest Management in St. Thomas, V.I., which owns Cemex shares. "But this could be the first step in the evolution of the company from the Cemex we know today to one that uses the cement cash cow to get into other markets."

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