



Amway drives business online by networking with distributors.

When we talk about distribution network and business opportunity, Amway immediately comes to mind. With 2.5 million distributors in 79 countries and more than AU\$9.04 billion (U.S.\$5.6 billion) in annual sales, Amway is one of the largest distribution network companies in the world. Known for its high-quality products—reflecting innovation in formulas and technology—Amway has established itself as the expert on distribution networks.

“We anticipate a significant growth in overall sales due to increased distributor motivation ... IBM’s e-business solution will shape our business approach today and in the future.”

—Bob Buiaroski, Chief Information Officer, Amway of Australia

Amway of Australia, recognized for its cutting-edge business practices, has recently enjoyed an annual growth rate of 28 percent. Every month, more than 60,000 orders and 250,000 other transactions are generated, and that number is growing steadily. In the past, orders and stock inquiries were handled through mail, fax, phone and electronic dial-up, necessitating computer entry that resulted in double handling and duplication of effort. With more than 90,000 distributors requiring information on product offerings, orders, sales points and more, processing and fulfilling these orders and requests became a challenge. In order to manage their businesses more efficiently, distributors were demanding information in realtime, with immediate access to their sales performance data following the placement of orders.

Application	Online order processing and sales tracking system
Business Benefits	AU\$2 million reduction in costs; projected growth in sales; increased customer satisfaction
Software	Lotus® Domino™ Lotus Notes® IBM® eNetwork™ Communication Server for Windows NT®
Hardware	IBM AS/400®
Services	IBM Global Services



E.L.V.I.S. improves the quality of documentation for Amway of Australia distributors.

It's about business, not just technology.



Distributors have realtime, online access to warehouse inventory.

“With the expertise of IBM, we have developed an innovative, customized ordering system that gives our distributors 24-hour-a-day, 7-day-a-week, online, realtime access to product ordering, stock information and sales reports.”

*—Peter Williams, General Manager,
Amway of Australia*

As a result, Amway of Australia teamed with IBM Global Services to develop Electronic Link Via Internet Services (E.L.V.I.S.), an e-business solution powered by Lotus Notes and Domino running on a Microsoft® Windows NT server. E.L.V.I.S. makes up-to-the-minute information available to distributors anywhere, anytime and streamlines order processing and fulfillment. Peter Williams, general manager at Amway of Australia, comments, “With the expertise of IBM, we have developed an innovative, customized ordering system that gives our distributors 24-hour-a-day, 7-day-a-week, online, realtime access to product ordering, stock information and sales reports.” Williams reports that distributors are flocking to the Web site already, with 50 percent of the orders expected to be transacted over E.L.V.I.S. within the first year—reducing order processing costs by AU\$2 million (U.S.\$1.26 million)—and the projection that this will increase to the majority of the orders within four years.

Bob Buiaroski, chief information officer of Amway of Australia, notes other results as well. “We anticipate a significant growth in overall sales due to increased distributor motivation,” he says, adding, “IBM’s e-business solution will shape our business approach today and in the future.”

Lotus Notes and Domino attune to e-business

E.L.V.I.S. consists of two components. The first is a public Web site, with secure access areas for Amway distributors, that offers a business messaging service, a catalog browser, a distributor order-entry system, an inventory appraisal system, a distributor sales points system and a chat room to facilitate communication between Amway of Australia and its distributors. The second component is a back-office system that runs order processing, sales analysis, inventory control management, dispatch and shipping, a bonus program and financial systems.

E.L.V.I.S. is made possible through the use of Lotus Domino running on a Windows NT server for the Web site, with the back-office system residing on an AS/400 server. IBM eNetwork Communication Server for Windows NT serves as the interface for realtime data exchange between Domino and the AS/400. The product catalog, ordering facilities and key business information, in multiple Lotus Notes databases, are hosted on the Domino server.

Distributors gain access to E.L.V.I.S. with a PIN number, which helps protect the information stored on Amway systems from unauthorized users. Adding to this protection is a firewall, which serves as a gateway between the Internet and the Domino Web server. Domino, which supports industry-standard, Secure Sockets Layer (SSL) encryption, ensures secure communications between the distributors and Amway’s systems.

IBM makes E.L.V.I.S. come alive

While Amway of Australia considered other vendors, it opted for IBM for several reasons, including the cost-effectiveness of its solution, as well as its ability to understand and meet business needs and tight time requirements. In the case of the latter, IBM Global Services proved it was up to the task—completing all phases of the pilot site in 12 weeks and launching it in another 12 weeks.

In order to meet the needs of Amway of Australia, IBM Global Services designated five full-time technicians to work on the project during this six-month period. One IBM technician remains on site, working in conjunction with the information technology team at Amway of Australia on additional enhancements to the system. Buiaroski explains, “With the expertise that IBM brought to the table, as well as its ability to work as a cohesive team with our employees, the entire process went very smoothly, and we were able to complete the project on time.” He adds, “IBM took away the worry of building a new e-business infrastructure, allowing us to concentrate on our core competencies—building our business and taking care of our distributors.”

E.L.V.I.S. plays results

With the ability to receive orders electronically, Amway of Australia can now provide automatic processing of orders, dispatch, invoicing and distributor information, including sales points. This process eliminates the need for the re-keying and double handling of paperwork, resulting in savings equivalent to seven full-time administrative staff.

To place an order online, distributors simply log on to E.L.V.I.S., verify the availability of the product they wish to purchase and remit secure payment with a credit card. The realtime access of E.L.V.I.S. enables distributors to provide better customer service, as they can both check on the availability of stock and maintain “standing orders” for products that they purchase on a regular basis. In the case of the latter, when the stock of a specific product drops below a certain level, it is automatically reordered, thus helping to avoid delays in product delivery to the distributors.

“E.L.V.I.S. has increased customer satisfaction,” Buiaroski notes, “by allowing our distributors to access a much wider range of information—including the location of a particular stock item, pricing or product information—at anytime, day or night, from any location. Instead of taking an hour, distributor inquiries can be answered immediately with the direct access E.L.V.I.S. gives to stock, standing orders and various other information.”

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—Bob Buiaroski



Bob Buiaroski with one of many Amway products.

Providing realtime access to sales information also motivates distributors to achieve monthly targets; the impact of each purchase is instantly shown on the sales points system. Further, through a separate but related feature, part of the incentive scheme developed by Amway of Australia, distributors can track their bonus points. Though in the preliminary stages of gauging the effects, initial predictions indicate that the availability of such information will serve as an integral factor in future sales growth—for both the short- and long-term.

To assist distributors in embracing this new technology, IBM Thinkpad laptops and IBM 300 desktop systems, packaged with all required software, are available to distributors through Amway of Australia, with leasing provided by IBM Credit Corporation. Confident of a quick return on investment, Buiaroski notes that Amway of Australia decided to pay the first 18 months for desktops and 12 months for laptops—of a 36-month lease—for their top 600 distributors if they conduct 80 percent of their business online.

E.L.V.I.S. is gaining popularity with distributors very quickly. Buiaroski says, “Already, 6,000 distributors use E.L.V.I.S. We are finding that new distributors are signing up solely on the ability to order over the Internet, as they relish the idea of being at the leading edge of technology.”

“I was excited to hear about E.L.V.I.S.,” says one distributor. “I want to pass on that it is professional, fast and simple.” Another distributor exclaims, “Brilliant! E.L.V.I.S. lives. I have never come across such a useful and well-presented Web site, bristling with functionality and timely information.”

IBM and Amway band together

Wanting to remain on the cutting edge as the industry leader in direct sales, Amway of Australia is looking to IBM to help maintain this status. While very satisfied with the results produced thus far, Amway of Australia is always looking to move forward. “E.L.V.I.S. was developed on time and within budget,” says Buiaroski, adding, “since its launch, it has met and exceeded our expectations. We are very happy with the progress but are excited about new possibilities. We have made a company-wide commitment to e-business and to IBM as our partner as we move into the future.”

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