



BICO shifts gears for e-business: B-to-B extranet yields supply chain savings.

Application	Supply chain management extranet
Business Benefits	100% ROI expected in three months; annual cost savings of at least U.S.\$76,000 due to automated procurement process; 50% of resellers connected online; improved productivity and customer service
Software	Lotus® Domino™ Lotus Notes® IBM DB2® for AS/400® IBM VisualAge® for Java™ IBM eNetwork® Firewall
Hardware	IBM AS/400e™
Business Partner	Networks Unlimited AG

From the simple, gear-less bicycles our forefathers rode to work, to the long-wheeled, 15-speed, sleek titanium machines that professional bikers cruise on today, bicycles have come a long way. Biking is more popular than ever, and not just because of exhilarating competitions such as the Tour de France, but also because of a growing concern for the environment. It's no wonder the multibillion dollar global market for bicycles and accessories has grown briskly over the last few years — in the United States alone, more than 57 million

Americans are bicyclists, supporting an estimated \$5 billion industry.*

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— Christopher Pohl, IT Consultant and Project Manager, BICO



With its new online reseller network, BICO is racing to capture the lead in the German bicycle market.

It's about business, not just technology.



BICO's resellers can check inventory, order parts and receive confirmation from their desktops with LEO.Retail—developed with IBM VisualAge for Java and powered by Lotus Domino.

Biking is no less popular in Germany, where companies such as BICO—a distributor of bikes, spare parts and accessories—run highly profitable businesses. A U.S.\$140 million company, BICO is the second largest bike distributor in the \$15 billion German biking industry. Operating through a network of 650 resellers, the company recently fast-peddled into the e-business age by implementing a business-to-business (B-to-B) extranet for supply chain management. The extranet, powered by Lotus Domino and IBM AS/400e servers, is based on LEO.Retail, a turnkey, Web-enabled solution from IBM Business Partner Networks Unlimited AG (Networks Unlimited).

BICO's B-to-B extranet has allowed the company to seamlessly connect its resellers—and their disparate ERP systems—with its internal procurement processes. Two months after the solution was rolled out, 50 percent of its retailers were connected through the extranet, with a 95 percent acceptance rate from these business users.

LEO.Retail automates procurement tasks, such as placing orders and checking inventory, helping reduce costs and raise productivity. Christopher Pohl, IT consultant to BICO and the project manager, estimates that BICO would have had to employ two additional administrative personnel to manage the increased business volume. Instead, these administrative tasks are now handled by LEO.Retail, saving the company a minimum of U.S.\$76,000 a year. "We expect to achieve 100 percent return on investment in about three months," says Pohl. "More important, we're serving our customers better than ever before. Their satisfaction reflects positively on our business, giving us a competitive edge in the market."

"We are perfectly happy with the performance and reliability of DB2 and the AS/400. And the fact that with LEO.Retail we could easily extend this system to the Internet, was a deciding factor in its favor."

—Christopher Pohl

Outgrowing the old links

In the past, BICO used a proprietary solution, called BTX, based on a 10-year-old system established by Deutsche Telekom, Germany. Though it had served the company well in the past, this system was unable to scale up to support additional functions or business volume. Seeking to harness the reach of the Internet to communicate with its resellers, BICO turned to its trusted partner — IBM. At the same time, BICO also wanted to ensure that it could leverage its existing enterprise resource planning (ERP) system — based on IBM DB2 for AS/400 — for its e-business application. Pohl recalls, “We approached IBM and they immediately understood what we needed, bringing us in contact with Networks Unlimited.”

LEO.Retail resides on an IBM AS/400e Model I70 Web server, which also runs IBM eNetwork Firewall and the authentication and SmartUpdate services provided by Lotus Domino. The application was developed using IBM VisualAge for Java. After the initial set up of the client interface and catalog through a CD-ROM, all updates to the catalog and application are conducted online every time a reseller logs on to the extranet. The entire product catalog is available to the resellers online as well as offline.

Integrated solution reduces costs

Because telecommunication costs are prohibitive in Germany, resellers have the option to access LEO.Retail offline, searching for products and completing orders on their local database. Once the orders are ready, they can be transmitted to BICO with a single click of the mouse. The dialup to the Internet, authentication and security services and submission of orders to BICO’s ERP system are fully automated and transparent to the end user. For further automation, the reseller’s ERP system can also be integrated with LEO.Retail, eliminating the need for any manual processing at the reseller’s end. In this case, LEO.Retail automatically imports the order into the reseller’s system.

Previously, product orders had to be entered manually by BICO representatives into the company’s database. This required about 15 minutes per order, with approximately 300 order entries being processed each day. Personnel costs amounted to about \$5 per order entry, apart from the costs of work space, equipment and telecommunication fees. By eliminating the manual process, LEO.Retail saves BICO all of these expenditures. Adds Pohl, “Before, there could be a 12-hour inactivity period until an order was processed manually. Now it is done automatically in realtime.”

“Because LEO.Retail is designed for AS/400 and ERP-related applications, we have an all-in-one solution.”

– Christopher Pohl



The reseller network has helped BICO boost its brand value by enhancing customer service.

Leveraging trusted systems

The Domino- and Java-powered LEO.Retail is a perfect fit for BICO's needs. "Because LEO.Retail is designed for AS/400 and ERP-related applications, we have an all-in-one solution," says Pohl. "We do not need to install, run and maintain a separate hardware and software platform for our e-business solution." BICO's corporate intranet and e-mail services are also based on Domino and Lotus Notes.

BICO first deployed IBM DB2 for AS/400 in 1990, when it developed its ERP system. "DB2 has performed exceedingly well ever since. We are perfectly happy with the performance and reliability of DB2 and the AS/400," says Pohl. "And the fact that with LEO.Retail we could easily extend this system to the Internet, was a deciding factor in its favor." That's a response that Thomas Mueller, president of Networks Unlimited, is familiar with. "We would not have the success we do today without our partnership with IBM," he says. "LEO.Retail is a turnkey solution for the AS/400 platform, and IBM sends many opportunities our way."

Exploiting synergies

For Networks Unlimited, the selection of Lotus Domino as the foundation for its B-to-B solution was guided by two factors—time-to-market and cost of development. Says Mueller, "We did not want to miss any market opportunity and with Lotus Domino we were able to get our product on to the market quickly."

As more and more resellers are connected through LEO.Retail, excitement about its potential is building at BICO. "Every day we think of new things we can do with our system," says Pohl. In the future, BICO will deploy additional modules of LEO.Retail to include marketing and sales information services as well as online billing features. Other plans include a vertical portal for the bicycle market, also based on LEO.Retail and IBM software and hardware technologies.

"This is a very competitive market," says Pohl. "The more conveniences we can give our resellers, the more incentive they will have to promote our products and help us gain market share. Together, IBM and Networks Unlimited have created a solution that allows us to communicate with our resellers most effectively, and that gives us an advantage over our competitors."

**For more information,
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BICO and Networks Unlimited AG, visit:

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Produced in the United States of America
01-00

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*The State of the Industry Report, 1997. Compiled by The Outdoor Recreation Coalition of America (ORCA) and the Sporting Goods Manufacturers Association (SGMA).

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G325-6635-00