

Minolta improves profits and dealer satisfaction with B2B solution from IBM.

Overview

■ Challenge

Seize market leadership position, improve customer satisfaction and increase revenues and operating efficiencies by implementing Web-based B2B order and account-processing solution

■ Solution: Integrating Stage

B2B e-commerce and account-management site for dealers

■ Why IBM?

For Minolta: Desire to integrate new solution with existing IBM AS/400® environment and legacy applications; perception that only IBM could provide a comprehensive open-standards solution

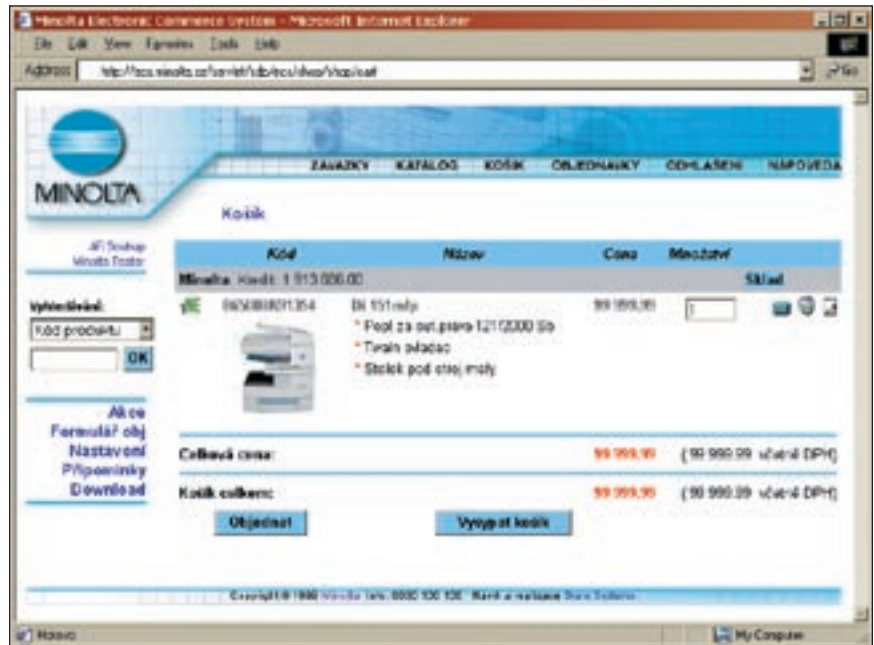
For Business Partner Brain Systems: Eagerness to gain e-business customer base

■ Key Business Benefits

Debt-collection rate increased by 50%; operating expenses reduced by 10%; sales volume of distribution channel enhanced by nearly 25%; lower cost of selling; improved dealer satisfaction; full payback expected within 2 years

■ Business Partner

Brain Systems



Founded in Japan in 1928, the Minolta Group has expanded into a worldwide network of more than thirty countries, including the Czech Republic.

For several years, market analysts have kept a watchful eye on the Czech Republic as it gears up for accession to the European Union. In a recent draft of the country's National Development Plan¹, the Government of the Czech Republic notes the great strides that have been made in the advancement of Internet technologies and e-commerce in its private and public sectors.

One Czech company that has been on the leading edge of this e-business trend is Minolta spol. s r.o. (Minolta),

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– Jiri Soukup, Director of Central Marketing and Project Management, Minolta spol. s r.o.

e-business—redefining the competitive environment in your favor

Key Components

Software

- IBM WebSphere® Application Server Advanced Edition
- IBM WebSphere Commerce
- IBM DB2® Universal Database™ for AS/400

Servers

- IBM AS/400 model 620, 170

Services

- IBM Global Services

part of the international 22,000-employee Minolta Group. Minolta, headquartered in Brno, produces diverse optical products including cameras, photocopiers, planetaria and specialized medical equipment. Minolta reports annual revenue of more than \$25 million.

Noting the increasing momentum of e-business in its territory, Minolta identified a need to be the first in its business sector to enable dealers to submit orders and check their accounts online. Jiri Soukup, director of central marketing and project management at Minolta, explains: "Czech companies in every industry were turning to Internet technologies to transform their business processes and improve their profitability. We wanted to be the first office supply business to join this pioneering initiative and gain a strategic advantage over our competitors."

Empowering dealers, streamlining distribution

Minolta traditionally distributed information and took orders from dealers by mail, fax and telephone. By replacing these slow, laborious manual processes with a Web-based dealer management system, Minolta's managers believed the company could gain operational efficiencies. They also felt the company could boost its profitability by empowering its dealers to integrate their information systems with Minolta's and communicate with the company's back-office systems. Such a solution would enable Minolta to integrate several independent distribution channels into a single ordering system.

Minolta approached several systems integrators in its quest to find the right e-business vendor. That quest ended successfully, Soukup recalls, the day he and his colleagues spoke with local IT consultant Brain Systems, now an IBM Business Partner. "Brain Systems offered the flexible, accommodating approach we required," he notes. "What's more, it proposed a solution based on best-of-breed e-business technology from IBM that would run well on our existing IBM AS/400 platform and integrate perfectly with our legacy applications in that environment."

Working jointly with Brain Systems and IBM Global Services, Minolta implemented a business-to-business (B2B) dealer management system based on IBM WebSphere Application Server, Advanced Edition and IBM DB2 Universal Database for AS/400, which runs on Minolta's AS/400 models 620 and 170 servers.

"As an IT systems integrator in a market hungry for e-business, we have much to gain from the extensive support and training that IBM provides. That realization is what motivated us to seek and obtain IBM Software Partner certification."

*—Michal Dvorak, e-Business Advisor,
Brain Systems*

Soukup says the company's e-business evolution is dramatically impacting its success—and its ledger. "Thanks to WebSphere and DB2 software from IBM, we have increased our debt-collection rate by 50 percent in the first half of this year and reduced our operating expenses by 10 percent. Our e-business sales volume for the distribution channel has increased nearly 25 percent, and the cost of selling for that channel is measurably lower than for our traditional channels. Dealer satisfaction has soared, due to the availability of immediate, up-to-date information about our products and services. And by continuing to use our existing hardware infrastructure, we have avoided the cost of purchasing new servers." Minolta expects to attain full payback on its investment in the IBM e-business solution within two years of its implementation, Soukup adds.

Brain Systems, too, has benefited greatly from the project. "We saw that it was not just our customers who could profit from IBM's proven e-business technologies," says the company's e-business advisor, Michal Dvorak. "As an IT systems integrator in a market hungry for e-business, we have much to gain from the extensive support and training that IBM provides. That realization is what motivated us to seek and obtain IBM Software Partner certification."

Open standards for cross-platform accessibility

Convinced that only IBM could provide a comprehensive, open solution with all of the required components, Brain Systems based its solution exclusively on IBM hardware and software. Using a broad array of IBM development tools—including IBM JDK, IBM XML Parser for Java™, IBM Lotus® XML Processor, IBM Java Toolbox for AS/400 and IBM VisualAge® for Java (the predecessor of WebSphere Studio Application Developer)—the systems integrator developed a solution based completely on such open standards as Java technology and XML. Observes Dvorak, "Our development environment is based on Microsoft® Windows® and Linux® platforms, and we wanted the solution to port easily to Minolta's production environment, based on the AS/400—as well as to any future platform they might choose. Furthermore, XML and Java technology enable maximum flexibility in integrating the solution with Minolta's backend systems. Finally, we wanted the dealer management system to be accessible to clients using any standard Web browser."

"Now, thanks to e-business technology from IBM, we can strengthen our competitive advantage as never before."

– Jiri Soukup



The ability to access information and order merchandise 24 hours a day has made Minolta's IBM technology-based system very popular with its dealers throughout the Czech Republic.

The application is powered by WebSphere Application Server, which resides on the same AS/400 server as Minolta's line-of-business DB2 Universal Database. The database houses product information and dealer account data. The company's fulfillment and accounting systems, residing on two separate AS/400 servers, are integrated with WebSphere Application Server by an asynchronous tunnel, through which all communication between components takes place using XML packets.

When a dealer logs on to the password-secured site, the dealer management application passes a query to Minolta's accounting system to ascertain the dealer's available credit balance. Using shopping functionality from IBM WebSphere Commerce, dealers can check the availability of items in stock and then add them to their shopping baskets. When the dealer finalizes the order, it is passed to Minolta's fulfillment system for completion and to the accounting system for billing. Dealer managers and administrators at Minolta's 11 branch offices also access the system, to monitor dealers' credit and account status.

Minolta has also seamlessly integrated the e-business solution with ED Systems (EDS)—the largest independent Minolta distributor in the Czech Republic. Minolta dealers accessing Minolta's dealer management site can view merchandise that is distributed by EDS. The Minolta dealer management application uses XML packet technology to integrate directly to EDS's ERP system, enabling users to check the availability of EDS items and order them directly from the distributor. Minolta intends to integrate the solution with other major wholesale distributors in the future.

Extending e-business to the consumer

Soukup is excited about Minolta's future plans: "We anticipate a major IT upgrade—perhaps a full migration to IBM **@server** machines across our enterprise. We plan to implement an enterprisewide ERP system and to integrate it with our dealer management solution." Minolta also hopes to extend its e-business system beyond its dealer network so that consumers can benefit from it as well, he concludes.

"By maintaining a close, responsive relationship with our customers and optimizing our business processes, Minolta has achieved leadership in the Czech marketplace," Soukup says. "Now, thanks to e-business technology from IBM, we can strengthen our competitive advantage as never before."

For more information

Please contact your IBM marketing representative or IBM Business Partner.

Visit us at:

ibm.com/e-business

For more information about Minolta spol. s r.o., visit:
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¹Czech Republic, Draft of the National Development Plan, <http://www.mmr.cz/en/rdp/rdp.html>

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