Things Remembered achieves memorable gains with IBM Web services solution.

Overview

■ **Challenge**

Guarantee product availability while minimizing inventory levels without impacting customer or trading partner experience

■ **Why On Demand?**

Things Remembered™ needed to improve its responsiveness to trading partners' need for inventory availability by streamlining its order entry and retrieval process

■ **Solution**

Online order entry and processing system enabling realtime, secure order requests and confirmation

■ **Key Benefits**

Increase in conversion rate and transaction value, reduced inventory risk and overhead, ability to attract trading partners and integrate with their Web sites, increasing business results
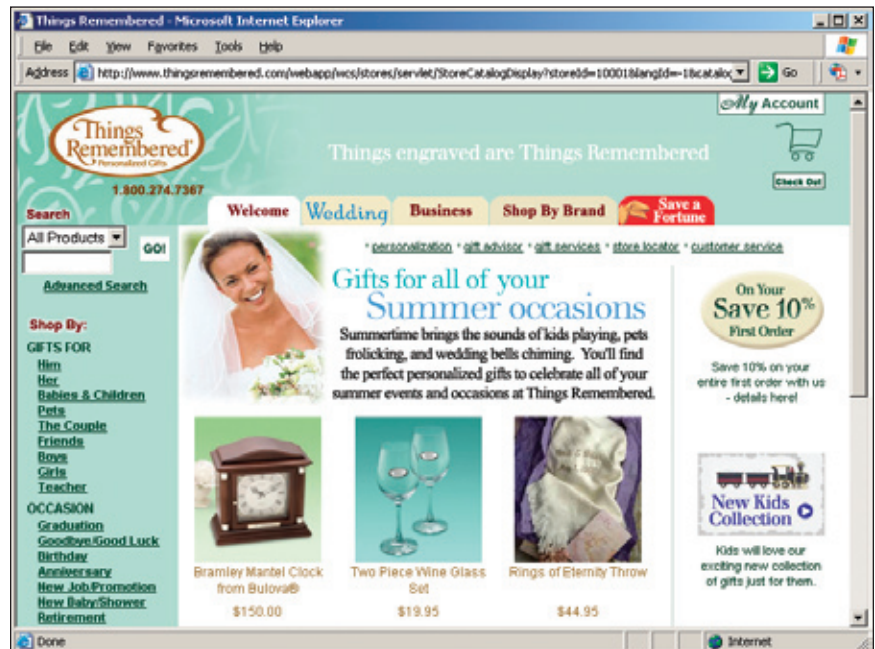
Helping people celebrate life's special moments through personalized gifts, Things Remembered delivers an integrated shopping experience to its customers.

If you've ever seen your grocer throw away rotting fruit or a stale loaf of bread, you understand the concept of inventory risk: the chance that goods on the shelf will lose value—or even become worthless—before they are sold. Optimizing inventory levels and maximizing profits, while keeping both customers and partners happy, were among Things Remembered's chief concerns.

"We sought to improve the customer experience and add new trading partners, which would have an immediate, positive impact on our bottom line."

—Mark Fodor, Director of e-business, Cole National

Integrating solutions that help enable e-business on demand

On Demand Benefits

- Projected 50% annual increase in conversion rate
- Anticipated 8-10% rise in average sales transaction value
- Significant reduction in inventory risk and overhead expenses for Things Remembered and trading partners
- Ability to attract and maintain broad trading base by ensuring inventory availability
- Ability to integrate with any standard e-commerce site, due to open standards-based solution

A division of the Cole National Corporation, Highland Heights, Ohio-based Things Remembered is the largest personalized gift chain in the United States. By engraving personal messages on popular mass-produced items such as pens, clocks, jewelry, picture frames and novelty items, the 4,000-employee Things Remembered creates mementos of treasured relationships and occasions.

In addition to 800 stores nationwide, mail order catalogs and a toll-free call-in center, its online store — *www.thingsremembered.com* — serves as a critical channel for Things Remembered. The company wanted to enhance its success by enabling realtime communication with the online retailers that provide a significant chunk of its business. "We saw great growth potential in the many successful e-business enterprises that were eager to partner with us to sell our products," recalls Mark Fodor, director of e-business at Cole National. "But in order to be successful, we needed realtime integration into our fulfillment module. We couldn't afford to over-allocate inventory for one partner while shorting the others or our customers."

With thousands of unique items available on its Web site and little realtime integration between the ordering system and its backend fulfillment module, Things Remembered found it difficult to monitor and maintain optimum inventory levels. The company could not keep fast-selling articles in stock without the danger of over-stocking the slower-selling items. Inventory management was clumsy, and the retailer wanted to provide reliable availability to its partners — and end customers. "It was very difficult to attract new partners without inventory guarantees," Fodor says. "We sought to improve the customer experience and add new trading partners, which would have an immediate, positive impact on our bottom line."

Escaping inventory jeopardy

Things Remembered needed to become more responsive to rapid fluctuations in supply and demand, in order to assure its trading partners of merchandise availability and reduce its inventory risk. To do this, it had to close the gap between its order acceptance and inventory management processes and become aware of orders as they were happening, so shelf stock could meet — but not exceed — customer demand. With that capability, the gift distributor would be able to meet the needs of its trading partners by confidently guaranteeing them the immediate inventory availability they demanded.

This, notes Fodor, was more easily said than done. "The challenge was to find a scalable, non-proprietary, standardized solution that could communicate instantly with partners' backend business systems while transparently supporting whatever technological platforms they might have in place," he says.

To successfully design and implement such a solution, Fodor adds, Things Remembered needed a proven technology partner with leadership experience in business process integration, as well as specific expertise in emerging technologies. He notes, "This support would enable our own IT staff to continue to focus on maintaining and enhancing the systems that power our daily operations."

Automated, standards-based, realtime system

To attain its objectives, Things Remembered decided to implement an open standards-based, realtime system that its trading partners could integrate into their environments to transmit purchase order requests. Packaged as a self-contained toolkit that can easily be installed on a broad variety of e-commerce platforms, the new service automatically and securely passes realtime order requests from partners' Web sites to Things Remembered and directs a confirmation message back to the trading partner. Trading partners no longer need to invest time and resources in manually collecting orders and forwarding them in batches, and Things Remembered can process orders based on the inventory that is available at that moment.

With support from IBM, Cole National's development team was able to roll out the solution without deflecting its attention from other crucial responsibilities. "The vendor strongly supported us with business transformation expertise as well as specialized knowledge in leading-edge technologies," Fodor explains.

Embracing new e-business technologies

The new order request solution, delivered as Web services, is the latest stage in a series of enhancements and improvements that Things Remembered has made by leveraging IBM products and technologies. Shortly after the company's first e-commerce site went live in 1999, the retailer enhanced its online presence using IBM WebSphere® Commerce, IBM WebSphere Application Server, IBM WebSphere MQ and IBM DB2® Universal Database™.

Things Remembered processes orders for thousands of unique items, using IBM's open standards-based technology.

"Our Web services solution will improve our ability to deliver responsive, personalized, high-quality service to our customers and trading partners. IBM has strengthened our ability to succeed."

– Mark Fodor

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>
> *– Mark Fodor*

Things Remembered developed and deployed its new Web services with help from jStart, a worldwide team of IBM professionals dedicated to helping customers and IBM Business Partners embrace new e-business technologies. The joint development team finished the job in just six weeks. IBM WebSphere Studio Application Developer—an integrated Java™ 2 Platform, Enterprise Edition (J2EE) development environment—was their primary tool, while WebSphere Commerce Suite provides an infrastructure for the B2B e-commerce Web site. "The solution resides on WebSphere Application Server, Advanced Edition, running on two IBM @server® iSeries™ 830 systems," says Fodor. "And using WebSphere Commerce, we're able to support our partners by optimizing the flow of products through the value chain."

To make it easy for trading partners to use the new Things Remembered Web service, a client proxy/toolkit is available, which supports Java, .Net, and COM clients. Using the proxy, trading partners can automatically transmit secure purchase requests to the gift retailer using Java, .Net, or COM technology and Simple Object Access Protocol (SOAP)—an industry standard that enables diverse applications and operating systems to communicate across the Web.

When the request is received at Things Remembered, the Web service validates the message's secure digital signature, logs the request for non-repudiation purposes and automatically sends an acknowledgement message back to the trading partner, formatted in commerce Extensible Markup Language (cXML), the most widely adopted business-to-business communications protocol.

Then, the system passes an asynchronous order request through WebSphere MQ to Things Remembered's backend ERP and fulfillment application. Once the order request process is complete, the solution generates a message using Java Message Service (JMS)—a common interface to a broad variety of messaging protocols and services in support of Java programs—to WebSphere Application Server, which in turn sends a SOAP-based Web services message back to the trading partner, informing them of the results of the processed order. Completely automated and requiring no human intervention, the entire process typically takes as little as 30 seconds.

Focusing on the celebration of people—from birthdays to weddings—Things Remembered relies on its IBM Web services solution.

Active mentoring in emerging technologies

According to Fodor, Cole National chose IBM as its strategic partner for the Web services project because of the vendor's unmatched capabilities in Web services and e-business technologies. "We were impressed by the considerable success that Things Remembered had already gained from its IBM technology-based e-business infrastructure, so we naturally came back to IBM with our new challenge," he explains. "This time, IBM introduced us to its jStart program, which accelerated our skill development by actively mentoring us in Web services and technologies. Additionally, jStart provided crucial input in the use of best practices and security that helped insure the project's success."

Things Remembered expects to garner significant gains from its site, including a 50 percent annual increase in its conversion rate and a rise in average sales transaction value by 8 to 10 percent. And now that Things Remembered has begun offering its order request Web services to select trading partners, Fodor is confident the benefits will be even more impressive. "The order request Web services from IBM will help us respond in realtime to the needs of our customers, significantly reduce our inventory risk and save time and resources for ourselves and our trading partners," he says. "As a result, we will be able to significantly expand our network of trading partners and increase our customer base and sales results, while reducing our overhead expenses on order processing and fulfillment."

Furthermore, adds Fodor, its new Web services technology, residing on the WebSphere platform, will enable the retailer to quickly and easily deploy new solutions that will streamline its internal operations and reduce its operating expenses. "We will soon be able to move many of the ongoing transactions between our headquarters and our stores — from traditional telephone and fax-based communication to automated Web services-based processes," he notes. "This will slash turnaround time and greatly reduce our communications expenses. The Web services framework will also support Cole National's ongoing enterprise application integration efforts, enabling it to extend enterprise data and applications in realtime."

Strengthening the foundations for success

Fodor concludes: "Our WebSphere Web services solution, based on products, technologies and services from IBM, will improve our ability to deliver responsive, personalized, high-quality service to our customers and trading partners. That capability has always been our core value proposition and the foundation of our success. By enhancing it, IBM has strengthened our ability to succeed."

Key Components

Software

- IBM WebSphere Commerce
- IBM WebSphere Application Server
- IBM DB2 Universal Database for iSeries
- IBM WebSphere MQ
- IBM WebSphere Studio Application Developer

Servers

- IBM @server iSeries 830

Services

- IBM jStart

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