IBM

IBM Express products give boost to Pear's Gourmet brand.

Overview

■ **Challenge**

Wholesaler of gourmet coffees and nuts wanted to expand its customer reach with an online presence and needed to automate operations in order to handle the expected growth

■ **Why Become an On Demand Business?**

An e-commerce solution based on open standards would allow Pear's Gourmet to acquire new customers and scale business in a cost-effective manner

■ **Solution**

Online eOneCommerce software from IBM Premier Business Partner eOneGroup using IBM WebSphere® Application Server-Express software and IBM @server xSeries® 360 Express servers

■ **Key Benefits**

• Online sales surge from zero to $550,000 in initial quarter

• Automated purchasing/ fulfillment processes results in productivity gains

• Rapid return on investment in 12 months

Family-owned roaster at risk

Pear's Gourmet (www.pearsgourmet. com) in Omaha, Nebraska, is a popular local brand that sells roasted nuts and premium coffees. A family-owned wholesale business since 1915, sales historically have come from a sales team calling on small local grocers as well as some loyal call-in and direct mail business.

But as the trend toward mega-superstores began to take hold, Pear's Gourmet found its market share shrinking. Sales dropped off as mom-and-pop grocers struggled against the giant chains. Meanwhile, breaking in with those mega-superstores proved slow and difficult at best, especially for a small nut and coffee roaster with little marketing muscle.

'Net rescue

Enter a couple of marketing masterminds with five-star Internet credentials, who saw the upside of a 90-year-old quality brand stuck in the past. John Larsen, who worked in information technology for Arthur Anderson & Co, and Jim Simon, a

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former AOL executive, partnered with Mike Sortino to form a new ownership team with a brand new vision: They wanted to transform the quaint local roaster into a growth-oriented global e-business using IBM Express middleware and servers.

"Without an infusion of growth, this company's days were numbered," recalls Simon. "We needed to harness another revenue stream and build a broader customer base with greater reach than local grocers. The Internet was the answer."

Simon was confident that launching a new e-commerce Web site would allow it not only to tap into a whole new market base, but also respond to customers in a more timely manner. But to capitalize on this opportunity, Simon needed to develop a robust e-commerce site with a purchasing, fulfillment and real-time tracking solutions — all integrated into the existing accounting and inventory system.

IBM Business Partner provides guidance

As a small company with only 50 employees, Pear's Gourmet lacked the technical resources to build an e-business from scratch. So in early 2005, Simon turned to IBM Premier Business Partner eOneGroup (www.eonegroup.com) to implement their eOneCommerce product, a dynamic e-commerce site capable of handling tens of thousands of transactions during peak spikes in online sales activity.

With the focus on implementing eOneCommerce providing a scalable and reliable site based on open standards, eOneGroup recommended the IBM @server xSeries 360 Express server to run its eOneCommerce application, a high-powered e-business software. "With the combination of eOneCommerce and IBM hardware, we made it easy for customers to submit single and multiple orders, and to obtain accurate and real-time delivery dates with a couple mouse clicks," says Simon.

According to eOneGroup co-founder, Dan Watson, the company standardizes its software on the Express platform. "An IBM platform comprised of IBM Express hardware and software allows eOneGroup to implement our software products more efficiently," he says. "The platform is very stable and repeatable, which is critical for smaller customers like Pear's Gourmet. It takes the guesswork out of deploying applications, such as billing and receiving, credit card authorization, and other critical functions."

Dr. Phil sparks sales surge

Launched in September 2005, the new e-commerce site had barely stretched its legs when the hit TV show, Dr. Phil, came calling. Producers wanted to feature Pear's Gourmet's roasted nuts and coffees as audience gifts on Dr. Phil's holiday show, a perennial ratings bonanza.

And it was bigger than ever. "Literally tens of thousands of orders streamed in overnight," Simon says. "It was an incredible 48-hour surge in sales, a real test for the new site — but the Express servers handled all the transactions and the fulfillment process without a hitch."

Without the new site up and running, Simon admits the company wouldn't have been able to participate in the show – and consequently, it would have had to forfeit hundreds of thousands of dollars in sales, not to mention the invaluable publicity. "Prior to the launch, every process from ordering and updating inventory to fulfillment and shipping was performed manually. It would have been virtually impossible to handle the volume of business that Dr. Phil generated."

Instead, the new e-commerce site is fully automated. "A single order that may have taken a half hour to lumber through can now be completed in seconds," Simon says.

Key Components

Hardware
- IBM @server xSeries 306 Express servers

Software
- IBM WebSphere Application-Express server
- eOneCommerce
- Red Hat Linux Apache

Services
- eOneGroup implement and integrate eOneCommerce

"Smaller and even some midsize companies might find IBM intimidating because of its size and reputation as a provider to Fortune 500 companies, but we found exactly the opposite to be true. IBM was extremely affordable and accommodating in helping to establish a small company like ours as a cutting-edge e-commerce business."

Jim Simon,
Owner/Chief Marketing Officer,
Pear's Gourmet

Productivity gains lead to rapid return

Because IBM WebSphere Application Server–Express software integrated Pear's Gourmet's key business processes with its MAS 200 accounting system, Simon, for the first time, can also check sales volume, inventory and shipping status — in real time.

"The business process integration through eOne Commerce running on WebSphere Application Server–Express was by far the greatest cost saving component of the solution," he says. "By eliminating the labor cost of manually entering data and printing paper, we saved nearly 1,000 man-hours, plus paper costs, in the first three months. Combined with the low price of IBM Express software and servers, our productivity gains should deliver a return on investment within 12 months."

From zero to $550,000 in online sales

In the first three months since the Web site launch and implementation of the solution, Pear's Gourmet went from zero online revenues to more than $550,000. Simon adds that he expects to generate online revenues over $1 million in 2006 — representing approximately 10 percent of the company's annual revenues.

"We're now winning over large numbers of loyal customers because we're able to deliver products to them in a more efficient way," he says. "Thanks to IBM integration, scalability and reliability, we have a platform to expand our customer base without limits. We're ready to grow."

For more information

To learn more about IBM Express Portfolio of solutions for the On Demand Business, contact your local IBM representative or visit:

ibm.com/businesscenter/expressportfolio