

Welch's puts promotional dollars to fruitful use with decision-support extranet.

Overview

■ Challenge

Provide a consistent mechanism to track trade promotion performance, account for expenditures for each event or incentive, enable quick resolution of retailer deductions and evaluate plans for future promotions

■ Solution

Tradetopia, an extranet to manage trade promotions for Welch's food brokers and field sales managers, based on the IBM WebSphere® software platform for e-business

■ Why IBM?

IBM provided expertise in e-business solutions development; offered the only solution for the IBM AS/400® platform that could support server-side applications

■ Key Business Benefits

100% ROI in less than a year;
300 to 400% faster sales growth than industry average in 2000;
effective evaluation of promotions,
quicker deduction resolution;
up to 85% faster development and deployment of new e-business applications



Now that Welch's is using its Web site to drive its promotional programs, using e-business technology to keep track of these programs has become even more important.

Designed to entice new customers, promotional offers—coupons, buy-one-get-one-free deals and other incentives—are what drive sales. Not surprisingly, trade promotions command the second-largest budget after cost of goods sold at Concord, Massachusetts-based Welch Foods Inc. (Welch's), the world's leading marketer of Concord and Niagra grape-based products, including grape juice and jelly.

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—Girard Liberty, Vice President of Information Services and CIO, Welch Foods Inc.

e-business—accelerating the pace of business and the pace of change

Key Components

Software

- IBM WebSphere® Application Server, Standard Edition
- IBM DB2® Universal Database™ for AS/400
- IBM VisualAge® for Java™

Servers

- IBM AS/400

Until recently, however, it has not been easy for Welch's to track promotion performance and account for promotion expenditures. In 1996, Welch's began to develop a decision support system to bring together information from its J.D. Edwards WorldSoftware financial systems, as well as its data collection and reporting systems—all housed on IBM AS/400 servers—for the purpose of promotional event tracking and retailer deduction management. The challenge was to create an extranet that would be universally accessible, through standard Web browsers, to internal and external users working in diverse computing environments. The solution was found in IBM WebSphere Application Server and IBM DB2 Universal Database.

“WebSphere Application Server is the only product that can support server-side applications for the AS/400 platform,” says Girard Liberty, Welch's vice president of information services and CIO. “Previously, we had been spending an exorbitant amount of time developing application-serving technology. As soon as we installed WebSphere Application Server, we were able to refocus our efforts on the application itself rather than on the infrastructure.”

Powered by WebSphere Application Server, Standard Edition and DB2 Universal Database for AS/400, Tradetopia—Welch's new trade promotion extranet—became an instant success. “WebSphere Application Server made the difference between a fully functional service and an inconsistent one, by managing database connectivity, sessions and transactions for the Tradetopia system,” according to Nelson Arcoraci, group manager, Welch's Computer Operations and Technology.

“Our WebSphere Application Server solution has a single interface, a single database and realtime information. Everyone knows exactly who got paid and how much. That creates the satisfaction and loyalty that every grocery manufacturer dreams about.”

*—Ron Barnett, Group Manager,
Applications Development, Welch
Foods Inc.*

Welch's outperforms industry growth rates with Tradetopia

Since the launch of Tradetopia in 1999, Welch's has experienced a surge in growth due to the increased effectiveness of its promotional programs. In fiscal year 2000, the company's sales outpaced its own projections by nearly 400 percent—growing at 7.6 percent, compared to the industry average of 1.5 to 2 percent. Driving such impressive sales figures, Tradetopia delivered a full return on its investment within a year.

Drawn by the success of Tradetopia, Chicago-based IBM Business Partner 9ci—which specializes in Web-based systems for trade fund management and other solutions for grocery manufacturers—recently signed an agreement with Welch's to market Tradetopia. "9ci was enthusiastic about Tradetopia for several reasons," explains Ron Barnett, Welch's application development group manager. "It can be tailored easily to fit the business needs of any grocery manufacturer; the DB2 data core provides guaranteed reliability and performance; and thanks to the multiplatform capabilities of the WebSphere and DB2 software, Tradetopia will run as well on Microsoft® Windows NT® and UNIX® platforms as it does on our AS/400 servers."

For any company, keeping sales and promotion data secure is of prime importance, and with Tradetopia, administrators can manage application access and user rights, which are stored in the DB2 database. "DB2 simplifies security administration in a changing business environment," Barnett adds. "When two of our food brokers merged recently, it took us only a few minutes to update the Tradetopia authorizations to reflect the users' new affiliations."

Integrated system supports enterprisewide tracking and reporting

Tradetopia serves more than 400 users including Welch's corporate, accounting and sales personnel as well as food brokers. The Tradetopia DB2 database is synchronized continuously with the DB2 database that supports the accounts payable and accounts receivable functions in the company's J.D. Edwards system. This enables Welch's sales managers to view trade spending in realtime, revise allocations, determine deductions and analyze promotion effectiveness.

The integration between Tradetopia and the backend systems also allows food brokers to track their individual accounts' promotional activities. Tradetopia has yielded significant efficiencies in the clearing of customer deductions—between 6,000 and 10,000 deductions are processed each month. Before Tradetopia, it took days—with numerous e-mails being exchanged between Welch's customer satisfaction department and the brokers—to clear one deduction. Now, since the department has all the information it needs on Tradetopia, it takes only an hour or two.

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—Ron Barnett



Promotions are key to enabling grocery manufacturers such as Welch's to meet the demand for variety while keeping inventories at a manageable level.

Says Barnett, "Our WebSphere Application Server solution has a single interface, a single database and realtime information. Everyone knows exactly who got paid and how much. That level of service for our field sales reps and brokers creates the satisfaction and loyalty that every grocery manufacturer dreams about."

Powerful foundation for future e-business applications

Tradetopia is powered by a multitier architecture. Web browsers connect to a Windows NT Web server appliance farm on the front end, while WebSphere Application Server, Standard Edition, drives the servlet-based applications from a pair of redundant clustered AS/400 servers on the backend. (The servlets were developed with IBM VisualAge for Java.) DB2 Universal Database, which stores all the data the applications need to access, also resides on the backend servers.

Now Welch's is leveraging its e-business platform for new applications—for example, a Web-based forecasting and inventory and order management system for its refrigerated product line. "Because we were able to reuse most of the code in Tradetopia, we developed our refrigerated product line management system in less than six weeks," says Liberty. "Otherwise, it might have taken more than twice as long." Barnett notes that by leveraging existing Java servlets and applets, Welch's will be able to reduce its development cycle times by up to 85 percent.

For future application development, Welch's may use Enterprise JavaBeans™ (EJB™) technology, and it plans to migrate to WebSphere Application Server, Advanced Edition, Version 3.5, which provides EJB support. This move, Barnett explains, will help provide more efficient and faster application development. "IBM advised us not to jump into EJB technology initially, but rather go with the servlet methodology first," he says. "That strategic advice proved very helpful, and the result is that now we are ready for EJB technology." Liberty adds, "With these technology options available to us, we're expanding our e-business applications in ways that we had not anticipated. It's making us a more responsive, growth-oriented company."

For more information

Please contact your IBM marketing representative or IBM Business Partner.

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For more information about Welch Foods, visit: www.welchs.com



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