s.Oliver recovers $9.1 million in lost sales with IBM e-business solution.

Overview

■ **Challenge**
International fashion house needed near-realtime product and sales information for remote order-entry and management information system

■ **Solution**
Showroom floor ordering application enabled through DB2® replication solution and high-availability e-business infrastructure

■ **Why IBM**
DB2 offered better performance and availability and lower cost of ownership than Oracle; IBM Global Services was perceived as most capable of managing large infrastructure project

■ **Key Business Benefits**
Projected sales increase of US$9.1 million; savings of 40 employee-hours per week by eliminating redundant data-entry tasks; realtime initiation of manufacturing fulfillment processes compared to previous 1-day delay; improved order accuracy and customer satisfaction

■ **Business Partner**
LIS.TEC GmbH
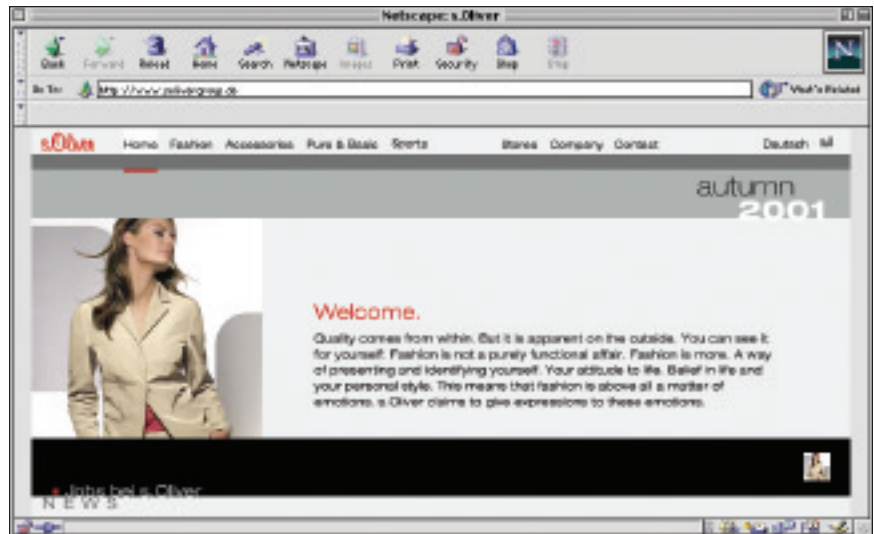
The belief that quality comes from within applies not only to s.Oliver's fashions but also to its IT systems, which rely on IBM DB2 Universal Database™ as their core data management server.

The fashion industry works at a feverish pace to feed the insatiable appetite of consumers for the freshest looks. Successful fashion houses, however, must do more than create bold new styles ahead of their competitors. Like s.Oliver Bernd Freier GmbH & Co. KG (s.Oliver), they have to be able to keep their product information up to date at their points of sale in order not to lose sales on the showroom floor.

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– Jose Monteagudo, CIO, s.Oliver

Key Components

Software

- IBM DB2 Universal Database, Enterprise-Extended Edition, Version 7.2
- IBM DB2 DataPropagator™
- IBM Tivoli® Storage Manager
- IBM HACMP/6000™

Servers

- IBM AS/400®
- IBM @server pSeries™ 660
- IBM RS/6000® H70
- IBM Netfinity®
- IBM Enterprise Storage Server™

Services

- IBM Global Services

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Based in Rottendorf, Germany, the DEM1 billion (US$465 million) company has 21 showrooms across Europe where buyers for retail shops and chains preview and purchase the latest in men's, women's and children's apparel. Until recently, showroom sales associates would enter the buyers' orders through a Delphi application from MobiMedia AG, which—for security and operational reasons—was synchronized only once a day with the central product database residing on the company's IBM AS/400 server.

However, since inventory fluctuated rapidly during the business day, buyers wound up ordering out-of-stock items. When they were finally notified that their ordered items were not available, they often took their business elsewhere. s.Oliver estimated that the lack of inventory visibility was costing the company approximately four percent of its potential sales.

The company also saw the need to improve the efficiency of its order processing. Four employees each spent ten hours per week entering orders collected from the field into s.Oliver's homegrown, proprietary ERP system so the production department could order supplies and carry out the processes of manufacturing and fulfillment. Not only did the extra data-entry step waste valuable human resources, but the delay in receiving order information also made it difficult for product line managers to adapt their business plans. Says Jose Monteagudo, CIO of s.Oliver, "We just couldn't get data where we wanted it, which made it hard for us to keep abreast of demand in the ultra-competitive global fashion industry."

s.Oliver's goals were twofold: give buyers clear inventory visibility and enable production to act immediately on new order information. That meant putting near-realtime data on the showroom floors and replicating new showroom orders to the ERP system automatically.

Starting with a proven solution

A long-time user of IBM DB2 Universal Database on the AS/400 platform, s.Oliver was pleased with the performance and reliability of DB2 in its existing applications. Consequently, when the company wanted to extend these systems to meet its new needs, it sought the help of IBM. Recognizing the burden that the new influx of automated transactions would place on s.Oliver's IT environment, Monteagudo also asked IBM to implement a high-capacity, high-availability infrastructure on which it could run these new systems.

IBM Global Services answered the call with a solution based on DB2 Universal Database Enterprise-Extended Edition, Version 7.2 for AIX®. Residing on two fully redundant IBM @server pSeries 660 servers, this database functions as a staging platform, enabling the continuous replication of data between the showroom and the AS/400 server, while protecting s.Oliver's business-critical data and applications. "We also evaluated Oracle as the staging database," Monteagudo says, "but DB2 offered superior availability as well as massively parallel processing capabilities that would allow us to process our e-business transactions faster. Of course, the price and total cost of ownership of DB2 also made it a more sensible choice."

To help ensure continuous availability of the staging database, IBM Global Services implemented IBM HACMP/6000 software on the pSeries servers. It also boosted s.Oliver's overall data storage capacity by connecting the servers to two IBM Enterprise Storage Server systems.

Winning back buyer confidence
s.Oliver's new showroom floor ordering application is fully integrated with its ERP system, enabling products to be shipped a full day earlier than before, while ensuring accuracy and eliminating 40 hours of data entry per week. More important, increased orders are projected to result in a DEM20 million (US$9.1 million) annual revenue gain. The company's management information system, which will enable managers to access order, inventory and production information, is slated for delivery in the next few months.

Comments Monteagudo, "Our customers are happier because they are able to order what they want and get it faster. DB2 and the infrastructure created by IBM Global Services enable us to provide all of our users with the information they need when they need it. Thanks to IBM, s.Oliver is now an automated and efficient force in the fashion market."

Clearing the path for orders
Approximately 250 s.Oliver sales associates use the Delphi application on notebook computers to look up collection inventory and place orders. The notebooks are connected to s.Oliver's headquarters over a wireless virtual private network, which routes the transactions through an IBM Netfinity Web server to DB2 on the pSeries servers. DB2 DataPropagator replicates the

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s.Oliver debuts a new collection every month at its showrooms in Germany, Austria, the Netherlands and Spain.

latest orders from the staging servers to the production AS/400 server, and the latest inventory status from the AS/400 server to the pSeries servers.

Two mirrored Enterprise Storage Server Model T20 systems—located in separate data centers for disaster recovery—archive orders. IBM Tivoli Storage Manager, Version 4.1.4 running on two RS/6000 H70 servers helps automate the data backup, archival and retrieval process.

IBM Global Services assumed complete responsibility for designing and implementing the infrastructure and populating the new staging server database. During the project, it enlisted the help of LIS.TEC, an IBM Business Partner based in Ludwigsburg, to create the data models that would facilitate the migration.

Going to the source for business intelligence

Still in development, s.Oliver's management information system is designed as a federated data warehouse, enabling queries against multiple distributed databases, including DB2 on the AS/400 and pSeries servers. When implemented, IBM DB2 Connect™ will play a key role in providing Java™ Database Connectivity (JDBC™) access to these databases. "With extensions for replication and remote connectivity, DB2 Universal Database is enabling us to deploy e-business applications in ways that make sense for our business," comments Monteagudo.

Continually improving its infrastructure also makes sense for s.Oliver, which plans to adopt Java technology as its application development platform. Developers are already at work with IBM WebSphere® Application Server, Enterprise Edition, creating trial Enterprise JavaBeans™ that will serve as the business logic for the management information system. WebSphere Application Server will manage the transactions that will retrieve information from the database.

Extending e-business down the value chain

In the future, s.Oliver plans to create a supply chain management application that will give suppliers access to its database, enabling them to replenish inventory automatically. The infrastructure created by IBM and s.Oliver will serve as a platform for creating these new cost-saving efficiencies.

Concludes Monteagudo, "Although technology changes rapidly, we cannot afford to chase every fad and fashion in e-business. The software and hardware infrastructure we've built with IBM has given us the availability, scalability and reliability we can count on to help ensure a fair return on our current and future e-business investments."

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