IBM

ARNet prevails in ISP market with IBM e-commerce hosting services.

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Application	B-to-B and B-to-C e-commerce hosting services
Business Benefits	Anticipated annual revenue growth up to 200%; customers can save up to 30% of development costs; expected to generate 60% of revenues from hosting services; opportunity to enter payment services market
Software	IBM WebSphere™ Commerce Suite, Service Provider Edition IBM DB2® Universal Database™ for Windows NT® IBM WebSphere Payment Manager IBM Payment Gateway
Hardware	IBM Netfinity®

Pundits say everything is bigger in Texas—and that may as well be true for Internet services. ARNet, the dominant Internet service provider (ISP) in the Texas Panhandle and West Texas regions, has doubled its volume of business every year since its inception in 1994.

Until recently, ARNet generated 70 percent of its revenue from providing consumer dial-up Internet access. But, according to Vice President of Information Systems Koree Mires, the next big business opportunities lie elsewhere.

"Internet services carry higher profit margins," he explains. "We'd like to move toward generating 60 percent of our revenue from business services."

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– Koree Mires, Vice President of Information Systems, ARNet
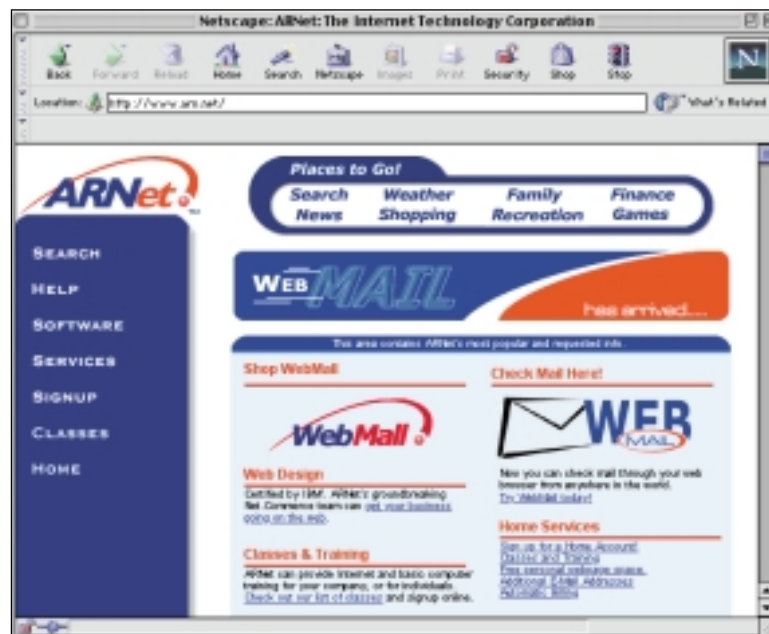
ARNet makes it easier to set up shop on the Web with e-commerce education and a fully certified team of IBM WebSphere Commerce Suite specialists.

IBM® **e**

It's about business, not just technology.

Experienced toy retailers, Daydreams and Playthings, sell nationally using solutions powered by IBM WebSphere Commerce Suite, Service Provider Edition.

"As we expand our e-commerce services with IBM WebSphere Commerce Suite, we anticipate growing much faster than 100 percent per year — maybe even 200 percent…. We're in for a ride, and it's going to be good."

– Rick Zimmer, Chief Financial Officer, ARNet

ARNet had been hosting and developing informational Web sites for quite some time. Recently, it wanted to leverage its network and technical talent to create business-to-consumer (B-to-C) and business-to-business (B-to-B) e-commerce hosting solutions for small- and medium-size businesses that do not have the resources to establish or maintain an e-commerce business on their own.

To put its plan into action, the company needed a versatile merchant server solution with the more robust functionality required to manage an Internet community. It chose IBM WebSphere Commerce Suite, Service Provider Edition (formerly IBM Net.Commerce Hosting Server), powered by IBM DB2 Universal Database for Windows NT and running on IBM Netfinity servers. For its larger customers requiring a more robust solution and integration with back-end systems, ARNet uses IBM WebSphere Commerce Suite, Start Edition (formerly IBM Net.Commerce, START Edition). ARNet plans to migrate its hosting services to the newest releases of WebSphere Commerce Suite in the near future, wanting to take advantage of their added functionality and support for Java™ and eXtensible Markup Language (XML) technology.

"We compared a number of products to WebSphere Commerce Suite," notes Mires, "but nobody else had the range of solutions IBM had." Scott Bradley, development manager at ARNet goes on to note, "We hadn't used DB2 before, electing to use it because of its ease of integration with WebSphere Commerce Suite." He adds, "After using it for the past year, we've found that its flexibility, scalability and robustness equals or surpasses that of other databases — such as Oracle, SQL Server and Informix — on the market today."

"As we expand our e-commerce services with WebSphere Commerce Suite, we anticipate growing much faster than 100 percent per year — maybe even 200 percent," says ARNet CFO Rick Zimmer.

More service options with versatile merchant server

ARNet's e-commerce hosting service includes developing the Web site, setting up the payment gateway and training the merchant to maintain the online store. ARNet hosts the community on a cluster of four IBM Netfinity 5500 servers running Microsoft® Windows NT.

Mires says WebSphere Commerce Suite was the right choice for ARNet for a number of reasons. "Potential customers with existing informational and commerce Web sites become very excited when we tell them that their existing applications and data can be ported into their new stores hosted on WebSphere Commerce Suite," quips Mires. He estimates that customers can reduce development cycles by as much as 30 percent.

"Another feature of WebSphere Commerce Suite that attracted us as an ISP is its versatility," he says. "As traffic volumes grow and overall business needs expand, customers who start off using WebSphere Commerce Suite, Service Provider Edition can seamlessly migrate to WebSphere Commerce Suite, Start Edition." ARNet is excited about the most recent release of WebSphere Commerce Suite, Start Edition, expecting many of its customers to integrate front-end applications with back-end transactions using Java technology and others to link Web transactions to their suppliers using XML.

For ARNet's online merchants, the ability to offer customized pricing and shopper groups were very appealing aspects of WebSphere Commerce Suite. "IBM also has a strong package tied into WebSphere Commerce Suite to calculate shipping, handling and sales tax," notes Zimmer. "That's crucial, because merchants want to be able to set up different shipping methods and have everything calculated automatically. Most off-the-shelf programs won't allow any complicated shipping and tax calculations."

The reporting tools in WebSphere Commerce Suite give merchants the information they need to make educated decisions about their product inventory—what they should stock and how much, as well as which products are not doing well and need to be replaced. With WebSphere Commerce Suite, they can also control who makes the changes. For example, merchants can allow one of their employees to update product information, but not prices. Mires comments, "WebSphere Commerce Suite puts some powerful decision-support tools into merchants' hands."

Secure and speedy payment
ARNet's payment clearinghouse, NOVA, uses IBM WebSphere Payment Manager (formerly IBM Payment Server™) and IBM Payment Gateway to ensure security-rich credit card transactions for shoppers visiting stores hosted by ARNet.

IBM WebSphere Payment Manager uses industry-standard, 128-bit Secure Sockets Layer (SSL) encryption to provide security for credit card transactions conducted between the consumer's browser and the merchant's site at ARNet. When the SSL transactions clear through the network, they are encrypted using Merchant Originated Payment (MOP) protocol, which NOVA uses to complete the transaction. "This scheme has the convenience of an SSL transaction, but it's a lot more secure from ARNet to the payment gateway," Zimmer explains. "The fact that it's a more secure solution than many others is a big selling point."

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–Scott Bradley, Development Manager, ARNet

Dr. Kenneth Wyatt shares his gallery of remarkable western paintings using ARNet's e-commerce hosting services.

Another means of boosting the merchants' confidence—and ARNet's sales prospects—is the IBM e-business Mark that the ISP has recently placed on its own Web site. "Everybody knows what the IBM e-business Mark means, in terms industry standards, and we want to capitalize on that," Mires says. "We have passed IBM's security scan and have confidence that our site is as secure as we could possibly make it. And that's something we're passing on to our customers, as a benefit of using ARNet."

Educating the market to plan ahead

Mires says educating the market has been critical in creating demand for its new service. ARNet holds seminars for businesses throughout the region, where it demonstrates the capabilities of WebSphere Commerce Suite and discusses what businesses should look for in an e-commerce hosting provider.

"One of the things we tell business owners is to look at the merchant server software that's being used," Mires says. "Is it scalable? If you start on a Windows NT server today, and you get massive growth, will it scale to run on a UNIX®-platform or in a large-scale, large-system environment?"

"Initially, our Netfinity servers will be sufficient for hosting solutions. But we are planning to test IBM RS/6000® servers for larger projects, and we may require the more robust performance of the IBM AIX® platform as we grow. Sun Solaris™ is another option for us, and it's good to know that WebSphere Commerce Suite gives us a choice of scalable platforms."

Showing them the money

As an IBM Business Partner and IBM Business Partner Software Program member, ARNet is teaming with a number of banks, including Amarillo National Bank, to provide enhanced B-to-B payment services. For these larger projects, ARNet will serve as a WebSphere Commerce Suite solution provider under the IBM Merchant Enablement Program. This program leverages WebSphere Commerce Suite and WebSphere Payment Manager products—together with hardware and services, when needed—to enable financial institutions to offer their business customers value-added payment and commerce services.

ARNet has set its sights on some big goals in the Internet services market. But this ambitious Texan ISP is up for the challenge. "With the pace of this industry, it's hard to predict how fast we'll grow," Zimmer says. "But we know we're in for a ride, and it's going to be good."