IBM

SoundConcepts orchestrates online order and fulfillment with IBM solution.

Application	Hosted B-to-B Web-order and fulfillment services for network marketers
Business Benefits	Eight-month payback on $650,000 investment; 50% decrease in per-order sales processing costs; guaranteed same-day order shipment; assured support for ongoing e-business expansion
Software	IBM Net.Commerce IBM DB2® Universal Database™ for AS/400®
Hardware	IBM AS/400
Business Partner	Cayenta (formerly ASSIST Cornerstone Technologies)

For any business that relies on call centers and fulfillment houses, an idea that could slash the cost of processing a sales order by as much as 50 percent would be widely embraced. That's exactly what happened when Utah-based SoundConcepts unleashed a Web-based order and fulfillment alternative to its traditional call center. Composed of IBM Net.Commerce PRO (now part of the IBM WebSphere™ Commerce Suite family) and IBM DB2 Universal Database, it's a smart solution that delivers the kind of measurable results you'd expect from a company that has seen its annual revenues grow from $200,000 to $10 million in just eight years.

"Having the backing of IBM and the Application Framework for e-business — with the accompanying innovative strategy and reliable products — gives me the assurance that I'll always have the tools and resources I need to market effectively on the Web."

– Jason Matheny, Vice President of Operations, SoundConcepts
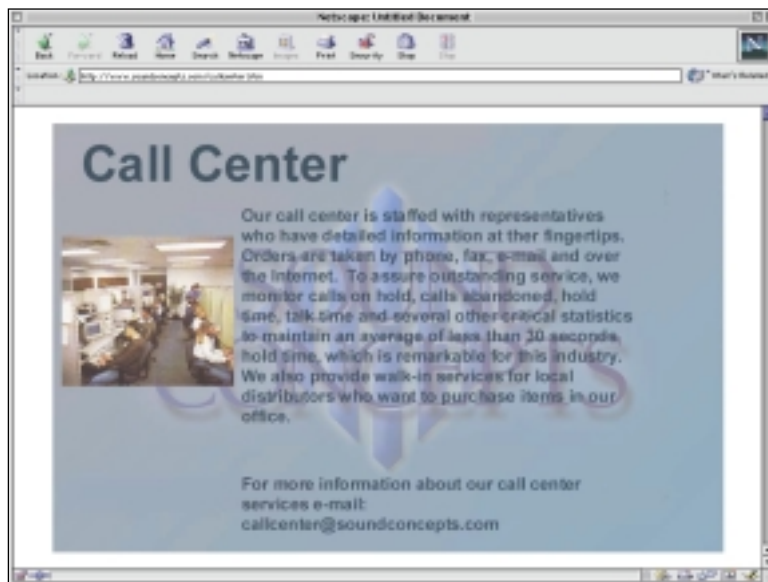
The IBM e-business solution has struck a perfect note with SoundConcepts — having cut costs while boosting income.

e
™

e-business

It's about business, not just technology.

Burgeoning online sales are driving the need for more efficient fulfillment processes. Integrating e-commerce and back-end systems is key.

SoundConcepts' customers are multilevel, networked sales organizations that follow the marketing approach of Amway and Mary Kay Cosmetics. One of the company's core businesses is to act as a service provider for these organizations' call centers and fulfillment processes.

Hearing—and heeding—the call of the Web

In late 1998, wanting to offer its customers more convenience—and recognizing the marketing power of the Internet—SoundConcepts felt the need to provide Web-based business-to-business (B-to-B) ordering and fulfillment services to its clients and their customers. The company began with a solution from iCat and Open Market based on the Microsoft® Windows NT® platform. Unfortunately, it wasn't a solution SoundConcepts could integrate with its customers' back-end systems. When anyone ordered a product from a client's Web site, SoundConcepts' staff would have to enter data manually into an AS/400 transaction system at the back end.

To solve this dilemma, SoundConcepts looked to IBM Business Partner Cayenta (formerly ASSIST Cornerstone Technologies). Cayenta introduced SoundConcepts to *e*.System, an out-of-the-box solution that integrates online store functionality with back-end transaction systems. *e*.System is based on Net.Commerce PRO for the front end and DB2 Universal Database for AS/400 serving as the underlying back-end database. Cayenta worked with SoundConcepts to deploy an integrated e-business system that would accept and process orders for SoundConcepts' network marketing customers.

Adding value—getting value back

The Web solution has allowed SoundConcepts' clients to establish an e-commerce presence, enjoy new income opportunities and offer the convenience of online ordering to their own customers. "The chance to cut costs and boost income with one solution is almost too good to be true," says SoundConcepts Vice President of Operations Jason Matheny. "But those are the kinds of benefits we've come to expect from IBM."

"DB2 is new to us, and we're still learning about its advantages. But one thing we know for sure is that its scalability will sustain our growth going forward."

– Jason Matheny

Four months after deploying the application, online sales already comprised approximately 10 percent of SoundConcepts' clients' total sales. Because Web orders cost just $1.75 per order to process—compared to $3.25 for a call center order—the company saves 50 percent each time a customer logs on. And because those Web order processing costs are fixed, the cost per order will decline further as online order volume increases. "In fact," claims Matheny, "we expect a full payback of our $650,000 investment in the e-business solution in just eight months."

Harnessing the flexibility of DB2
SoundConcepts hosts its clients' sites and stores their product catalogs on a shared AS/400 Web server, running DB2 and Net.Commerce. "We must have a database that enables quick cross-referencing between products for someone browsing the site," explains Matheny. "For instance, buyers may want to review all books by a particular author. We have nine different categories for organizing the catalog database, and more will surely be needed in the future. DB2 is flexible enough to support these features."

Matheny continues, "because of the multiplatform and built-in replication capabilities of DB2, we can import new data into the database without any manual entry. And of course, manage it much more efficiently than we ever could before."

The solution is integrated with back-end transaction systems. The order fulfillment process is fully automated, allowing the company to ship products within 24 hours of order placement. Ten marketers will be online by the first quarter of this year. "Our Web solution, with its Net.Commerce and DB2 foundation, allows us to add value to our clients' businesses," says Matheny.

When a customer places an order on the Web, Net.Commerce provides the shopping cart. Even if the order is placed through the call center, the data is automatically imported into DB2 Universal Database. In the near future customers will be able to check in later to verify the status of an order or place a new order, enjoying the benefits of up-to-the-minute inventory information and complete order history. These timely transactions will be powered by IBM WebSphere Application Server, Advanced Edition, part of Cayenta's *e*.System.

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By taking orders over the Internet, distributors can free their valuable call center staff for higher-level customer relationship management tasks.

Beyond the business of outsourcing

In the last three years, SoundConcepts has been among the 100 fastest-growing companies in Utah. And if there's anything that a fast-growing company needs, it's a technology infrastructure to support growth.

As more customers demand Web sites with the integrated fulfillment, customer service and billing functions provided by SoundConcepts, accommodating the increased volume won't be a problem. "DB2 is new to us, and we're still learning about its advantages," Matheny says. "But one thing we know for sure is that its scalability will sustain our growth going forward. Because DB2 runs on multiple platforms, it is easy to integrate clients' heterogeneous back-end databases with the e-business platform."

As Matheny notes, SoundConcepts does more than take calls, pack and ship. In fact, it practices a network marketing approach of its own. Network marketing companies and family-run outfits can order products—such as books and CDs about networked-business-building techniques—directly from SoundConcepts, either on the Web or by telephone. They can also sell SoundConcepts' products to their own customers through their own Web sites, and receive sales commissions. These transactions are tracked by Net.Commerce and DB2, enabling the company to apply appropriate credit, even if a client's customer orders directly from SoundConcepts.

In addition, SoundConcepts is often deeply involved in its customers' businesses, helping them map out marketing strategies, providing feedback for product development and even taking a financial stake in the business. Its 100 employees, primarily concentrated in the United States, are also available to assist customers in Japan, Australia, Hong Kong, Taiwan, the UK and Canada.

Confidence in the future

"I feel comfortable that our investment in the future is completely safe," says Matheny. "Having the backing of IBM and the Application Framework for e-business—with the accompanying innovative strategy and reliable products—gives me the assurance that I'll always have the tools and resources I need to market effectively on the Web. We have full confidence in Cayenta and the value it brings, both through its own expertise and its use of Net.Commerce and DB2."

In fact, Matheny is beginning to market more aggressively to additional organizations that would benefit from selling their products on SoundConcepts' hosted system. "With IBM behind our e-commerce solution, we don't have to worry about our Web infrastructure or whether we'll be able to execute our big ideas on the Web," says Matheny. "We can focus our attention on coming up with those big ideas."

For more information, please contact your IBM marketing representative or IBM Business Partner.

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