

WebSphere® software

FUJI Company rings up operational savings with IBM Web-based solutions.

Overview

■ Challenge

Meet long-term revenue target by increasing operational efficiencies, speeding decision making and enhancing customer service

■ Why IBM?

IBM offered a flexible, standards-based and robust solution that was easy to deploy, maintain and support

■ Solution

Restructured store operations with Web-based inventory and merchandise applications based on IBM WebSphere® software

■ Key Benefits

70 million JPY (600,000 USD) in maintenance costs avoided by not installing specialized terminals at every location; 300% productivity increase for program developers; better inventory control; decentralized and faster decision making; reduced operational losses; improved customer service; lowered long-term resource costs



Fresh produce is always in stock for FUJI's customers, thanks to an efficient perishable-goods ordering application developed using IBM Rational Application Developer for WebSphere Software and IBM WebSphere Application Server Network Deployment.

Shikoku, one of Japan's four main islands, is a rich farming region that produces grains, vegetables and fruit. Some of that harvest makes its way to FUJI Market, the largest supermarket chain by sales and size in the region. With nearly 90 stores and 10,000 employees, FUJI is growing rapidly and wants to achieve 400 billion JPY (3.4 billion USD) in sales by 2008, a 31 percent increase from its 2004 revenue.

“We chose IBM because we wanted a flexible, open architecture that would allow us to deploy Web-based applications. We also wanted a vendor we knew we could rely upon for hardware, software and support.”

– Toshihiko Yamanaka, Manager,
M2 Systems, FUJI Company Ltd.

Increasing flexibility with a reliable, scalable integration environment

Key Components

Software

- IBM DB2® Universal Database™
- IBM Rational® Application Developer for WebSphere Software (formerly known as IBM WebSphere Studio Application Developer)
- IBM WebSphere Application Server Network Deployment

Hardware

- IBM @server® iSeries™ 520 and 570

IBM Business Partner

- M2 Systems Co., Ltd.
- Shikoku Systems Development Corporation

“With the IBM WebSphere and @server iSeries solution, we now have a flexible integration infrastructure that helps provide 24x7 availability for our critical applications, greater flexibility and information on demand for faster decision-making ability.”

– Toshihiko Yamanaka

To achieve its revenue target while managing a growing business, FUJI realized it had to allow individual stores to make their own operating decisions and to replace old ways of doing business with more efficient processes. “After we grew beyond 80 stores, it became almost impossible for us to continue making operational and marketing decisions centrally from our headquarters,” says Toshihiko Yamanaka, manager of IBM Business Partner M2 Systems Co., Ltd., a subsidiary of FUJI Company Ltd. that provides IT services to the supermarket chain.

Updating perishable-goods ordering system

FUJI's order placement system for perishable goods was a prime example of the need to decentralize and modernize. “Our method for ordering these items was inefficient and wasteful,” explains Yamanaka. “We had to call or fax written requests to our suppliers by noon. Employees estimated how much of each item they thought their store would need, even though it was still too early to accurately predict what the inventory level would be later in the day.”

Enabling employees at each store to order their own stock was a sizable challenge. FUJI was restricted by an old, inflexible mainframe-based system from NEC. To give employees the ability to order inventory electronically, FUJI would have had to install 1,000 terminals requiring proprietary client software and dedicated lines for data communications in its stores, a costly proposition. Training employees to use the system would add to the expense. Vendors would also require the same terminals to receive the orders.

Unable to support modern, Java™ technology-based Web applications with its mainframe environment, FUJI set about searching for a streamlined Web infrastructure that would not require dedicated terminals and their associated costs.

The need for flexible, Web-based technology

In addition to creating a more flexible ordering system for perishable goods, FUJI plans to restructure other store operations by developing additional supply chain management (SCM) applications and, eventually, customer relationship management (CRM) applications. Its goal is to minimize operational waste, enable decentralized decision making at each store and lower IT costs.

To achieve this vision, FUJI turned to IBM. "We chose IBM WebSphere solutions and IBM servers because we wanted a flexible, open and reliable architecture that would allow us to quickly and easily deploy Web-based applications," says Yamanaka. "We also wanted a vendor we could rely upon for hardware, software and support." FUJI investigated Oracle and BEA solutions as well, but had already purchased IBM servers for other applications, and decided to maintain a single-source solution for simplicity and consolidated support.

Better store management

The first phase of its IT transformation process began with a new Web application for merchandising. Called SEISEN ordering system, the application allows employees at each store to order produce, deli items, dairy and meat via the Web. It provides employees with an electronic order book to confirm sales results to determine how much merchandise to order. Employees can review estimated customer visits, budgets and losses resulting from discarded items to assist them in placing orders. The application results in far fewer losses.

"Having a Web-based application helps employees interact quickly and easily with our suppliers and place orders later in the day when they can better estimate the stock they need," explains Yamanaka.

IBM offers flexible, cost-effective solution

FUJI's application is deployed and managed using IBM WebSphere Application Server Network Deployment. FUJI uses four IBM **@server** iSeries 520 systems primarily for its SEISEN ordering system. Three of the systems are Web application servers that leverage IBM WebSphere Application Server Network Deployment software. One iSeries 570 supports IBM DB2 Universal Database. IBM Business Partner Shikoku Systems Development Corporation installed and configured the IBM solution. FUJI, M2 Systems and independent software vendor Vinculum Japan Corporation designed and developed the Web-based merchandising application.

FUJI values the advanced failover and clustering capabilities of WebSphere Application Server because they enable a service oriented architecture—one that provides near-continuous uptime for FUJI's mission-critical SEISEN ordering system. Says Yamanaka, "We have to make sure our stores are always properly stocked, and we cannot halt that process because a system is down.



Web-based applications weigh heavily in FUJI's future. The supermarket chain plans to introduce multiple programs in its stores to improve customer service and increase operational efficiencies.

"Using IBM Rational Application Developer for WebSphere Software, our programmers' productivity has increased 300 percent. A program that used to take 10 days to create can now be completed in 1 to 3 days."

—Toshihiko Yamanaka

"The IBM solution gives us peace of mind knowing that we have continual access to our suppliers. With the IBM WebSphere and iSeries solution, we now have a flexible integration infrastructure that helps provide 24x7 availability for our critical applications, greater flexibility and information on demand for faster decision-making ability."

Development environment speeds deployment

To develop Web applications, FUJI uses IBM Rational Application Developer for WebSphere Software. Its comprehensive, integrated development environment has had a significant impact for FUJI. "Using IBM Rational Application Developer for WebSphere Software, our programmers' productivity has increased 300 percent," says Yamanaka. "A program that used to take 10 days to create can now be completed in 1 to 3 days."

Ring up efficiency

FUJI is achieving multiple efficiencies that reduce overall cost structure and improve customer service. By avoiding the installation of specialized terminals and software at each store, the company has realized a one-time savings of 70 million JPY (600,000 USD), and avoids associated ongoing maintenance costs. With one vendor for all its hardware and software components, FUJI is able to keep system management simple, speed application development and ensure that it will be able to easily integrate new

components as its infrastructure grows. Resource costs are expected to decline because the new Web-based applications are easier to use and do not require additional specialized training or knowledge.

With just a single application in place, FUJI is beginning to reduce operational waste in its stores and enable rapid decision making among employees that promotes inventory efficiency and better customer service.

"IBM is playing an important role in helping us meet our revenue goals and transitioning FUJI to a modern, responsive business," concludes Yamanaka.

For more information

Please contact your IBM sales representative or IBM Business Partner.

Visit us at:

ibm.com/websphere

For more information about FUJI, visit www.the-FUJI.com

For more information about M2 Systems Co., Ltd., visit www.m2s.co.jp

For more information about Shikoku Systems Development Corporation, visit www.ssdco.jp

For more information about Vinculum Japan Corporation, visit www.vinculum-japan.co.jp



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