

Panasonic energizes e-commerce strategy with IBM solution.

Overview

■ Challenge

Distribute products more efficiently by developing cost-effective e-commerce strategy

■ Solution: Integrating Stage

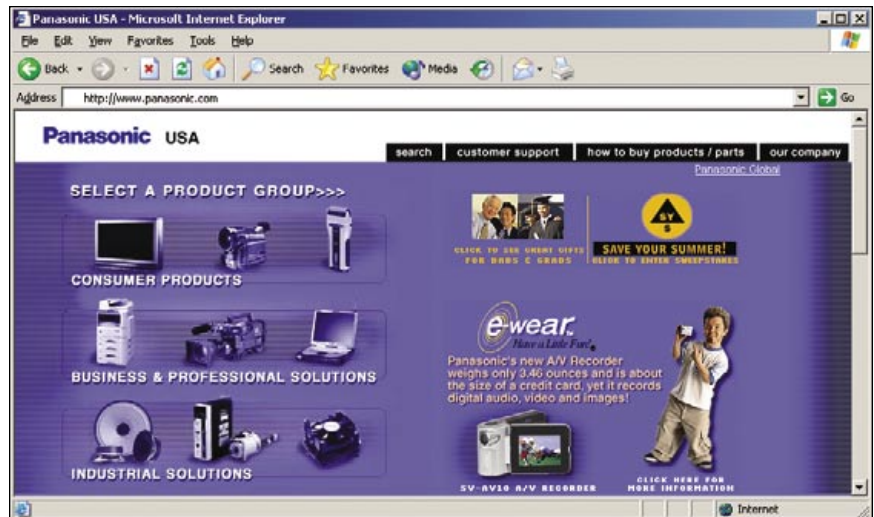
New e-commerce infrastructure integrated with backend SAP applications

■ Why IBM

IBM offered total solution that met Panasonic's corporate standards while interoperating with other vendors' products; IBM solution also supports J2EE standards to speed development

■ Key Business Benefits

80% lower order-processing and call-center costs; projected 100% payback in less than one year; improved customer satisfaction; 92% reduction in new Web site development time and costs



Receiving nearly five million page views a day, Panasonic's Web site requires the scalability, availability and e-commerce functionality provided by IBM WebSphere Application Server.

From DVD players and High-Definition televisions to air-conditioning compressors and custom lithium ion batteries, the Panasonic name can be found on hundreds of thousands of consumer, business and industrial products. Panasonic's diverse product range is a sign of success for the 6,500-employee U.S. subsidiary of Matsushita Electric Industry Co.

Another indication of success is Panasonic's thriving business-to-business (B2B) Web site. But it took some savvy thinking for Panasonic to create an e-business strategy for efficiently distributing its products online.

“To achieve economies of scale in terms of development time and software costs, we needed a single Web application server. Maintaining separate Microsoft and IBM platforms would not be a cost-effective strategy.”

—Eric Keil, Director of e-business, Panasonic

Key Components

Software

- IBM WebSphere® Commerce Professional Edition, Version 5.1
- IBM WebSphere Commerce Business Edition, Version 5.4
- IBM WebSphere Application Server, Advanced Edition, Version 3.5
- IBM WebSphere Personalization
- IBM DB2® Universal Database™
- IBM HTTP Server
- IBM Tivoli® Distributed Monitoring for UNIX®

Servers

- IBM RS/6000®
-

Based in Secaucus, New Jersey, Panasonic previously supported its 20,000 dealers with B2B e-commerce Web sites built on IBM WebSphere Application Server. Three sites, one for each business sector, were integrated with Panasonic's SAP systems and other legacy applications, enabling dealers to log on to the Web and easily determine the status of their order or the availability of a product. Every online status check saved Panasonic the cost of servicing an inquiry through a call center.

At the same time, the company created B2C online stores for its employees, and for employees of large companies that are valued partners of Panasonic. These sites, developed with Microsoft® Commerce Server and IIS, were not integrated with Panasonic's backend systems. Consequently, the company's call centers were overwhelmed with B2C order-status inquiries. "We couldn't integrate our Microsoft sites with our backend because Microsoft Commerce Server wouldn't talk to our corporate-standard databases and integration solutions," says Eric Keil, director of e-business at Panasonic. "Also, we wanted fully automated e-commerce functionality for all our sites, which dictated enhancements across the board. To achieve economies of scale in terms of development time and software costs, we needed a single Web application server. Maintaining separate Microsoft and IBM platforms would not be a cost-effective strategy."

Total, open IBM solution

Panasonic reviewed proposals from both IBM and Microsoft and ultimately chose IBM because of its ability to provide a total solution with components that met Panasonic's corporate standards. IBM's solution was also more open to cross-platform integration and offered Panasonic a wider choice of future options for extending its e-business solution and achieving fast returns on investment. "With support in WebSphere Commerce for Java™ 2 Platform, Enterprise Edition (J2EE) technology," says Keil, "we also knew that the IBM solution would enable us to shorten development time."

“Because of the reusable Java code supported by WebSphere Application Server, we’ve reduced the development time for new Web sites from three months to one week, saving 92 percent of the time and costs.”

—Eric Keil

IBM WebSphere Commerce Professional Edition, Version 5.1 functions as the commerce engine for Panasonic's new B2B Web sites. WebSphere Commerce Business Edition, Version 5.4 will be the basis for the B2C sites, which are currently under development.

Both B2B and B2C sites use IBM WebSphere Application Server as the runtime environment for JavaServer Pages (JSP) and servlets. IBM DB2 Universal Database functions as the commerce database, managing products, customers, user groups and applications for the Web sites. IBM HTTP Server is the Web server, and all the components run on IBM RS/6000 servers. IBM Tivoli Distributed Monitoring for UNIX is used to maximize the performance and availability on the RS/6000 servers. "There's no platform in the UNIX world like the RS/6000 for solving large, complex business problems," says Keil, "In terms of availability, manageability and price performance, RS/6000 is the ideal solution for us."

While the project is only partially complete, the benefits are clear. Panasonic has already eliminated 80 percent of order-processing and call-center costs. It projects 100 percent payback of its investment in less than one year and customer service ratings show marked improvement. "Moreover, we're saving tremendously on development costs," says Keil. "Because of the reusable Java code supported by WebSphere Application Server, we've reduced the development time for new Web sites from three months to one week, saving 92 percent of the time and costs."

A single database supports many Web sites

Panasonic has recently created three B2B sites using the IBM solution. Dealers log onto the Web site with secure login names and passwords. IBM WebSphere Personalization uses business rules to match users with the Web content they are authorized to see. All the new Panasonic Web sites run off a common catalog managed by DB2 Universal Database. "DB2 runs all the data for more than 500,000 products for our B2B sector alone," says Keil. "Its performance is so fast and reliable we don't even know it's there."

"IBM is always more than a single product. It's a company that provides a technology direction, which enterprises like Panasonic can use to optimize their own development plans."

—Eric Keil



Panasonic developed the world's first consumer High-Definition television and ranks as one of the largest global manufacturers of DVD entertainment software.

After placing their orders on the site, dealers immediately receive e-mail confirmations and order numbers. The orders are processed through the SAP system and, since SAP is integrated with the site, dealers can check the status of their orders from the moment they're placed.

Technology that saves time and money

To enable realtime order entry, Panasonic uses Java classes to execute the business and presentation logic, and XML to exchange data with SAP. JSP components serve up HTML pages to the Web browser, and Java servlets transform the HTML into XML, which communicates with the backend. The XML is converted to the SAP IDoc format and sends a Business Application Program Interface (BAPI) call to the SAP database, which is an IBM Informix® Dynamic Server.

To make the ordering process even more convenient for large dealers who also use SAP, Panasonic integrated its B2B functionality with these dealers' backend SAP applications. To enable this integration, Panasonic sends the dealers XML messages reformatted into predefined schemas.

Profitable path to the future

Panasonic decided to wait until WebSphere Commerce Business Edition, Version 5.4 was available to deploy its new B2C Web sites. "WebSphere Commerce Business Edition, Version 5.4 has robust models of sellers, buyers, contracts and buying policies that will help us to implement complex business rules in our commerce sites," says Keil. "IBM is always more than a single product. It's a company that provides a technology direction, which enterprises like Panasonic can use to optimize their own development plans."

For more information

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