



IBM Customer Reference

W. S. Badcock Corporation

Synopsis:

Furniture retailer streamlines inventory management processes and cuts costs by integrating disparate databases and providing realtime access to each store using IBM eServer xSeries servers and an IBM eServer BladeCenter system running Linux and WebSphere Portal Enable

Location:

Mulberry, Florida USA

Industry:

Retail

Focus Area:

Server Consolidation, Business Continuance, On Demand Business, Small & Medium Business

URL:

<http://www.badcock.com>

Customer Background:

W.S. Badcock Corporation is one of America's leading full-service home furnishing retailers with more than US\$500 million in revenue in 2002. Founded with a single shop in 1904, Badcock has expanded over the past century to comprise more than 330 primarily independently-owned stores in seven southeastern states, with more than 1,200 corporate employees. In the highly competitive retail furniture market, Badcock has committed itself to continued growth through expansion, with a goal of reaching 600 stores over the next several years and surpassing US\$1 billion in annual revenue.

Business Need:

Badcock was losing potential revenue because its inventory and order management processes, and the information technology (IT) systems that supported them, proved incapable of managing the increasing number of stores in the retail chain. Disparate, out-of-synch databases that tracked inventory at each store and at each of Badcock's three distribution warehouses were expensive to maintain and caused many problems for the company. Dealers were unable to keep pace with competitors' discount sales, planning and advertising promotions at the risk of running out of sale items. Customers were frustrated when a special order from another store or warehouse was shipped late because of stock-outs or was unfillable because the item had actually been discontinued - situations that could have been avoided easily with access to accurate, up-to-date stocking information at the point of sale. Badcock employees spent many unproductive hours managing the replenishment processes - time spent resolving inventory discrepancies, determining proper corrective actions and accounting for inventory dollars as required to close the books each month. Additionally, these disconnected systems prevented Badcock managers from effectively analyzing the buying trends of its customers, a practice which could potentially increase sales by allowing them to refine merchandising strategies to target specific demographic groups.

Before it could continue to expand its retail operations by adding new stores, the company needed to increase its responsiveness to each dealer and improve its own productivity by streamlining processes and integrating systems throughout its facilities with an open IT platform

that would enable it to consolidate data from across its organization. This would ultimately improve its ability to satisfy customers and leverage information to seize sales opportunities currently being lost.

Solution:

To establish the foundation for the enterprisewide integration of systems and consolidation of data, Badcock is replacing 45 Compaq servers with an open platform based on an IBM eServer BladeCenter system and IBM eServer xSeries servers running VMware 2.0, Red Hat Linux 8.0 and IBM WebSphere Portal Enable.

Two xSeries 440 servers - each equipped with 8GB of memory and running VMware to allow for several separate virtual machines - are supporting legacy applications for accounting, inventory tracking, order processing and warehousing. One xSeries 360 server runs the consolidated data warehouse, and another houses Microsoft Exchange. An xSeries 345 server houses IBM Tivoli Storage Manager (TSM) and IBM Director, which is used to manage the entire integrated platform cost-effectively. Badcock uses an IBM eServer BladeCenter chassis and eight IBM eServer BladeCenter HS20 servers to support a Citrix implementation.

This flexible platform, designed and deployed by IBM Business Partner Champion Solutions Group, centralizes control of Badcock's inventory databases and consolidates them in a storage area network (SAN) based on IBM TotalStorage SAN Fibre Channel Switches. TSM automates backups across the SAN to an IBM TotalStorage FAStT700 Storage Server.

WebSphere Portal Enable provides a single virtual access point to the backend applications, affording retail stores and distribution centers realtime visibility to the centralized inventory databases. The software also automates data flow between previously disconnected applications, streamlining Badcock's inventory management procedures to increase the reliability and shorten the lead times of its special order program for customers.

The scalability of the open platform positions Badcock to rapidly and affordably accommodate future increases in storage and processing to accommodate more retail stores.

Benefits of the Solution:

Badcock will save US\$200,000 due to reduced IT maintenance costs made possible by the IBM operating environment. The productivity of Badcock's staff will increase because having centralized inventory information makes the replenishment process simpler and faster to execute.

The company anticipates a 15 percent increase in sales growth in the next year. This boost will be due in part to the dealers' increased ability to provide the products that customers want - and the ability of Badcock executives to make informed business decisions based on solid data to direct sales programs in the future. Badcock is now poised to continue its expansion plans and reach its goal of 600 stores.

Customer Quote:

"(Technology) was a support function, it was not a function that allowed us to have a strategic advantage over the competition. Now it will."

-- Don Marks, President, W.S. Badcock.