

Bodegas y Bebidas uncorks customer satisfaction with WebSphere Commerce.

Overview

■ Challenge

Increase profit margins and reduce marketing costs by leveraging Web-based selling solution

■ Solution

B2C e-commerce Web site for executing promotional campaigns for buyer groups and individuals, based on IBM WebSphere® Commerce, Professional Edition

■ Why IBM

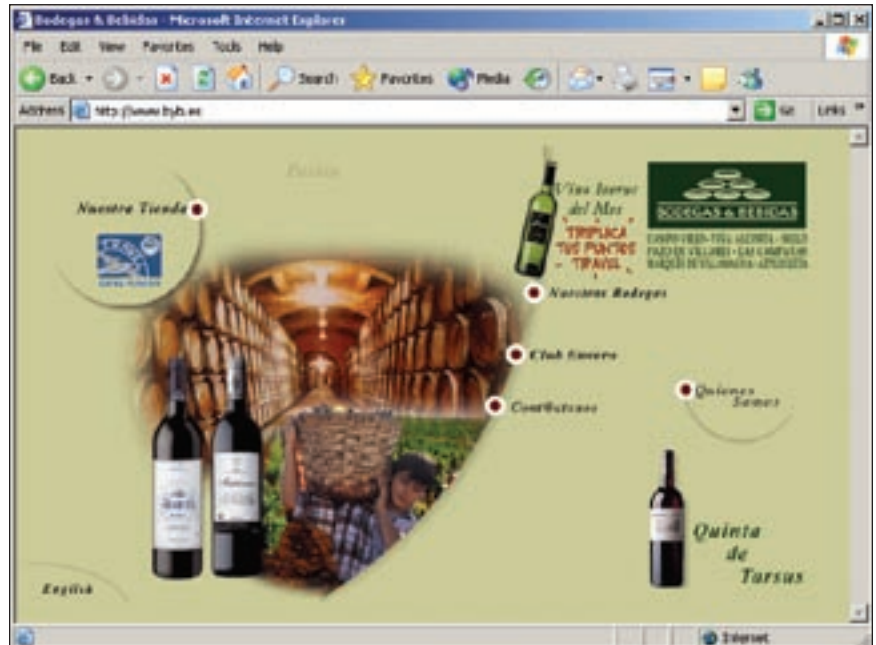
Longstanding relationship with IBM; satisfaction with existing IBM AS/400® server, IBM DB2® Universal Database™, Lotus® Notes® and Lotus Domino™; ability of IBM Business Partner to provide complete solution; straightforward integration of WebSphere Commerce with backend systems

■ Key Business Benefits

40% higher profit margins; order fulfillment time reduced by 50%; estimated 15-25% reduction in direct marketing and customer support costs; customer acquisition increased by 15%; positive brand exposure from being first to market with e-business solution; projected increase in customer loyalty

■ Business Partner

Open Solutions



Most of the products from Bodegas y Bebidas are "Denominación de Origen" wines—a designation of geographic origin and quality laid out by Spanish law.

"The peoples of the Mediterranean began to emerge from barbarism when they learnt to cultivate the olive and the vine," wrote fifth century Greek historian Thucydides. In 21st-century Europe, winemaking is not only the hallmark of an ancient cultural tradition; it is a thriving global business led by multimillion-dollar corporations.

"We could not dynamically change content on our Web site or integrate purchase orders with our backend systems. Everything had to be done manually. We were at a dead end, with no way to implement our direct sales vision."

— José Ángel Serna Gómez,
IT Manager, Bodegas y Bebidas

e-business—using value networks to reach new markets

Key Components

Software

- WebSphere Commerce, Professional Edition, Version 5.1
- IBM WebSphere Application Server, Advanced Edition, Version 3.5
- DB2 Universal Database for Windows NT® and AS/400
- Lotus Domino
- Lotus Notes

Servers

- IBM @server iSeries™ 730
 - IBM @server xSeries™ 230
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One such company is Bodegas y Bebidas (ByB), headquartered in the Basque Country of northern Spain. ByB is the largest domestic distributor and exporter of quality Spanish wines, with a workforce of 500 employees, annual sales of nearly 200 million bottles of wine in more than 60 countries and revenues of more than \$180 million in 2001.

Since its establishment in 1952, ByB has focused on conventional retail and wholesale sales channels. Recently, however, the company decided to branch out into direct sales, particularly to *colectivos*—buyer groups centralized within organizations such as workplaces or professional associations. It also targeted consumer loyalty clubs, which award members who purchase specific products or services with points that can be used for purchases.

Although ByB could sell to buyer groups in the way it conducted its traditional business—creating and pursuing contacts with group administrators by means of a well-utilized sales force—it quickly realized that attracting and maintaining individual buyer group customers would mean cultivating one-to-one relationships with them. A comprehensive, integrated e-business Web site could support these relationships—and being first to market with such a site could help secure a crucial competitive edge for ByB in the buyer group niche.

Such a solution would differentiate the company from its competitors, by defining specific marketing campaigns for each user group. But ByB's then-current Web site, based on Microsoft Internet Information Server and a third-party e-commerce solution, lacked the flexibility and functionality to meet this need.

ByB IT Manager José Ángel Serna Gómez explains, “Previously, we had nothing more than a virtual storefront designed to look like an integrated e-business. We could not dynamically change content on our Web site or integrate purchase orders with our backend systems. Everything had to be done manually. We were at a dead end, with no way to implement our direct sales vision.”

“The WebSphere software platform’s support for EJB strengthens backend integration, and its support for connection pooling improves performance and response time.”

*—Juan Pablo Fernández Conejo,
e-business Unit Manager, Open
Solutions*

First to market, improved sales and profits, more customers

Eager to overcome this barrier, ByB turned to IBM, the company's longtime IT vendor, and to IBM Business Partner Open Solutions. Recalls Gómez, "IBM provided our first IBM System/32 mainframe in the 1970s, the first IBM AS/400 in Spain in the 1990s, and the IBM DB2 data management software that has run our business for over a decade. We've had plenty of time to compare IBM with all the other players, and IBM has always come out on top. So we approached Open Solutions—one of the most respected e-business systems integrators in Spain—for the robust, reliable, cost-effective IBM e-business solution we required."

In just four months, Open Solutions implemented a solution based on IBM WebSphere Commerce, Professional Edition, Version 5.1, running on an IBM @server xSeries 230.

The results, Gómez says, have exceeded all expectations. "Not only has our WebSphere e-business solution enabled us to be first to market, it has also had an amazing effect on our direct sales." Profit margins have risen by 40 percent, and direct marketing costs have been reduced by an estimated 15 to 25 percent for such tasks as handling of special offers as well as back office administration. Customer acquisition has increased 15 percent over last year, due largely to the partnerships that ByB has created with major customer loyalty clubs. In most cases, order fulfillment time has been halved.

Integration—the key advantage

ByB's loyalty group customers log on to access a Web page customized for their group; view and select quality reds, whites and sherries; place orders; check delivery status and manage the points generated by their transactions.

WebSphere Commerce Java™ technology-based transactions are managed by IBM WebSphere Application Server, which resides on an xSeries 230 server running Microsoft® Windows NT®. DB2 Universal Database running on the same server functions as a staging database for user registration data, order information, security data, business rules and product catalog data. Enterprise

"Direct sales have doubled in the year the site has been active, and we expect them to continue at that pace. WebSphere software has brought us closer to our customers, improved our Web site's visibility and our company's availability, and helped us attain our marketing goals. And that is precisely what we expected an integrated IBM e-business solution to do."

—José Ángel Serna Gómez



Designed by prominent Barcelona architect Santiago Calatrava, the Ysios winery at Laguardia in Rioja Alavesa is part of the Iverus project of Bodegas y Bebidas to create a range of especially high quality wines.

JavaBeans (EJB) comprising the order processing program written by Open Solutions interact with the staging database using Java Database Connectivity (JDBC) calls to authenticate data and update ByB's backend DB2 database running on IBM @server iSeries. Open Solutions EJB also issue JDBC calls to Lotus Notes, which contains product definitions and images used on the Web site.

Juan Pablo Fernández Conejo, e-business unit manager at Open Solutions, says the key technical advantage of WebSphere Commerce is its integration with the other components of the system. "Thanks to its JDBC drivers, WebSphere integrates with Lotus Notes and Lotus Domino as well as it does with DB2. The WebSphere software platform's support for EJB strengthens backend integration, and its support for connection pooling improves performance and response time." Fernández Conejo adds that WebSphere's full Java compatibility and its compliance with Java 2 Platform, Enterprise Edition (J2EE) technology also enable WebSphere to integrate seamlessly with third-party Java-based components.

The strategic promise

Noting that the best enhancements to the site are yet to come, Gómez cites plans to integrate more directly with the backend systems of loyalty club Web sites, helping to improve management of loyalty point balances and bonus programs. ByB also plans to offer more customized catalogs to individual users and groups, using the Commerce Accelerator feature in WebSphere Commerce. ByB's marketing analysts will also be able to gain crucial marketing insights from Web orders using the business intelligence capabilities of WebSphere Commerce Analyzer.

"The most promising benefit of ByB's e-business solution lies in its first-to-market strategic value," Gómez says. "We have created a strong relationship with buyer group customers before any of our competitors. Our direct sales, which provide more revenue per bottle than any other sales channel, have doubled in the year the site has been active, and we expect them to continue at that pace. WebSphere software has brought us closer to our customers, improved our Web site's visibility and our company's accessibility to our customers, and helped us attain our marketing goals. And that is precisely what we expected an integrated IBM e-business solution to do."

For more information

Please contact your IBM marketing representative or IBM Business Partner.

Visit us at: ibm.com/e-business

For more information about Bodegas y Bebidas, visit: www.byb.es



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