

Orica Chemicals becomes e-business market leader in Australia.

Overview

■ Challenge

Maintain market leadership in the face of competition from chemical exchanges and chemical producers with e-business capabilities

■ Solution

Business-to-business (B2B) online store with value-added functions for convenient purchasing of chemicals

■ Why IBM?

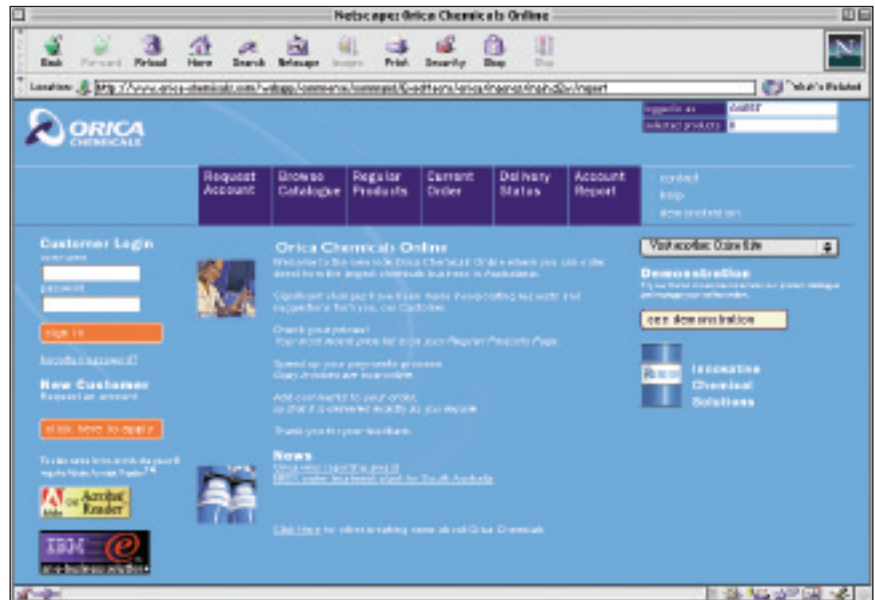
IBM was perceived to have the most technically sophisticated consulting capabilities and IBM WebSphere® Commerce Suite the best out-of-the-box functions at the best price

■ Key Business Benefits

Retention of leading position in Australian chemical industry;
50% reduction in cost of servicing customers who use online solution;
projected 100% payback within 3 years

■ Business Partner

Synergy Plus



To remain a market leader, Orica Chemicals had to provide stellar B2B services to its customers, which it did with the help of IBM and IBM WebSphere Commerce Suite.

In 1999, executive-committee members of Melbourne, Australia-based Orica Limited toured several high-tech firms in California's Silicon Valley to see how companies were enabling themselves with the latest e-business technology. At stake was their company, the largest brick-and-mortar chemicals provider in Australia, New Zealand and Indonesia. A division of Orica Limited, Orica Chemicals manufactures chlorine and other chemicals, and distributes those and the products of

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—Abdul Hussein, Group IT and e-business Manager, Orica Chemicals

e-business—redefining the competitive environment in your favor

Key Components

Software

- IBM WebSphere Commerce Suite
- Lotus® Notes®

Services

- IBM Global Services
-

200 other manufacturers worldwide to more than 5,000 customers. Chemicals exchanges had emerged to threaten the position of traditional middlemen such as Orica Chemicals, and large chemical producers had redefined their business models to utilize e-business technology. The question was: would it be prudent for Orica Chemicals to continue without e-business capabilities?

The executives returned from their fact-finding trip convinced that the answer was no—they needed to sell their chemicals online. Says Abdul Hussein, group IT and e-business manager for Orica Chemicals, “The threat of disintermediation in our industry is very real. We risked being displaced by other operators with sophisticated e-business technology. Our defense would be to provide the best e-commerce services in the region.” Lacking e-business expertise and in-house technical skills to design and implement an e-business architecture, Orica Chemicals decided to engage IBM Global Services to help develop an e-commerce strategy, sell it to internal management teams and turn it into a fully-deployed solution. Comments Hussein, “We liked IBM’s ability to draw on a tremendous range of technical resources, and we felt that IBM could support us throughout the entire project.”

IBM Global Services helped Orica Chemicals prioritize its objectives and plan how best to take advantage of the opportunities presented by e-business. Says Hussein, “We decided to address the competitive threat by Web-enabling our existing business model and providing value-added services for customers, such as realtime information about accounts, contract pricing and order status. We also wanted to take advantage of the Web to provide up-to-date product information—when and how customers wanted it.” At the same time, the company saw an opportunity to reduce the cost of servicing its customers, particularly the 80 percent of the customer base that was responsible for just 20 percent of the sales volume. It was also imperative that the e-commerce site be integrated with the company’s SAP sales and distribution modules.

“Customers who come to Orica Chemicals Online see the searchable catalog, easy ordering and other functions provided by WebSphere Commerce Suite and are satisfied that we are providing the fastest, best e-business service in Australia.”

—Abdul Hussein

To retain customers by providing the fastest and most convenient e-commerce services, Orica Chemicals needed a robust, full-function merchant server. Fortunately, its parent company had already made that choice easy by standardizing on IBM WebSphere Commerce Suite, finding that it had the best out-of-the-box functionality at the best price. IBM Global Services designed Orica Chemicals' e-commerce architecture and implemented the B2B solution in seven months, with the assistance of IBM Business Partner Synergy Plus, which specializes in Web-enabling traditional businesses in Australia.

Orica Chemicals Online now has approximately 600 users who place between 5 and 10 percent of the company's order volume, and the Web site has reduced the cost of servicing these customers by 50 percent. With increased usage over the next few years, the company projects a 100 percent payback within 3 years. Comments Hussein, "The principal benefit we get from Orica Chemicals Online is the edge it gives us against competing e-business services. Customers who come to Orica Chemicals Online see the searchable catalog, easy ordering and other functions provided by WebSphere Commerce Suite and are satisfied that we are providing the fastest, best e-business service in Australia."

Robust, easy-to-use site

WebSphere Commerce Suite supplies front-end functionality for Orica Chemicals Online, enabling customers to easily and quickly navigate the site and find and order the products they need. The catalog of 4,000 products is searchable by product name, manufacturer, industry and application. Products are listed with links that provide specifications and further information, and customers can set up tailored catalogs with their contract prices built in. The site supports easy reordering and provides delivery status, as well as reports on customers' accounts, including outstanding invoices. Customers can even change their orders if they have not been processed. The site also offers a vehicle for disseminating product information in the form of PDFs. Lotus Notes manages the distributed authoring of these documents and generates the PDFs.

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– Stephen Hepburn, IT Business Analyst, Orica Chemicals



Orica's customers can now find and order quality chemical products in an easy-to-navigate online store, which is integrated with the company's SAP systems for efficiency and fast service.

Since most of these functions are populated with data from SAP sales and distribution modules, integration with these systems was essential to the project. Synergy Plus, working with Orica Chemicals' in-house SAP engineers, innovatively met this challenge by wrapping Java™ code around SAP Business Connector.

"IBM's resources proved to be critical in making the project successful," says Orica Chemicals IT Business Analyst Stephen Hepburn. "IBM has been fantastic in bringing the right skill sets to the table. IBM Global Services provided comprehensive support that got the project off the ground, kept it going and brought it to completion."

IBM delivers management support

At the outset of the project, Orica Chemicals management had weathered a two-year SAP implementation and was wary of the investment in the time and resources required to bring about an e-commerce solution. IBM Global Services gave one-day seminars to managers, educating them about e-commerce implementations inside and outside the chemical industry and eliciting their support by gathering their suggestions for efficiencies to be gained using e-commerce.

To further encourage management buy-in, Orica Chemicals executives proposed rolling out the project in a series of 90-day increments, each with its own deliverables, to reassure management the project was succeeding. Managed by IBM Global Services, the project unfolded with a series of welcome gains, beginning with the order-entry function. "The business managers were eager to see results from this investment in e-commerce," comments Hussein, "and they were very enthusiastic when they saw them."

As Hussein remarks, the new Orica Chemicals Online site is worth getting excited about. "We had a vision of being the leader in e-commerce, certainly within the chemicals market. I'm delighted to say that we actually did achieve that vision, and we are currently the best online site, with the most comprehensive range of products for chemicals, thanks to IBM and WebSphere Commerce Suite."

For more information

Please contact your IBM marketing representative or IBM Business Partner.

Visit us at: ibm.com/e-business

For more information about Orica Chemicals and Synergy Plus, visit:
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