



Controx brings precision and foresight to e-commerce strategy.

Application B-to-B extranet and Web-based CRM solution for customers and distributors

Business Benefits Projected 25% to 33% increase in pre-tax profits due to reduced operating costs; estimated 40% increase in sales with minimal additional staff; 50% reduction in service-call volumes; ability to boost market share to 10% by 2003

Software IBM Net.Commerce
IBM Net.Data®
IBM DB2® Universal Database™ for Windows NT®
Lotus® Domino™
Lotus Notes®
Lotus Approach
IBM HTTP Server

Hardware IBM Netfinity®

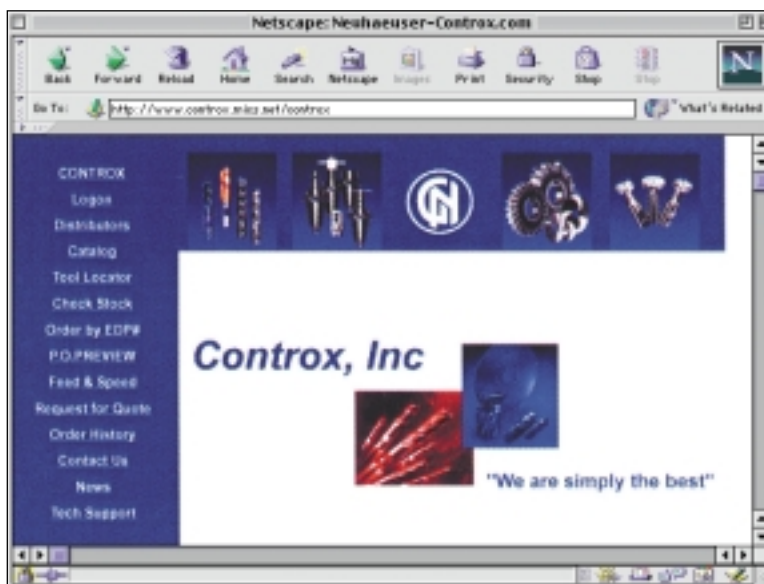
Business Partner Xerox Connect

Setting a goal to increase market share by 50-fold would be considered bold for any company in any business climate. In a market where competitors are facing 10 percent to 30 percent drops in sales and zero growth to 25 percent negative growth, achieving such a goal might be considered impossible. But “impossible” isn’t in the vocabulary for managers at precision cutting-tool manufacturer Controx, Inc. And a recent market slowdown wasn’t enough to pare back an aggressive strategic plan to boost market share from .2 percent to 10 percent by 2003. That may be because Controx has turned to what the company sees as the only business model powerful enough for the job—e-commerce.

“e-business will play a key role in helping us secure a ten percent market share. ... it puts us on equal footing with the biggest cutting-tool manufacturers in the world.”

— Steve Alexander, President, Controx, Inc.

E-commerce is an ideal business expansion solution for Controx. A U.S. subsidiary of German tool manufacturer Neuhäuser, the company derives 75 percent of its sales from companies



Controx's new e-business Web site gives its distributors and customers online access to core business processes.

It's about business, not just technology.



Powered by IBM Net.Commerce and IBM DB2, the Web site provides highly detailed information regarding Controx's precision-cutting tools.

“DB2 is a strong database for e-business applications — it's easy to work with. No one has been able to convince me that Microsoft SQL Server is better.”

*—Ed Yanovick, Web Developer,
Xerox Connect*

located within a six-hour driving radius of its Springfield, Ohio location in the heart of the nation's industrial belt. The company sought to expand its market reach beyond its traditional boundaries with an e-business solution. Controx, in particular, wanted a commerce solution that would enable the development of sophisticated product catalog displays and order-tracking functions.

Controx chose to build its e-business solution with IBM e-business technology, confident that it could develop highly customized, scalable, reliable applications. Controx deployed a full-service, business-to-business (B-to-B) extranet and customer relationship management (CRM) solution powered by IBM Net.Commerce PRO (now part of the IBM WebSphere™ Commerce Suite family). Developed by IBM Business Partner Xerox Connect, the Web site is not only building corporate image but managing many of Controx's core business functions. The solution has given the company, which employs 24 people, a technological advantage over much larger competitors.

“e-business will play a key role in helping us secure a ten percent market share,” says Steve Alexander, Controx president. “By allowing us to cost-effectively deliver value-added services, it puts us on equal footing with the biggest cutting-tool manufacturers in the world.”

The secure Web site, which went live last year, is unique in the amount of detailed product information it provides to Controx's distributors and customers — all within seconds and a few clicks of the mouse. The company is conservatively projecting 40 percent sales growth in 2000 — with half contributed by the e-commerce solution — while adding only two more people to handle the increase in business. The company also expects that online service and support will help to reduce its service-call volume by 50 percent. And decreased operating costs will help boost pre-tax profit by 25 percent to 33 percent.

A boost to communication, sales and service

The e-business solution has accelerated business communications between Controx and its parent company, Neuhäuser, which share only two common business hours each day due to their different geographic locations. Online communication eliminates this access blackout. It also reduces the time formerly spent on fax and telephone correspondence and narrows the time gap between message delivery and response.

Controx distributors and customers, many of which use a basic 28.8 Kbps modem, now get the exact information they need, almost effortlessly. With Xerox Connect providing guidelines for optimizing data, responses to database searches are delivered in just 35 seconds, compared to the 18 minutes it takes to get the same information on a leading competitor's site.

“Some of our 200 distributors represent thousands of manufacturers, and we are competing for their time,” says Alexander. “We must make it as easy as possible for them to do business with us, when and how they want. The IBM solution allows us to accomplish this.”

Prior to the Web site launch, 50 percent of the calls to Controx were inquiries relating to inventory availability or pricing. The order process typically included a faxed order followed by a fax or telephone acknowledgment. All of these activities are now handled on the Web site in a way that’s much faster for both Controx and its customers.

For instance, by entering a few specifications on the Web site, customers can get pricing information, click on a list of distributors and, of course, make purchases. Logging on with a password, distributors can check on inventory availability and get instant price quotes for themselves or their customers, review their costs, request quotes for specialty items and submit purchase orders. Users can also learn, for example, that a certain tool should be run at 2,000 RPMs and fed at the rate of five inches per minute.

“Anyone in charge of profitability realizes that time is a very expensive commodity,” says Controx Controller Ed Kruse. “Now we can help our customers reduce their operating costs by reducing the time spent placing orders. The difference goes straight to their bottom lines.”

IBM e-business software: the right tools for the job

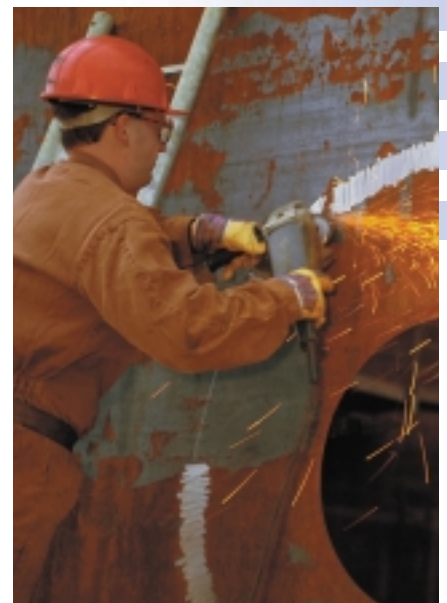
Using Net.Commerce, Xerox Connect built a highly intuitive Web site that enables visitors to perform complex searches and drill-down into the site’s electronic catalog to find precisely the tool needed for a given job. Using Net.Data and DB2, Xerox Connect also developed calculating functions to generate tool-performance metrics on the spot, along with instructions for optimal use of the tools. The Web site resides on an IBM Netfinity server and is powered by IBM HTTP Server.

“If customers have to wait, they won’t come back,” says Alexander. “Any activity conducted by phone, mail, fax or electronic data exchange can be done on our Web site. And that’s the objective—to touch customers once and allow them to get everything they need, fast.”

The online catalog, which contains 10,000 SKUs, is stored in DB2 Universal Database. DB2 stores the data, holding some 200,000 cells of detailed product descriptions, pricing information and other data. When a customer makes a request—for instance, for instructions on how to use a tool—Net.Commerce and Net.Data query the database and pass the results to the user in seconds.

“A big factor in choosing Net.Commerce was its ability to work so well with Lotus Notes and Domino, which offers us unmatched flexibility in providing customers with easy access to the information they want.”

—Ed Yanovick



With Net.Commerce providing advanced search functionality, Controx’s customers can easily find the tools they need.

Controx chose DB2 over Microsoft® SQL Server for its scalability and ease of development. "DB2 is a strong database for e-business applications—it's easy to work with," says Xerox Connect Web site Developer Ed Yanovick. "No one has been able to convince me that Microsoft SQL Server is better."

Lotus Domino and Lotus Notes are used to manage several Web content applications. "A big factor in choosing Net.Commerce was its ability to work so well with Lotus Notes and Domino, which offers us unmatched flexibility in providing customers with easy access to information they want," notes Yanovick. When orders are submitted using the Net.Commerce shopping cart, order information is routed to a back-end Lotus Notes database. This allows distributors, wanting to check orders they've placed in the past 30 days, to review their order histories in realtime.

Controx is also using Domino and Lotus Notes to maintain the product inventory available for order on the Web site. "Using Lotus Approach, I can get into DB2 tables and make changes directly to the database," says Yanovick.

A complete list of distributors, including addresses and phone numbers, is also maintained in Domino and Lotus Notes, enabling customers to locate the distributor closest to them. Recent news on upcoming product releases and pricing changes is stored in Lotus Notes and delivered to the Web site using Domino. Distributors and customers can request a quote and more information on a particular product and receive an e-mail response generated by Lotus Notes.

Positioned for future success

A recent Arthur Andersen seminar, held at an industry conference attended by Controx, noted that half of all industry business will be conducted over the Internet within five years. The information presented in the seminar validates Controx management's conviction that credibility, competitive advantage and a successful strategic plan would result from being at the forefront of the Internet explosion.

"We believe we're leading the industry as far as offering our distributors opportunities to enhance their value to their customers," says Alexander. "Because of these value-added services, we are increasing our business with current distributors and starting to take business away from our competitors."

Additional opportunities to add value will undoubtedly arise when Controx fully integrates the solution with its back-end fulfillment processes, expected later this year. Future plans include integration with the parent company's inventory and enterprise resource planning (ERP) systems, as well as providing electronic exchange of quote specifications and drawings. These solutions will also be driven by key IBM e-business technologies.

"Our goal is to create solutions that keep us ahead of our competition," says Alexander. "With IBM e-business solutions, such as DB2 and Net.Commerce, we believe we're positioned perfectly."

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