IBM

Acer gets its goods to OEMs faster with efficient online procurement.

Application	B2B e-procurement extranet
Business Benefits	Costs decreased by 2% to 3% — a $65 million to $100 million savings; 100% ROI in two years; staffing reduced by 19% and inventory storage time by 50%; procurement cycle time cut in half; faster delivery of goods to customers; supplier base extended globally
Software	IBM WebSphere ® Application Server, Advanced Edition IBM WebSphere Studio IBM WebSphere Performance Pack IBM WebSphere Commerce Suite Lotus® Domino™
Servers	IBM RS/6000 ®

A $4.8 billion company with 32,000 employees, computer manufacturing giant Acer felt hampered by its costly, cumbersome procurement system. Submitting orders to suppliers required a large staff and numerous faxes and phone calls. Seeing e-business transform many companies in diverse industries, Acer decided that it was time to leverage the power of the Internet to make itself an easier company with which to do business.

IBM — one of the company's major original equipment manufacturer (OEM) customers — approached Acer with an e-procurement solution that it had implemented in its own U.S. operations.

"With e-procurement, we expect to save 2% to 3% on our annual procurement budget — that's a savings of about $65 million to $100 million."

– Palmer Lee, E-commerce Director, Acer

"Listening to IBM, we immediately recognized that its online procurement system offered the efficiency Acer needed," says Palmer Lee, e-commerce director at Acer, which is headquartered in Taiwan. "We also knew that, if we followed the

Through online procurement, Acer has reduced its procurement cycle from two weeks to just under one week.

IBM Application Framework for e-business as a roadmap for development, going with an IBM solution would meet our time-to-market criteria."

Working with IBM, Acer developed, in just five months, its business-to-business (B2B) e-procurement extranet application using a suite of integrated solutions recommended under the Framework.

Now Acer is delivering its products to its OEM customers faster than ever before—its pledge is for 95 percent of its goods to be delivered in 5 days. Adds Lee, "With e-procurement, we expect to save 2 percent to 3 percent on our annual procurement budget—that's a savings of about $65 million to $100 million. And we expect to recover our investment in two years."

Java support key for future

The front-end for Acer's procurement extranet was developed with IBM WebSphere Commerce Suite. IBM WebSphere Application Server, Advanced Edition facilitates the exchange of XML-based forms over the Internet—providing Acer with a consistent means to share information with its diverse supplier base. Lotus Domino serves as the e-procurement workflow engine. IBM WebSphere Studio provides the Web application development environment, and IBM WebSphere Performance Pack handles load balancing for the IBM RS/6000 servers on which the extranet resides.

Notes Lee, "The WebSphere family of products presented important components of our solution because of its support for Java™ technology and the stable development environment it provides."

Acer's e-procurement application is integrated with its back-end Baan enterprise resource planning (ERP) system. Information regarding orders and other supplier activity is transferred to Baan, which handles finance and other areas.

Generating better deals

Today, Acer can elicit bids for materials and manage the order process completely online. It now has an efficient way to take bids from suppliers worldwide—and encourage lower prices because of the increased competition. Through online procurement, Acer has streamlined its procurement staff, from 80 positions to 65, and has cut its inventory storage time in half—from 25 days to 12 days. So far, Acer has 44 suppliers online and expects to have a total of 200 by year-end and 500 by next year.

Counting on IBM

Acer is now working with IBM to develop "My Acer" supplier portals and a supplier measurement system, which ranks suppliers based on performance. "E-procurement, the first large-scale commerce project at Acer, is making a fundamental impact on the way we do business," notes Lee. "IBM provided a solid development framework and software to make this effort successful."

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