

Omnexus consolidates plastics procurement with e-marketplace.

Overview

■ Challenge

Enable one-stop online procurement for plastics processors; reduce suppliers' costs of sales, order processing and customer support

■ Solution

E-marketplace for global plastics industry

■ Why IBM

Stability as a global vendor; clear vision for achieving Omnexus' business model; greater experience implementing complex e-marketplaces than Oracle; willingness to build multivendor solutions; founders' positive experience with IBM products

■ Key Business Benefits

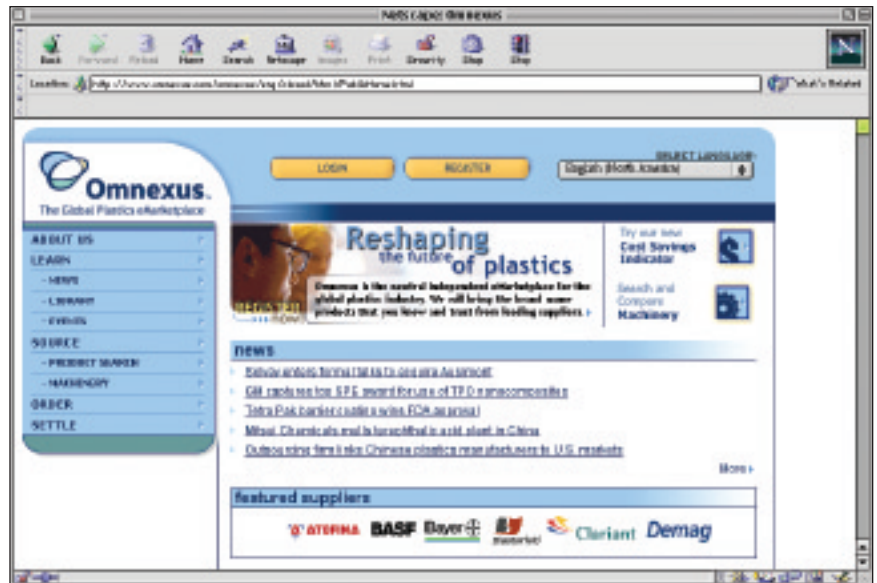
For Omnexus: profitability projected within 36 months of launch; projected annual transaction dollar volumes of \$18 billion by 2005; identification of 30 new revenue streams

For suppliers: savings in customer support costs; increase in sales

For buyers: savings in procurement costs; shorter lead times

■ Business Partner

Ariba



With best-of-breed offerings from resin producers, machinery manufacturers and tooling and MRO suppliers, Omnexus gives plastics processors unparalleled selection as well as the latest e-business technology to streamline their procurement processes.

With plastics, almost everything is possible—modern processing equipment can mold and extrude the polymerized compounds to meet countless consumer and industrial needs. But while their products have pushed the technological envelope, manufacturers of plastic and composite products (plastics processors) have seen their procurement processes mired in age-old paper catalog-based practices.

“Plastics processors didn’t want to go to ten different Web sites for information and ordering. They wanted to find it all in one big mall.”

—Michael Thaler, VP of Strategy and Marketing, Omnexus

Key Components

Software

- IBM MQSeries®
- IBM MQSeries Integrator
- Ariba Marketplace
- Lotus® Notes®

Services

- IBM Global Services
-

Even with the advent of e-commerce, processors found that checking multiple supplier Web sites took too long and yielded information in disparate formats that made it tough to determine the best deal.

Recognizing the business potential in the \$600 billion global plastics market, a group of the world's leading plastics suppliers—BASF AG, Bayer AG, Dow Chemical, DuPont and Ticona/Celanese—decided to build an e-marketplace called Omnexus. Says Michael Thaler, Omnexus vice president of strategy and marketing, "Plastics processors, who deal with multiple suppliers, told us they didn't want to go to ten different Web sites for information and ordering. They wanted to find it all in one big mall." In addition to providing both suppliers and buyers with a broader selection of trading partners, the e-marketplace would make the trading interactions more efficient, by automating all the phases of raw materials procurement, from sourcing and purchasing to fulfillment and customer support.

Going where no e-procurement software had gone before

Along with the continuous availability, security and scalability required for a global B2B e-commerce site, the e-marketplace posed unique challenges. While most off-the-shelf e-commerce solutions catered to indirect—or maintenance, repair and operating (MRO)—materials, Omnexus needed to focus on direct-spend material as well, which required the ability to handle complex, attribute-rich products. For example, searching for products based on attributes would demand more sophisticated database query capabilities than searching by SKU, product name or category. Even more challenging, Omnexus would ultimately need to integrate with the diverse ERP systems of its 20 member-suppliers. And to top it all off, the Omnexus project faced a very aggressive deadline. In June, 2000, the founders issued a press release announcing that the Omnexus e-marketplace would open in October—less than four months away.

Fortunately, IBM Global Services had already been selected to build it. Many factors had recommended IBM. Omnexus believed that, as a global company, IBM offered both best-of-breed technology expertise and sufficient resources for a worldwide rollout. IBM also provided what Omnexus perceived to be the best plan for transforming the founders' vision into reality. Previous positive experience with IBM products further bolstered Omnexus' confidence in the company.

"We appreciated that IBM was willing to use the products that were best for us, rather than insisting on its own."

—Michael Thaler

Oracle was the only other serious contender, but Omnexus regarded IBM Global Services as having greater experience with complex e-marketplaces. Thaler adds, "We appreciated that IBM was willing to use the products that were best for us, rather than insisting on its own."

A boon for buyers and suppliers

Leveraging IBM Global Services' e-business and manufacturing industry expertise as well as industry-leading B2B commerce software from IBM Business Partner Ariba, Omnexus was able to make good on its press-release promise, launching a beta site on October 2nd. By the following May, the Omnexus e-marketplace officially opened with 20 multinational suppliers. A company with the same name was formed to run the e-marketplace from offices in Atlanta, Georgia, and Zurich, Switzerland.

Omnexus offers the world's broadest and deepest lines of plastics products and services. For buyers, this one-stop shop—with access to more than 150 catalogs—has made product comparison and ordering easy, greatly reducing ordering time. When the suppliers' ERP systems are integrated, Omnexus will be able to fully automate its supply chain, which will shorten lead times. Not surprisingly, within four months after its official launch, Omnexus had acquired more than 10,000 buyer-members, representing thousands of plastics manufacturing companies.

Suppliers connected to Omnexus have experienced significant reductions in their customer support costs. What's more, by automating mundane tasks such as keeping customers informed about order status, the e-marketplace has also increased the suppliers' revenue potential, since their sales reps have more time to provide higher-value service to existing customers and acquire new ones.

For its part, Omnexus is enjoying a steep growth curve, with monthly purchases running in the multimillions of dollars. With its suppliers' products representing 50 to 80 percent of the global plastics market, depending on product line, Omnexus is on track to reach profitability within the next 36 months, anticipating annual transaction dollar volumes of \$18 billion.

"IBM's integration solution encompasses an architecture that not only meets our immediate needs, but also allows us to grow strategically."

—Bill Murphy, CTO, Omnexus



One request for a quote sets Omnexus' multi-sourcing gears in motion, reaching as many suppliers as the buyer requests. The e-marketplace enables vendor-neutral price comparison, too.

Industrial-strength shopping mall

Working in conjunction with its alliance partner, Ariba, IBM delivered an e-marketplace solution based on a highly customized version of Ariba Marketplace—which manages the ordering transactions—and Lotus Notes, which handles the human interaction between suppliers, buyers and Omnexus. Through Marketplace, Omnexus manages the complete order-to-cash cycle, from requesting pricing and product availability to submitting orders, tracking fulfillment, shipping and electronic payment.

Buyers enter Omnexus through their Web browsers, which connect first with a proxy server and then with iPlanet Web Server. The proxy server, together with a single sign-on node running on another server, enhances security and assures that all users are authenticated by the e-marketplace through a Lightweight Directory Access Protocol (LDAP) service.

The Ariba Marketplace application interacts with the Web server and with Oracle databases on the backend—to source products and build orders. But the key component of the architecture that keeps the e-marketplace catalogs up to date and enables timely and efficient order fulfillment is the integration hub. Designed to avoid failure in the transaction chain, the hub uses IBM MQSeries Integrator for message brokering and routing between the Ariba Marketplace components. It also mediates between Marketplace

and the suppliers' backend applications, thereby eliminating point-to-point connections between them. IBM MQSeries works with MQSeries Integrator to assure delivery of the transaction messages, which are formatted in XML.

"IBM's integration solution encompasses an architecture that not only meets our immediate needs, but also allows us to grow strategically," says Omnexus CTO Bill Murphy.

Raising the bar for B2B commerce

With the IBM e-business infrastructure in place, Omnexus has not only improved existing plastics procurement processes, but has identified 30 new revenue streams. For example, a new online design collaboration service will shorten design cycle times by enabling processors to work in realtime with their suppliers on materials requirements for new products.

Thaler is confident that this kind of operational efficiency will become the norm, setting a new standard for B2B trade in his industry. "Our e-marketplace is not only everything our founders hoped for," he says. "It's changing the landscape for plastics procurement."

For more information

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For more information about Omnexus and Ariba, visit:
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