LPR braces for Euro-expansion with e-business solution from IBM.

Overview

■ **Challenge**
Extend competitive advantage, improve customer service and support expansion throughout Europe

■ **Solution: Integrating Stage**
Integrated, Web-based ERP and inventory-tracking solution for leading provider of pallets to the transport industry

■ **Why IBM**
Ability to provide comprehensive development, integration, outsourcing and financing solution; strong market presence and understanding of Euro-business

■ **Key Business Benefits**
Projected annual revenue gains of €4.2 million (US$4.18 million) due to 43% increase in pallet rotation; savings of €1.2 million (US$1.2 million) due to 15% reduction in transport costs

■ **Business Partner**
Valtech
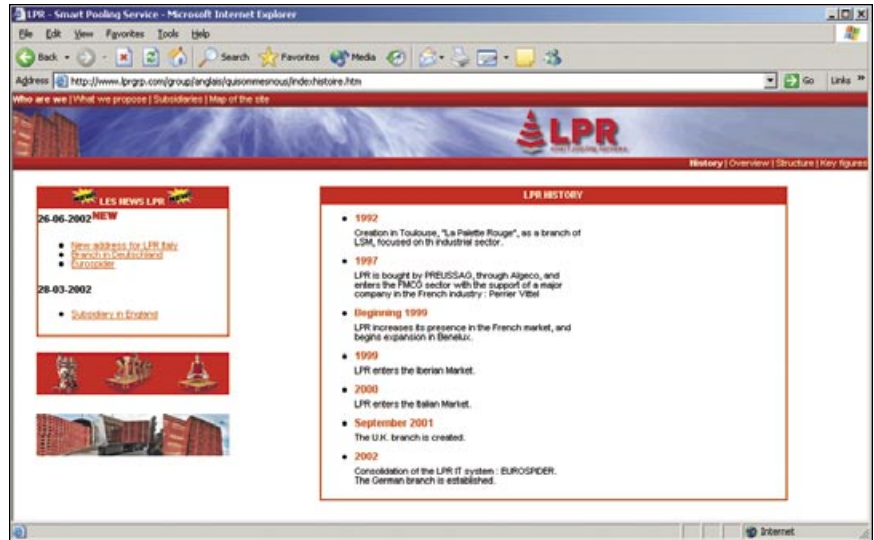
The initials of Logistic Packaging Return once stood for "La Palette Rouge" (French for "the red pallet"), denoting the red-colored shipping pallets that have become the company's hallmark.

Think about freight shipping, and an array of large trucks, container ships, giant cranes and loaded forklifts comes to mind. A less obvious, yet crucial element of the shipping industry is the pallets on which shipments are packed, stored and transported.

Tracking, delivering and collecting these pallets at hundreds of thousands of drop points in multiple countries is a logistical undertaking so complex that only a handful of companies have mastered it. For example, in Europe—where the challenges are compounded by an assortment of languages, legal systems and currencies—nearly all of the shipping pallets in circulation are provided by only two multinational enterprises.

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– Patrick Sigwalt, IS Manager, LPR

Key Components

Software

- IBM WebSphere® Application Server Enterprise Edition
- IBM DB2® Universal Database™ for AIX®
- SAP® mySAP.com solution components

Servers

- IBM @server pSeries™

Services

- IBM Global Services
- IBM Global Services - Integrated Technology Services
- IBM Global Financing

"WebSphere Application Server provides us with far-reaching business advantages. Its open-systems J2EE technology framework ensures cross-platform accessibility for our internal and external users, while its powerful internationalization features enable us to support time zones, languages and currencies across Europe."

– Patrick Sigwalt

One of these, headquartered in Toulouse, France, is Logistic Packaging Return (LPR). LPR (*www.lprgrp.com*) serves its customers—including major multinational European manufacturers and distributors such as Perrier, Philips and Schweppes—with a total stock of more than 11 million pallets. With 177 employees at 7 offices throughout Europe, LPR grossed €47 million (US$46.86 million) in revenues in 2001.

Amazingly, LPR's employees do not build, handle, transport or repair the pallets themselves—in fact, they never see or touch them. Instead, the company outsources all of these physical tasks to external subcontractors. To manage the rental, collection and maintenance of the pallets and track their locations, status and condition, LPR relies on its enterprise resource planning (ERP) system.

Recently, LPR began expanding its operations throughout Europe, growing from a territory of three countries to seven in the first phase of implementation. However, the company's management realized its current ERP infrastructure, based on software by Adonix, could no longer keep up with the aggressive growth LPR anticipated. Patrick Sigwalt, IS manager at LPR, explains: "Our previous ERP system was antiquated. For example, information was faxed from the field and keyed into the system by various departments. Our multiple ad-hoc data stores were costly and difficult to secure. Because of the system's proprietary technologies, we could not easily integrate it with our external associates' IT environments to provide them with the immediate status updates they wanted. Finally, the legacy system could not accommodate the volume of data our corporate expansion and European development would create."

Enterprisewide e-business to support Euro-growth

To support its growth, improve customer service and secure a competitive advantage, LPR recognized the need to integrate an enterprisewide e-business solution to manage orders and track inventory over the Internet. The ideal solution would accommodate European Union business standards and multiple localized IT environments, and be backed by worldwide support.

The company evaluated solutions from a variety of vendors, including Hewlett-Packard, Oracle, Unilog, Adonix and Cap Gemini Ernst & Young. But the solution that LPR ultimately selected was the one proposed jointly by IBM, SAP and IBM Business Partner Valtech, a business consulting group. The system, now called

Eurospider, is based on IBM WebSphere Application Server Enterprise Edition and IBM DB2 Universal Database, as well as the mySAP.com e-business platform from SAP, all running on IBM @server pSeries systems. IBM Global Services managed the implementation of the project, with IBM Global Services-Integrated Technology Services administering the outsourced services. Financing was provided by IBM Global Financing.

LPR managers expect the IBM and SAP solution to double the number of transactions handled by its logistic staff, increasing annual revenues by €600,000 (US$598,000), with no increase in staff. Pallet rotation—the most revenue-crucial element of LPR's business—is expected to increase by 43 percent, generating an additional €4.2 million (US$4.18 million) in revenue per year. Eurospider is also expected to reduce transport costs by 15 percent, saving LPR €1.2 million (US$1.2 million) annually.

WebSphere software speaks the language of success

Employees access LPR's ERP solution over the corporate intranet, while customers, carriers and other external subcontractors enter through a secure site on the public Internet. LPR administrative staff members can use the intranet site to interface directly with the mySAP.com solution. A specialized application, developed by IBM using Java™ technology and powered by WebSphere Application Server, enhances mySAP.com Sales and Distribution module functionality by enabling back-office staff to track and analyze pallet distribution, location and movement throughout Europe. Key constituents in LPR's logistics chain—including carriers and repair facilities—use the same application to update the system with current status information. And customers can log on to the Web site to obtain read-only access to Eurospider, so they can review such key data as tracking details, routing summaries and delivery dates.

"WebSphere Application Server provides us with far-reaching business advantages," Sigwalt observes. "Its open-systems J2EE [Java 2 Platform, Enterprise Edition] technology framework ensures cross-platform accessibility for our internal and external users, while its powerful internationalization features enable us to support time zones, languages and currencies across Europe."

"Only IBM—with its unparalleled e-business track record and strong international presence— understood the full requirements of Euro-business. And IBM's unique strategic relationship with SAP means a powerful, flexible, integrated business solution backed by two technology leaders."

–Patrick Sigwalt

Powered by WebSphere and DB2 software from IBM as well as mySAP.com enterprise management software from SAP, LPR's Web-based solution enables the company to track over 11 million shipping pallets as they circulate through Europe.

The Eurospider architecture links WebSphere Application Server at the front end with the mySAP.com solution and LPR's third-party payroll and billing system at the backend. WebSphere Application Server drives the Enterprise JavaBeans that communicate with the SAP modules. It also manages JavaServer Pages that dynamically format and present data on the Web site.

The solution runs on two pSeries servers: one contains the SAP components and their associated DB2 Universal Database; the other houses WebSphere Application Server, the applications it powers and three DB2 databases. The first DB2 database stores user, account and other data needed to deliver Web site access; the second manages inventory-related data such as drop points, stock movements and subcontractor information; and the third database handles user security information. "The data management component is a central pillar of our ERP and tracking system," Sigwalt notes. "Needless to say, the reliable performance and incomparable scalability of DB2 were key factors in our choice of the IBM solution." In addition, LPR maintains a third pSeries server for development purposes.

IBM seizes the Euro-business challenge
Sigwalt says IBM was the only IT provider that could fully grasp and satisfy LPR's needs. "Only IBM—with its unparalleled e-business track record and strong international presence— understood the full requirements of Euro-business," he notes. "And IBM's unique strategic relationship with SAP means a powerful, flexible, integrated business solution backed by two technology leaders."

Sigwalt continues: "We needed to entrust the entire project to a single IT provider that could manage application development, e-business implementation, integration of SAP, ongoing technical support and a full range of strategic outsourcing services. IBM was the only vendor we could rely on to provide all this, plus flexible, cost effective financing options."

Sigwalt says the IBM e-business infrastructure has opened the door to potential new business benefits. "We have begun planning the implementation of business intelligence functionality that will optimize our decision-making process," he explains. "And we plan to introduce additional automated functions, such as highly secure electronic billing, that will both improve our cash flow and enhance customer satisfaction. As the future unfolds, I am confident that the unique combination of products, services and e-business technologies that IBM provides will help us to achieve our most ambitious service objectives."

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