IBM

Senshukai reaches out to mobile phone customers with IBM technology.

Overview

- **Challenge**
  Extend successful e-commerce Web site to Japan's 30 million mobile phone-based Internet subscribers

- **Solution: Enterprise Integration**
  bellne.com, a mobile phone-enabled e-commerce site that sells clothing and household items

- **Why IBM?**
  Satisfaction with level of service and technology IBM provided in previous implementations; IBM's reputation for e-business success inside and outside Japan; ability of IBM WebSphere® Commerce to support stringent functional and cultural requirements

- **Key Business Benefits**
  500,000 new members per year; 65% growth in annual revenue; customers now purchasing more upscale items, priced 30% higher on the average; significant reduction in indirect order processing costs

Japanese customers are now spending an estimated ¥300 billion (US$2.4 billion) annually on wireless data solutions.

Senshukai (*www.senshukai.co.jp*) may not yet be a global household name, but it certainly has gained prominence among Japanese households. Japanese women in their twenties and thirties—a demographic representing more than 90 percent of the mail-order company's 8 million customers—call in to order items ranging from table lamps to bed linens.

As one of Japan's most successful direct-marketing companies, Osaka-based Senshukai has also become a leading name in home furnishings, clothing, household goods, hobby merchandise and products for children and infants. Items are sold both to

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—Shohachi Sawamoto, Director, Senshukai

e-business

Key Components

Software

- IBM WebSphere Commerce Professional Edition, Version 5.1
- IBM WebSphere Application Server Advanced Edition, Version 3.5
- IBM WebSphere MQ, Version 5.1
- IBM DB2® Universal Database™ for AIX®, Version 7.1

Servers

- IBM @server pSeries™

Services

- IBM Global Services
- IBM Yamato Laboratory, Japan

"We are very impressed with WebSphere Commerce. Its comprehensive multicultural support will make it very simple to extend our mobile-enabled e-commerce site to other countries where Senshukai is active."

—Shohachi Sawamoto

individuals and through *hanpukai*—purchasing clubs at members' workplaces. Young Japanese women have embraced Senshukai's product offerings, giving the 1,400-employee company annual sales exceeding ¥168.2 billion (US$1.35 billion).

In 1999, Senshukai made a strategic decision to complement its traditional catalog-based sales with an e-commerce Web site. Based on IBM WebSphere Commerce (formerly IBM Net.Commerce) and IBM DB2 Universal Database, the site quickly built up a membership of 500,000 customers, 80 percent of whom were also on Senshukai's mailing list.

In 2000—spurred by fierce competition in the mail-order sector—Senshukai's management decided to open its business to a much wider audience by extending its e-commerce applications to users of i-mode—the phenomenally successful wireless Internet access service that has revolutionized telecommunications in Japan. Shohachi Sawamoto, director at Senshukai, explains the opportunity: "Japan has the highest-cost wired Internet access in the world. While dial-up service is prohibitively expensive, and PC penetration is low, 30 million Japanese—a quarter of our population—can connect to the Internet at extremely low cost using their mobile phones. To continue growing, we needed to bring our e-commerce offering to their fingertips."

Although i-mode subscribers can access any public Web site from their cellular handsets, Sawamoto explains, i-mode browsers are limited in their functionality and cannot perform such e-commerce operations as member registration and realtime account maintenance. To provide those services, Senshukai required a powerful, versatile e-commerce platform with a broad range of integration and support features for i-mode and other mobile devices.

Senshukai came to IBM for a solution. "We knew IBM was the vendor that could enable us to realize the potential of this huge, highly promising market," Sawamoto observes. "IBM has always provided us with excellent, immediate service and high-performance, cost-effective solutions. And its reputation for e-business success is unrivaled both in Japan and abroad."

Overwhelming response from customers

Working with IBM Global Services, Senshukai implemented bellne.com (short for "Belle Maison Net Square"), an enhanced, integrated e-commerce site supporting both desktop and mobile phone users. Implemented in just seven months, the solution is built on IBM WebSphere Commerce Professional Edition, Version 5.1, IBM WebSphere Application Server Advanced Edition, Version 3.5, IBM WebSphere MQ, Version 5.1 and DB2 Universal Database for AIX, Version 7.1, all running on IBM @server pSeries servers.

bellne.com allows i-mode subscribers to order any product listed in Senshukai's Belle Maison catalog and to order new catalogs at no cost, after performing a simple registration procedure on their i-mode handset. The site also promotes special offers and unique items not listed in the printed catalogs. And it holds exclusive sales for i-mode users.

While Sawamoto notes that it is still too early to measure all the business benefits of the new implementation, he says the response has been overwhelming. "Since we went live, we have been gaining new members at a rate of about 500,000 per year, and customers are now purchasing more upscale items, priced 30 percent higher on the average," he reports. "Furthermore, by extending our business to e-commerce—and particularly to i-mode—we have significantly reduced our indirect order processing costs in comparison with traditional voice phone-based channels. Our revenues increased by 65 percent in 2002 compared with the previous year, and we are looking forward to continued aggressive growth."

Support for multiple wireless protocols

In Senshukai's all-IBM e-commerce solution, WebSphere Commerce provides the commerce functionality for the online store, while WebSphere Application Server provides the runtime environment for Java™ servlets and Enterprise JavaBeans that retrieve product, pricing and customer data from DB2 Universal Database. WebSphere MQ is the messaging server, providing connectivity between the application server and the database, which runs on two separate IBM pSeries servers.

"We will soon be integrating additional catalogs, and we are eagerly monitoring emerging mobile technologies. As these developments unfold, IBM's robust, scalable e-business technology and proven market leadership will enable us to bring better and better value to our customers."

– Shohachi Sawamoto

By navigating the menus on Senshukai's i-mode-accessible Web site, shoppers can maintain their accounts as well as view and purchase merchandise.

Java components called pervasive computing adapters transfer shopping and ordering information between customer mobile devices and WebSphere Application Server. Developed by the IBM Yamato Laboratory in Japan—using Java development tools included in WebSphere Commerce Version 5.1—these adapters have enabled Senshukai to provide dedicated access to i-mode users. More recently, Senshukai has added support for other popular wireless protocols—EZ Web and J-Sky. bellne.com will soon support L-mode, the fixed-line telephone-based Internet service launched in June 2001.

Multicultural support for multinational market

"We are very impressed with how well WebSphere Commerce supports our stringent requirements," Sawamoto says. "We use its built-in functionality to set discounts and group products into packages, as well as target campaigns for defined customer segments. Its comprehensive multi-cultural support not only lets us

comply completely with the currency, data formats, taxation and shipping rules used in Japan, but it will also make it very simple to extend our mobile-enabled e-commerce site to other countries where Senshukai is active, such as Hong Kong and Thailand."

As mobile commerce continues to evolve at a tremendously fast pace, Sawamoto says he is confident IBM can keep Senshukai at the forefront of e-business. "The success of the bellne.com Web site has prompted us to streamline our business structure to accommodate high sales volumes," he comments. "We will soon be integrating additional catalogs into our e-commerce sites, and we are eagerly monitoring emerging mobile technologies, such as streaming video to users' phones. As these developments unfold, IBM's robust, scalable e-business technology and proven market leadership will enable us to bring better and better value to our customers."

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