

Greece's national Nissan distributor drives costs down, service quality up with dealer network built on IBM Lotus Domino

Overview

■ The Challenge

Nissan distributor Nic J. Theocarakis SA and its dealers had to rely on inefficient, error-prone phone and fax communications to transact business, and lack of standard practices impacted service quality

■ Why IBM?

IBM offers a market-leading, flexible and Web-ready messaging and collaboration platform that provides rapid application development and favorable TCO

■ The Solution

A Web-based dealer network built on IBM® Lotus® Domino® and a Lotus Domino application package from IBM Business Partner e-On Integration SA, with IBM Lotus Sametime® for instant messaging and IBM Lotus Domino Everyplace® for wireless communications—all running on IBM System x™ servers

■ Key Benefits

- Real-time information reduced turnaround time to deliver and fulfill car orders from 11 days to 7 days
- Central IT management reduced dealers' IT costs by 69 percent and reduced overall IT costs to 0.21 percent of sales
- Standardized business processes, practices and procedures helped ensure consistent service quality
- Automated ordering helped enforce "first come, first served" car availability policy



Comfortably established, yet innovative—these qualities characterize the firm of Nic J. Theocarakis SA (NJT). The first company to represent Nissan cars in Europe, NJT is the national distributor for the Nissan Motor Company in Greece and the only company that can import Nissan cars and trucks in that country. Already highly competitive with other brands in its market, NJT recently revolutionized the operations of its extended enterprise by creating a sophisticated online dealer network.

NJT meets regularly with Nissan representatives to reach agreement on sales volume targets, policies and prices. It then seeks to meet or exceed the sales targets via a network of 130

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—Michalis Moraitis
CIO

Nic J. Theocarakis SA

Key Components

Software

- IBM Lotus Domino
 - IBM Lotus Domino Everyplace
 - IBM Lotus Notes®
 - IBM Lotus Sametime
 - e-On Retail Internet Exchange application package
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Hardware

- IBM System x servers
 - IBM System Storage DS4700
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Business Partners

- e-On Integration SA
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independent dealers. The dealers provide the showrooms and service departments, and sell the vehicles; NJT provides training, support and inventory to the dealers and derives its revenue from sales of vehicles and spare parts to customers.

Inefficiencies prompt call to action

The NJT network of dealerships has existed for years, but prior to 2002, it relied on inefficient manual processes for dealer interactions. Daily communications could happen only through phone calls and faxes, often resulting in frustrating delays. For example, if a dealer had to determine the availability of a specific car and model to make a sale, he could only call or fax the distributor between 9 a.m. and 5 p.m. on weekdays—weekend car shoppers had to wait. To obtain spare parts, dealers could only fax in orders once a day, and the warehouses did not respond until the following day. Similar time lapses accompanied daily transactions in all business processes.

Selling approximately 20,000 cars a year nationwide based on phone and fax procedures was time-consuming, costly and required too many personnel—and there was no way to track these exchanges. Further, the many business processes that spanned the divide between distributor and dealers were frequently hampered by discrepant information because people were working in disparate systems. The lack of standardized practices, particularly in the service departments, also made it more difficult to ensure that Nissan standards were being met and customers were receiving a uniformly high level of service.

Ambitious objectives determine the path to a solution

NJT decided to solve these problems by standardizing and automating business processes through a centralized, Web-enabled network. The first objective was to eliminate the use of paper and fax for processing customer orders. Beyond that, NJT wanted a solution that could support radical improvements in efficiency and customer service. For example, the company wanted to institute a nationwide “first come, first served” policy for allocating cars to buyers when demand exceeded current supply of specific models. It also wanted customer submissions of warranty claims to initiate claims processing procedures immediately, helping to speed up

determinations and payments. Finally, it wanted to enable automated, on demand ordering of spare parts, and wanted to make information and strategic contacts available 24 hours a day—including weekends—to support sales.

Further, Nissan processes were to be streamlined and standardized across the entire network, eliminating ad hoc processes, reducing paperwork and helping to ensure uniform service quality. For customers, NJT wanted to create ongoing histories for all vehicles sold or serviced in its network based on their unique vehicle identification numbers (VINs). The ownership and maintenance record would be visible to any service department in the network, regardless of where the vehicle had been serviced in the past or who currently owned it.

NJT builds on long-standing Lotus relationship

To achieve its goals, NJT implemented a Web-based solution that employed IBM Lotus Domino, IBM Lotus Sametime and the e-On Retail Internet Exchange (RIX) application package from IBM Business Partner e-On Integration, which is built on the Lotus Domino platform, all running on IBM System x servers and IBM System Storage™ DS4700. The solution provides an online, real-time, 24/7 collaborative working environment for about 1,000 users at NJT and its 130 dealers across Greece.

NJT had been an IBM customer since 1984 and Lotus Notes and Domino users since 1995, so Lotus software already served as the messaging and collaboration infrastructure for the company and many of its dealers. The company evaluated several local software solutions for this project, but e-On RIX had a number of valuable attributes that were especially important to NJT. For example, Lotus Domino can be used in conjunction with any client type (browsers and mobile devices as well as the Lotus Notes client), making it both Web-ready and flexible. The rapid application development environment with its many templates would give NJT an “all-in-one” solution for developing forms, reports, agents, views and applications to run on the Web. This would help speed development of the overall solution, keeping development costs to a minimum. Moreover, the solution would have an attractive total cost of ownership (TCO).

“I believe we have one of the best systems in the world. It helps us not only to manage our business well, but to provide excellent service and additional benefits to our end customers.”

*—Michalis Moraitis
CIO*

Nic J. Theocarakis SA

“This was ideal for us and our environment,” says Michalis Moraitis, CIO of Nic J. Theocarakis SA. “Of our 130 dealers, about 100 of them had different, local systems that couldn’t accommodate any of our standards. The Lotus Domino–based system we designed with e-On Integration enabled us to bring the whole network together and standardize processes.”

Skillful change management overcomes resistance

Like any change process, the transformation represented by the new dealer network had to overcome some obstacles. Dealers initially resisted giving up their own systems to join a centrally managed one, expressing particular concern about data privacy and security. NJT offered confidentiality agreements assuring the dealers that their data would be stored in the NJT data center for operational purposes only, and that the new system is designed to sequester each dealer’s data from other users of the system. NJT also worked with the dealers to explain the many advantages of the centralized system, such as being able to see availability of cars and spare parts online and to place spare parts orders throughout the day. Dealers were also to receive central IT support, lowering their costs. Eventually, resistance vanished and all the dealers accepted the new system.

Another big challenge concerned data communications over the physical network because Internet lines in Greece were not very reliable and many points in Greece had no Internet access at all. To address this, NJT joined the biggest ISP vendor in Greece, OTEnet, and developed a stable, powerful virtual private network (VPN) over ADSL.

Sophisticated dealer network links sales, service, management

The e-On Web-based dealer network now in place encompasses distinct but integrated processes for the distributor, the dealers, and communications, with 18 Lotus Domino–based application modules that address sales, service, finance, general management and customer needs. The application modules share common information to ensure consistency across all business processes. For example, an overarching CRM application shares information with every process and creates a comprehensive view of all activities for each customer. Another application based on VINs compiles records of the activities associated with each car.

The e-On RIX application package supports interactions among the application modules and helps ensure data confidentiality and integrity for each dealer's local activities and business. At the VPN level, the applications include a strong security and control procedure based on Lotus Domino access control lists. Data is segregated by organizational unit such as department or dealer, and most users can see only data related to their own company as controlled by the User Roles and the Hierarchical Security Level defined in e-On RIX.

The solution also incorporates IBM Lotus Sametime software for instant messaging and IBM Lotus Domino Everyplace software that gives mobile Lotus Notes and Domino users access to e-mail, calendars, to-do lists, directories and other applications from virtually anywhere, at any time.

Results meet and exceed expectations

Results have been transformative. Immediate online access to information streamlines execution of business processes; having a single, centralized source for all data helps eliminate confusion and simplify collaborative workflows. Data redundancy and inconsistencies are a thing of the past.

As a result of standardized, streamlined processes, forms and practices, NJT has reduced the turnaround time to deliver and fulfill a car order from 11 days to 7 days. As Moraitis attests, "There is no way dealers can make sales outside the e-On RIX system." It is now easy to enforce a "first come, first served" policy when a particular model is scarce and dealers are competing for those available in the warehouse. And regardless of where customers go to purchase or maintain their vehicles, they can expect to receive the same high quality of service.

Moreover, central management of the system is radically reducing costs. The dealers, who formerly depended on contract IT support for their local system environments, are now supported by an IT staff of six at Nissan headquarters in Athens. This has resulted in an overall 69 percent reduction in dealers' IT costs. The ratio of IT costs to total sales across the extended enterprise is now just 0.21 percent, compared to averages of 1 percent and 4 percent for businesses in Greece and the United States, respectively.



Planning for the future

Near-term plans for NJT include moving data storage from the Notes Storage Format (.nsf) to the IBM DB2® format to accommodate increasing volumes of data and acquire the capabilities of a relational database. Two new application modules are also in the works: one concerning stolen cars, and the other for managing test drives and vehicle replacements during customer car repairs. Asked if he is almost finished with creation of his dealer network, Moraitis replies, "No, I think there are some other places where we can grow bigger. New demands come in every day. The system is alive, it grows along with us."

For now, however, the NJT dealer network is providing a significant competitive advantage. "I believe we have one of the best systems in the world," says Moraitis. "It helps us not only to manage our business well, but to provide excellent service and additional benefits to our end customers."

For more information

For more information on IBM Lotus Notes and Domino, IBM Lotus Sametime and IBM Lotus Domino Everywhere, please contact your IBM sales representative or IBM Business Partner, or visit ibm.com/software/lotus

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