



Redefining the Internet Shopping Experience

800.COM introduced a new dimension to on-line shopping with the help of Cayenta

Imagine this dream scenario. A start-up e-commerce company specializing in consumer electronics and home entertainment goes online and within weeks, orders come in faster than anticipated. One ingenious promotion creates a booster rocket effect. Customer base and revenues double, triple, even quadruple in hours.

Now the nightmare. What if the e-commerce system is inadequate? The rush to add enough web servers to handle incoming hits becomes a hopeless chaos. Worse, the gap between orders entered and customer fulfillment becomes a bottomless canyon of inefficiency and confusion.

It Could Happen

But it didn't, thanks to some very smart initial planning and partnering. When Greg Drew founded his Portland, Oregon-based 800.COM, the Ultimate Electronics Zone, he built a strong company foundation with good people internally and with excellent partners for outside support. The 800.COM web site is built on a scalable, electronic commerce technology solution based on the Intel platform and Microsoft Site Server, with software products from RealNetworks and Live Picture. The challenge from there was to integrate front office product introduction seamlessly to back office inventory, delivery and financials. The task was assigned to Cayenta, a San Diego-based company, that specializes in providing complete, real-time, integrated e-commerce solutions.

The Beginning

800.COM launched on October 8, 1998, as the first Internet-only retailer to directly target the largely untapped online sales market within the \$166 billion U.S. consumer electronics industry. The site is an online destination for consumer electronics shoppers to have everything they need at their fingertips to make fully informed buying decisions. 800.COM's goal is nothing short of a redefinition of the Internet shopping experience. Visitors to the site can zoom in on minute details of nearly 2,000 name-brand electronic and home entertainment products. They can even get a "feel" for the product by picking it up and rotating it to examine it closely. The site also offers streaming audio.

"While there are certainly web sites that provide some services, most fall short in providing a level of customer intimacy—that real sense of community or connection—that can make online shopping much more satisfying," says Drew. "By combining a personal connection with easy, accessible information, plus a multimedia experience as close as possible to the rich, tactile ones found in a physical store, we think 800.COM addresses the way people shop and buy today."

But no matter how pleasant the shopping experience, customer loyalty can soon sour if consumers have problems getting their product or battling with confused billing procedures.

The Obstacles

The challenge for 800.COM was time. Early on, it was apparent to company directors that burgeoning opportunity was creating an urgent need for an advanced, in-house distribution system. Having customer service representatives take orders off the web site, pulling up the batch orders, and having to send them on to data entry people to reenter the information by hand took time and created a huge potential for mistakes as well as the added cost to overhead. What was needed was a system that created a seamless interface from customer login to back-order posting processes. "We started looking at all the tools and applications available, searching for the best-of-breed technologies that would enable us to give our customers everything they need," says Drew.

The challenge for Cayenta was flexibility. But flexibility is the beauty of Cayenta's *e.System*™ software. It is a fully integrated, high-transactional, high-volume e-commerce application that can be adapted smoothly to most other solutions. As an IBM business partner for over ten years, Cayenta experts needed to integrate information from 800.COM's web site (NT) into the *e.System* on the AS/400. "A lot of our competition out there came from ERP (Enterprise Resource Planning) systems that are not designed to deal with the high transaction and customer volumes associated with a direct sales channel that the web or digital commerce companies operate in. But *e.System* is designed for direct sales and the AS/400 is a very reliable, scalable platform. We were fortunate that 800.COM had made some decisions from their web standpoint that made it possible to integrate to our software. That's why we were able to help them so quickly," says Sean Skamnes, Cayenta's Director of Consulting Sales.

Experience Pays Off

Craig Terjeson joined the 800.COM team in October 1998 as Applications Manager. His charge was to provide a smooth-running, fully integrated distribution process by the Christmas holidays. He worked with Cayenta experts to get himself and the sales staff trained to take care of customer service issues and order processing. "By mid-November, we were set up. It was very fast. I attribute it to a combination of Cayenta's expert experience, the excellent software, and their flexibility. The technical experts, programmers, support staff, and help desk have all contributed greatly to our success."

The 3 for 1 Launch

In December, 800.COM launched a "3 for \$1" movies and music promotion. The limited-time offer ran December 3 through 18. More than 100,000 new online customers placed orders, peaking at more than 10,000 orders per day. "We went from dozens to thousands a day during that period, and the system handled it," says Terjeson. "The promotion put us on the map, but it could have been a nightmare if we hadn't had the Cayenta system in place."

"When the '3 for \$1' promotion went live on our system, it was a baptism by fire for all of us," says Patrick Vincent, Director Quality Assurance in Cayenta's Development Department. "*e.System* handled it perfectly on our end. The beauty of it is, we can do the same with almost any system."

Scott Anderson, Cayenta's Vice President of Consulting Services, says, "It was a great experience for us to work with 800.COM. It was gratifying that we were able to use the interfaces that we had built for our commerce product and use them with their front-end and it worked great. We have superb Internet web technology, and naturally we want people to use our whole system, but we realize customers may already have an existing web site and we can work both ways."

800.COM and Cayenta have common goals, including ambitious plans for growth. "When you move rapidly from start-up to large-scale in e-commerce, you need to be able to scale affordably without investing huge amounts every time you expand," says Dave Watrous, 800.COM's Vice President of Information Systems. Surprisingly, only a little over 10 percent of web sites functioning today operate in a fully integrated environment.



Executive Summary

Problem Young start-up company needed to seamlessly integrate e-commerce to front-end order entry process.

Solution Flexible *e.System* from Cayenta provided answer with full integration, high-volume support.

Benefit 800.COM increases capacity, reduces overhead, errors and ensures that its e-commerce strategy is successful.

Find out more about Cayenta and 800.COM at:

www.cayenta.com/asp/ecommerce.html; www.800.com or call 1-800-337-4056

