



CASE STUDY: SELLAGENCE LIMITED

Background

SellAgence are the exclusive agents for the Gillette company in NZ representing the Gillette, Braun, Wilkinson, Oral B and Duracell brands. SellAgence was formed when Gillette withdrew its direct presence from New Zealand in May 2001. SellAgence have over 70 staff and customers include grocery and retail chains, electrical and commercial channels.

As a US based multi-national, Gillette was a long-term user of Electronic Data/Document Interchange (EDI) for electronic communication of data both internally, between regions and with key customers and suppliers. Prior to the withdrawal of Gillette, the NZ operation had been utilising a global Gillette EDI Value Added Network (VAN) based in the US. As of May 2001 however this would not be available to the new company; however the expectation of Gillette and customers remained for SellAgence to continue to meet the requirements for EDI.

SellAgence's critical requirement to manage electronic document exchange came from the requirement of Farmers New Zealand to meet standards for suppliers in terms of receiving orders electronically, via Farmers EDI provider GEIS. In addition, a growing number of key customers were also expressing an interest in moving to an electronic process, creating awareness within SellAgence of a growing demand to manage similar requirements over time with new trading partners.

What has been done?

SellAgence reviewed its services options in the New Zealand technology market based on the following criteria for selection:

- A local service provider who was familiar with the NZ trading community and could provide support on a timely basis.
- Awareness that overtime address diverse technical requirements, from standardised EDIFACT to XML, would be required, as would dealing with multiple trading communities seamlessly.
- A partner that could services in a cost-effective manner that would not require significant initial outlay but allow SellAgence to manage costs in line with activity.
- A solution that would have minimal impact on internal resources – SellAgence *did* not have the specific skills required to managed EDI systems, nor the time to dedicate to learning, or addressing an ongoing management requirement.

SellAgence's decision to select a hosted service, specifically that of Conduit's, was based on the match to their needs and the advantages that the Conduit service provided to them.

SellAgence exchange data with Conduit as simple flat files via FTP. From receipt Conduit manage the translation to other formats as required by customers and transport them as required. Other options available to SellAgence for transport included email and HTTP/S, however FTP was established in the business already, requiring no additional set-up or internal systems. As a central development unit, Conduit has an extremely high level of technical capability, including XML, and established relationships with New Zealand's key trading communities. This has since been critical in SellAgence's integration with a new customer – Foodstuffs Auckland.

Critical to SellAgence is that customer orders are processed in very specific timeframes, due to the fast moving nature of the products we distribute and the supply-chain practices employed by our larger retail customers. The ability of Conduit to provide extremely high availability and rapid translation turnaround ensures these demands are met and ensures the smooth flow of order processing and goods despatch.

Because Conduit's EDI services are provided as a bureau, costs to SellAgence are reflected as activity is undertaken, rather than being outlaid upfront, both in terms of implementation of trading partners and volume of data exchange. This enables SellAgence to keep expenses in line with the value that is achieved internally from the migration of manual processing to automation, and spreading this over-time in manageable chunks.

What are the benefits?

SellAgence are typical of many New Zealand companies – they had a requirement to meet a reasonably sophisticated technical deliverable from a key customer – not someone they wanted to ignore – but weren't in the position to easily achieve that requirement themselves. In addition to this, as other major customers of SellAgence have implemented electronic trading, each has proven to be very different technically. Had SellAgence taken this on in-house they would have required a sophisticated software platform, and some equally sophisticated skills to implement and manage. By deciding to implement a hosted service and outsourcing to Conduit they were able to focus only on exchanging data in a single form with Conduit and leave the technical diversity to a team of experts. As other customers and suppliers come along with a different requirement than currently implemented, Conduit will be in a position to address each with minimal impact on SellAgence.

Because Conduit's hub is built in Microsoft BizTalk, should a point come where SellAgence is trading in this manner with a large number of customers, and decide that their activities warrant in-house

management, they have the option to licence and install BizTalk internally, and take possession of maps that Conduit have implemented on their behalf – ensuring that the investment they have made to date is not sunk cost.

For more information please see www.sellagence.co.nz or www.thewebconduit.com.

ABOUT CONDUIT

Conduit is a supply chain specialist organisation. The company's primary goal is to use Internet technology to make clients' business transactions more effective. Its core business is supplying and hosting Internet-based supply chain applications, developed in-house or in partnership with other leading software application providers.

These applications take business-to-business supply chains and distribution to an electronic environment, creating cost-efficiencies for clients. Conduit's applications are provided in a hosted environment allowing clients to focus on their core revenue-generating business.

Conduit International Limited (www.thewebconduit.com) is a subsidiary of Renaissance Corporation, a technology company listed on the New Zealand Stock Exchange, with a 17% holding by the Development Bank of Singapore (DBS)

Conduit was formed in 1997 as a solutions group to support Renaissance Corporation. The company's core intellectual property was originally developed in response to Renaissance's need to identify a strategy for cost-reduction and competitive advantage in the New Zealand Information Technology market.

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