

Case Study: The Laboratory Supply Industry

Distributors of chemical and laboratory supply products have a compelling reason to adopt the Flexbiz system.

Today, the chemical and laboratory supply industry is dominated by two large distributors: Fisher Scientific International Inc., which posted 2000 revenue of \$2.62 billion, and VWR Scientific Products, part of the Merck Group, with sales in 2000 of over \$1.64 billion. Fisher Scientific and VWR have historically staked out the larger and most profitable **A** accounts in the laboratory supply market, leaving **B C D**, and **E** accounts to smaller distributors.

Recently, however, these two corporations have developed sophisticated online ordering systems to reduce transaction costs, increase customer service, and reach new customers. These online ordering systems allow Fisher Scientific and VWR to use the cost savings of ecommerce to pursue **B C D**, and **E** accounts. It also allows them to offer more customer service options to new and existing customers.

In contrast, a typical distributor's online catalog system provides only very basic product listing and order functionality. These systems get a distributor on the Internet, but they aren't providing tools that make ordering simpler, allow customer self-service, and reduce the costs of order processing. Nor do these systems have the foundation (i.e., use of a relational database with a sophisticated table structure) necessary to add on these advanced features.

The table below shows the features a Flexbiz powered ordering center offers. It also shows how these features compare to a typical distributor's Web site offers and with the features of Fisher Scientific's (www.fishersci.com) and VWR's online catalog (www.vwrsp.com).

Feature Comparison	Flexbiz	Typical Supplier	Fisher Scientific	VWR
Per customer contract pricing	✓		✓	✓
Advanced priced	✓			
Work on multiple orders at once	✓			
Order flow & tracking	✓		✓	✓
Request for Quote (RFQ) system	✓			
Partial shipment handling	✓		✓	✓
Customer-specific catalogs	✓			
Corporate hierarchy user accounts	✓		✓	✓
Support for multiple cost centers	✓			
Inventory integration	✓		✓	✓
Order templates & shopping lists	✓		✓	✓
Rapid order entry	✓		✓	✓
Multiple catalogs	✓		✓	✓
Large SKU catalog	✓		✓	✓
Email notification	✓		✓	✓
Real-time shipping company info	✓		✓	
Power search	✓		✓	✓
Buy button	✓	✓	✓	✓
Dynamic index	✓		✓	✓
Secure	✓	✓	✓	✓
Specials	✓		✓	✓
Customizable	✓			
Integratable	✓			
In-house hosting option	✓			
Available for purchase	✓			

From the table it is apparent that the Flexbiz solution provides more flexibility and sophistication than systems developed by Fisher Scientific and VWR. And, unlike these other systems, a larger supplier can purchase the Flexbiz solution and use it for distributors in its supply chain. The Flexbiz system presents an attractive solution to the typical distributor whose online ordering system is a simplistic B2C shopping cart program that doesn't deliver on the value proposition of ecommerce.

It is the advanced features in the Flexbiz system that realize the value proposition of an online ordering system:

- **ease of ordering** (power search, order templates [Flexlists™], rapid order, work on multiple orders at once)
- **customer self-service** (order flow and tracking, contract pricing)
- **replacing costly manual processes** (email notification, electronic RFQ/order forms, integration).

The benefits of the Flexbiz solution to laboratory supply distributors are undeniable. Flexbiz offers distributors a catalog/ordering system on par with the systems used by their largest competitors. And, because online ordering systems its core competency, Flexbiz can deliver them for a price that is less than the cost of a typical distributor's bare-bones system. The Flexbiz system also reduces risk. It can be up and running in about a month—not the indefinite time frame of in-house development. Not only does adoption of the Flexbiz system maximize a distributor's return on investment, it also provides them with an edge in winning large accounts. With the Flexbiz solution, a distributor can meet a large account's requirements for handling complex custom pricing, managing multiple open requisitions, and tracking order status and history.