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 1999 revenue of $2.47 billion, and VWR Scientific Products, recently purchased by Merck Group, which boasts annual sales of over $1.4 billion. Fisher Scientific and VWR have historically staked out the larger and most profitable accounts in the laboratory supply market, leaving accounts with lower average order amounts 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 e-commerce to pursue smaller 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.vwr.com).

Feature Comparison

	Flexbiz	Typical Distributor	Fisher Scientific	VWR
Contract Pricing	yes	no	yes	yes
Multiple Requisition Queue	yes	no	no	no
Order flow & tracking	yes	no	yes	yes
Inventory Integration	yes	no	yes	yes
Order Templates	yes	no	yes	yes
Rapid Order	yes	no	yes	yes
RFQ	yes	no	no	no
Large SKU Catalog	yes	no	yes	yes
E-mail Notices	yes	no	yes	yes
Multiple Catalogs	yes	no	yes	yes
Power Search	yes	no	yes	yes
Buy Button	yes	yes	yes	yes
Dynamic Index	yes	no	yes	yes
User Profiles	yes	yes	yes	yes
Secure	yes	yes	yes	yes
Specials	yes	yes	yes	yes
Customizable	yes	no	no	no
Integratable	yes	no	no	no
In-house hosting option	yes	no	no	no
Available for purchase	yes	no	no	no

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 e-commerce.

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, multiple open requisitions)

- **customer self-service** (order flow and tracking, contract pricing)

- **replacing costly manual processes** (e-mail 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.