

LANSA for the Web puts KTM ahead in the race



e-business

KTM Sportmotorcycles is a growing motorcycle company that specializes in dirt bikes. KTM recently implemented an AS/400 LANSA based Internet Dealer Communication System (DCS) that allows its 260 plus dealers in the US to place orders for motorcycle parts and to search for part pricing and inventory information online. Previously KTM used an Windows system, but the system had met the limits of its growth and the software was not sophisticated enough.

The Dealer Communication System was developed by Strategic Business Systems, a LANSA partner specializing in the solutions to the motor vehicle industry.

Rod Bush, President of KTM, says reactions to the new system are very pleased. "The comments from the dealers are very positive. The dealers are our customers and it is them who we are aiming to please with this system. They are very satisfied with the information in the system and the convenience of placing parts orders."

"The KTM system is the best we have. None of the other brands offer something as sophisticated"

"Dealers are telling me that compared to other DCS systems they have to use, the KTM system is the easiest to use and most practical for their business."

The Challenge

Rod explains "A major portion of our business is spare part sales. This is the most labor intensive and data processing intensive activity that we have. To give you some idea, we have over 10,000 line items that we sell."

"Even though sports motorcycling is a recreational business, our customers really very badly want to make sure from weekend to weekend that the parts they need are available. And our dealers want to service these customers as rapidly as possible."

"We surveyed our dealers and asked them what they actually want from a

system. This is what we used as the basis to design the system together with Strategic. Dealers told us that they wanted was to be able to access parts availability, access part prices, and to be able to place an order on-line."

"Our primary objectives for the system were to improve customer service, better efficiency and increase our sales"

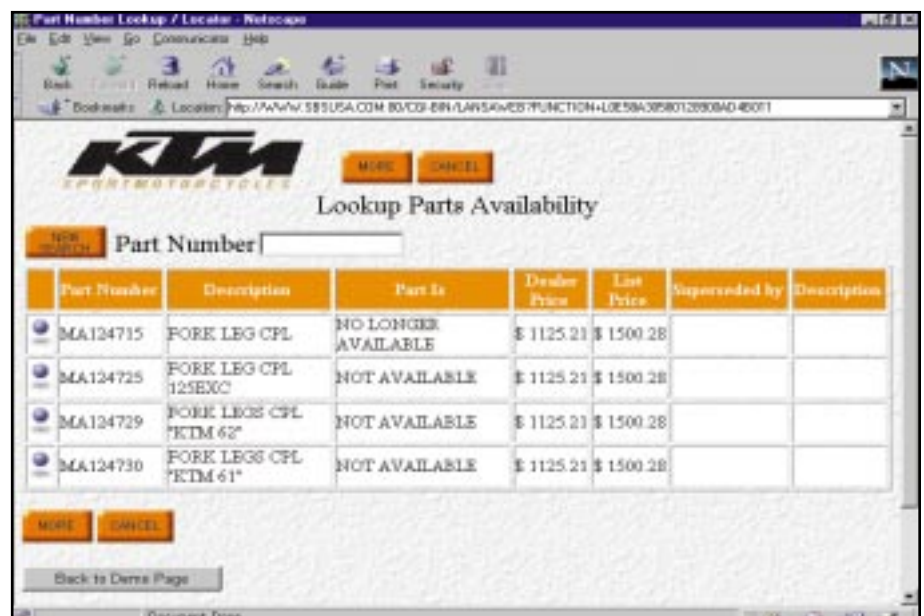
"At that time we used an NT system but the system had met the limits of its growth and the software was not sophisticated enough. When we started our planning discussions with Strategic they advised us to use an entry model AS/400."

The Solution and its implementation

Mike Herlihy, Motor Vehicle System Product Manager at Strategic Business Systems says, "We chose LANSA for the Web as our application tool to implement this solution, because it was the quickest way for a major developer like us to develop e-business capabilities for our existing AS/400 Parts Management System."

Rod continues "With our on-line system using LANSA for the Web, our dealers are able, without any real additional expense, to log on to our web site, check current parts availability and prices. That was the main objective that we wanted to achieve."

"We chose our largest dealers first to work on the system. We did not allow for the possibility of a mass release. To implement this we started out with five dealers at the end of January 1999. Then a few weeks later we increased that to 10, then to 25 and then the remaining dealers."





"It went very smoothly. In the first week, when only five dealers used the system, we had only a few small and easy to solve problems. From there on there have not been any problems. We sent a mailer to our dealers explaining the system and inviting them to sign-up."

The benefits - reduced costs and better service

"Before we implemented the online order and parts information system, we used to take a lot of telephone calls. More than 30% of our calls are related to availability questions. What we hope to achieve is to reduce that 30% of unproductive labor and turn that into productive labor. Rather than dealing with standard orders, customer service staff can spend more time on dealing with difficulties or promoting the product," says Rod.

"We surveyed the dealers before we started to implement the system. What we found is that about 60% of the dealers had a PC and about 45% of the total dealer network already had an Internet connection. Dealers reacted positively to the new abilities they would have without any additional investment."

"By comparison, several of our competitors in the motorcycle industry forced their dealers to purchase proprietary systems and to make large lease commitments into this."

"Especially for multi-line dealers, this is a very unpopular way of doing business. The KTM system is free for all our dealers."

"We can foresee improvements in productivity and accuracy as well, but cannot yet quantify these at this stage. There is some labor savings because we eliminate redundant entry of the orders that used to come by fax."

What dealers say about the system

Bud Matto from Matto Cycle in Pennsylvania, one of the first dealers to implement the system, comments. "I like it a lot. The system looks pretty slick. It makes it a lot easier for us to place part orders. We can actually prove the order before we send it."

"If the ordering of a part is crucial, then we will check it out on the web with our customer. We deal a lot with the racing crowd and having a part is crucial."

"A really nice feature of the system is that right before I confirm an order I know whether something is in stock and I may switch to another part if it is not in stock."

"Before, I used a computer hooked up to my fax machine to order parts from KTM. For KTM I may easily place daily orders of 40 or 50 line items."

"We are a multi-line dealer and represent several other brands as well. The KTM system is the best system we have. None of the other motor cycle brands we represent offers something as sophisticated as KTM to its dealers."

The future

"Being an easier company to do business with should increase sales," Rod concludes. "We now offer more convenience for our dealers. For example, we have now found out that some of our dealers like to place orders and check parts availability after 9.00 o'clock at night. They simply could not do this before."

"Being an easier company to do business with should increase sales"

"We would like to provide our dealers with even more information on line. Currently we provide printed parts books, technical bulletins and manuals. From the questions we get I suspect that dealers looking for information cannot always easily find it in the printed material. The next logical step would be to provide general information online," concludes Rod.

Company System and Customer Information

- KTM Sportmotorcycles is a growing motorcycle company specializing in dirt bikes designed for young children. Headquarters and manufacturing take place in Austria.
- KTM Sportmotorcycles USA, Inc. currently has 39 employees and over 260 dealers in the US. 1998 sales were \$30,000,000 USD, with \$34,000,000 expected in 1999 and a forecast \$40,000,000 in 2000.
- KTM acquired an entry model AS/400 to support the new system; prior to that an NT server was used. For more information about KTM, Husaberg and their licensed dealers, please visit the KTM web site at: www.ktmusa.com More information about Strategic Business Systems can be found at: www.sbsusa.com