1-800-FLOWERS.COM: Creating an e-commerce platform for the future

Overview

- **Business Challenge**

  To better enable synergies between its 14 gifting brands, create greater business agility, and reach its goal of becoming one of the Top 10 among Internet Retailer Top 500 companies, 1-800-FLOWERS.COM, INC. needed to replace multiple, diverse, siloed e-commerce systems with a unified technology platform.

- **Solution**

  1-800-FLOWERS.COM teamed with IBM to implement IBM WebSphere® Commerce for two of its gift food brands as an initial proof of concept for the platform. The site, thepopcornfactory.com has seen a consistent rise in conversion since its November launch. Using knowledge gained from this first rollout, the company will take a greater role in transitioning most of its other brands to the new platform over the coming year.

- **Key Benefits**

  — Enables more rapid creation and deployment of retail Web sites

  — Facilitates cross-selling between brands

1-800-FLOWERS.COM, INC. is the world's largest florist and gift shop, with revenues approaching US$1 billion. The company is marked by its large-scale vision and forward thinking, positioning itself at the leading edge of trends with innovative marketing such as "green" initiatives that reward responsible consumer behavior. For example, its BloomNet® brand will, in exchange for a customer forgoing a BloomNet Florist paper directory, plant trees as part of a reforestation campaign. It is also introducing environmental responsibility as a theme across all of its businesses, with awareness campaigns on social networking Web sites.

The company has a thorough understanding of the "gifting" market space in which it operates, and sees great potential for synergy by offering multiple

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>
> – *Steve Bozzo, CIO, 1-800-FLOWERS.COM*

Making the most of brand synergy through shared technology

Business Benefits

- Enables more rapid creation and deployment of retail Web sites, allowing 1-800-FLOWERS.COM to try out new offerings with very little investment and risk

- Facilitates cross-selling between brands by unifying the underlying technology

- Provides the potential for information sharing across business units, opening up the possibility for more effective marketing to customers

- Ensures a consistent look and feel across the company

- Provides a rich, differentiated customer experience

- Reduces maintenance and development costs

" Tearing the walls down will enable us to go to market much more effectively. We'll have a lot more shared information, and that will allow us to cross-sell much better."

– Steve Bozzo

specialty brands. The 1-800-FLOWERS.COM strategy has been to grow three ways: organic growth, internal business development and strategic acquisitions. Today, it has 14 brands that sell everything from popcorn to gift baskets to gourmet food and children's gifts.

The strategy has given 1-800-FLOWERS.COM a broad and diverse portfolio, but it also created a business challenge. To fully realize the benefits of its multibrand strategy, they must be unified behind the scenes, but as is usually the case, each new acquisition brought with it a different set of business processes and technology, resulting in a large number of siloed operations that were difficult to integrate.

To promote brand synergy, the company has undertaken "Fresh Digital™," an enterprise-wide transformation initiative. "Unifying lines of business is a better approach to retail," says Steve Bozzo, CIO at 1-800-FLOWERS.COM. "By sharing resources, systems and services, we accomplish a number of things. We become a more dynamic and agile enterprise because we're breaking down internal barriers—which will also help us develop new business intelligence. We'll be able to leverage resources and services of all kinds across the brands, from information to IT to shipping to warehousing, which will let us work smarter. And by consolidating, sharing and implementing more efficient technologies as well as implementing measures like sustainable packaging and reducing our reliance on paper catalogs, we'll be able to reduce our environmental footprint, which puts credibility behind our green marketing efforts."

Build versus buy

The first step on the consolidation path was to give the individual brands a common e-commerce platform. The 1-800-FLOWERS.COM brand itself uses a robust e-commerce system that was developed entirely in-house and which continues to serve the company very well, with a demonstrated ability to handle even the heaviest holiday volumes. It became clear, however, that using this platform to support all of the other brands was not the best use of the company's resources. Rolling out the 1-800-FLOWERS.COM platform to its other brands would require replicating it over and over and it was simply not the most efficient way forward.

"We're very happy with our core platform. Its performance proves we have the ability to create really strong e-commerce solutions, but fundamentally we're not a software company—we're a gifting company," says Steve Bozzo. "It made more sense for us to find a best-of-breed e-commerce platform and work with it as

opposed to spending a lot of time and energy creating our own. Also, by going with an industry leader, we're leveraging its research and development dollars instead of using ours to reinvent the wheel as well as reducing the size and environmental impact of our infrastructure."

The company chose IBM WebSphere Commerce, in part because of the flexible and efficient way in which it functions behind the scenes. "With WebSphere Commerce, basically you've got a single Web site that handles all of the transactions," says Bozzo. "This central engine supports as many customer-facing Web stores as you like, and it's easy to add new ones or roll out new features across brands."

The platform, running on IBM Power Systems™ hardware, also has to integrate seamlessly with the company's existing systems. The 1-800-FLOWERS.COM platform will remain in place, and most of the other brands will be migrated to the new WebSphere Commerce-based system over the coming year. In the interim, everything needs to continue functioning transparently. To accomplish this, the service-oriented architecture solution includes IBM WebSphere Message Broker and IBM WebSphere MQ, which form an enterprise service bus that ties the legacy systems together.

The initial rollout supports two of the company's gift food brands, and took a total of only seven months with the help of IBM Global Business Services. "We went from Web 0.5 to Web 2.0 in only a few months; we could not have done that without IBM," Bozzo says. Knowledge transfer and lessons learned during the initial rollout will help 1-800-FLOWERS.COM to take a greater role in launching the remaining gift food brands. In this way, the company will be well prepared to launch future brand storefronts entirely on its own.

IBM was chosen mostly because of the capabilities of WebSphere Commerce and the expertise of IBM Global Business Services, but Bozzo emphasizes another important consideration: IBM Global Financing. "Because of the uncertainty we're seeing in the macro economy these days, making it easier to make the investment was a key decision driver for us. IBM was able to give us what we needed in that area."

Solution Components

Software

- IBM WebSphere Commerce
- IBM WebSphere Message Broker
- IBM WebSphere MQ

Hardware

- IBM Power Systems

Services

- IBM Global Business Services
- IBM Global Financing

Smarter Solutions for Retail

To realize its vision of synergy among its 14 brands and meet ambitious growth goals, 1-800-FLOWERS.COM, INC.—the world's largest florist and gift shop—is deploying a single e-commerce platform. The solution, based on IBM WebSphere Commerce, is designed to replace multiple siloed systems. The new platform adds flexibility and agility, making it significantly easier to launch new Web commerce brands—allowing the company to try new business strategies with little risk. In addition, the shared platform facilitates cross-selling and information sharing across the enterprise, which helps 1-800-FLOWERS.COM gain maximum benefit from its many business units.

Supporting a visionary business strategy

The ultimate goal of the company's overall Fresh Digital™ initiative is to eliminate all of the barriers between business units, enabling the full sharing and leveraging of information across the entire enterprise and throughout its back-end systems. "Over the long term, our customers will be able shop any of our brands, and we'll be able to ship from a unified location. That's a much more streamlined, efficient and smarter model," Bozzo says.

The implementation of WebSphere Commerce is a critical first step—the benefits of shared services that it offers will trickle down throughout the organization over time and enable new ways of going to market. "Tearing the walls down will enable us to go to market more effectively. We'll have a lot more shared information about buying patterns and customer profiles and that will allow us to cross-sell much better," says Bozzo. "Also, we'll be able to try new ideas with little risk. With the new platform, we can launch an entirely new brand fairly easily, because all of the e-commerce technology is already there."

The most significant impact of the platform, however, will be in the competitiveness it brings to 1-800-FLOWERS.COM by allowing the company to leverage best practices across the entire business. "The platform will enable the individual brands to do things they would never have been able to cost-justify before," Bozzo says. "It's going to give us unprecedented agility. We'll be able to re-merchandise our Web stores on the fly in response to competitive offers. That will make us much more relevant to the customer, which is critical. Customer expectations continue to ratchet up, and this new platform is positioning us to meet them going forward. We'll have an immediacy and responsiveness that will give us a real competitive advantage."

For more information

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