

E-commerce for Distributors

First, it is important to define what we mean by distributor with regard to e-commerce:

1. A distributor normally receives and processes orders, warehouses stock and supplies and invoices books.
2. A publisher publishes books but does not engage in distributing them, typically outsourcing these functions to a distributor (see above). Publishers should visit the publisher pages on this site.
3. If publishers handle their own distribution, they are for these purposes defined as distributors.
4. Wholesalers are different from distributors although some of the boundaries are being blurred by recent exclusive stock deals. For e-commerce purposes wholesalers combine the function of distributors and booksellers.

The distributor undertakes a wide range of activities, many of which can be conducted via e-commerce and which fall within the scope of e4books:

- Sending updates on latest price and stock availability;
- Receiving orders;
- Sending acknowledgments, order status updates, delivery notes, invoices, credit notes;
- Receiving returns requests and returns despatch notes;
- Sending returns authorisations.

To be a successful distributor of whatever size you need to be able to carry out most if not all of the above business functions. To provide an efficient service you will need to be able to accommodate some of the e-commerce applications being used by your trading partners. For instance, you will need to be able to receive orders electronically from as many of the following as possible: EDI networks, TeleOrdering and PubEasy. It may not be cost-effective to try to cater for all these methods, as your bookseller customers may be able to use more than one of these. So it is advisable to sound out your key trading partners as to which services they can use and therefore which ones are worth your joining.

Level 1

The minimum requirements for distributor e-commerce would be most economically achieved using the following services:

Ordering: the basic version of the Nielsen BookNet Web Publisher Module. This is a simple web interface which enables you to receive

TeleOrders (and later perhaps EDI orders) via the Internet. Given the large volumes handled by TeleOrdering, using NBNWeb Publisher Module should be worthwhile, depending on the number of TeleOrders you currently get on paper or fax. Pricing for the service is currently unclear but it is almost certainly less than £100 per annum.

Invoicing: Batch.co.uk has a base solution for small distributors enabling them to key in invoice details and send them to Batch. Batch then sends them on to the retailers via the appropriate method used by that retailer. For example, if you trade with Waterstone's you can key invoice details into a Batch screen on the web and your invoices will arrive at Waterstone's via EDI. This service costs around £120 per annum.

Level 2

Level 2 solutions are still designed for smaller distributors but include some more sophisticated facilities to assist in handling slightly larger volumes but with less re-keying.

The problem with level 1 services is that as volumes increase the amount of keying in of data increases too. The ideal solution must minimise the keying in of information. You should aim to be able to receive orders via a web service and import them into your back office systems at a click of the mouse and then allocate stock, pick up latest prices and fire back a delivery note and an invoice with all the right details on it, all with minimal keying and maximum control. To do this requires competent e-commerce solutions but also some integration with your accounting or other software. E4books is working on building a consensus amongst systems suppliers to encourage the ease and simplicity of integration into future releases of popular systems. This will take some time to achieve but in the meantime some e-commerce services have developed integration solutions with some top accounting packages. For example Batch have announced that their service integrates with the popular Sage Line50 accounts package.

Nielsen BookNet Web

To receive orders sent by EDI and TeleOrdering you could subscribe to BookNet Web an e-commerce service for publishers. This service enables smaller distributors to receive TeleOrders and EDI orders (for example from wholesalers, library suppliers etc.) and to supply acknowledgements, delivery notes and invoices, all from one integrated online package. The service provides the ability to download orders in a customisable format, which will go some way towards reducing re-keying.

BookNet Web will also enable invoices to be sent to EDI capable retailers such as many of the big chains. This new service offers smaller distributors (including publishers who do their own distribution) a low cost web based solution to doing EDI with large booksellers. Instead of a price tag of several thousands for full EDI and integration work to link to your

system, BookNet Web is priced around the £500 mark but can be less if you subscribe to other Nielsen services. You should contact Nielsen BookNet for further information.

PubEasy Exchange

PubEasy/Exchange is a web-based service for smaller distributors which will give you your own PubEasy website. Although this service does not offer the almost real time access available from larger distributors, booksellers can log in to search your data and place orders. You then log in to a central PubEasy service and pick up your orders. The idea of this service is to provide a smaller distributor with the same global reach and access to international markets as a larger PubEasy distributor (PubEasy Affiliate). Find out more about PubEasy/Exchange visit: http://www.pubeasy.com/publishers/pub_small.html. Prices start at about £300 for this service depending on the number of titles you publish/distribute.

Batch.co.uk

Batch has worked with a number of top accounting packages and if you plan to use the Batch service it would be worth talking to Batch to ask if they have already done some integration work with your particular package or are planning to do so. On its website, Batch has information on its integration work with Sage Line50:

<http://www.batch.co.uk/pages/fulltext.asp?ID=32>

Bureaux

One other way of managing e-commerce which has been adopted by some distributors is to use an e-commerce bureau. One such operation is run by Sweetens Computer Services. To find out more visit <http://www.sweetens.co.uk/> and click on EDI Bureau. You will then see the main trading partners you can communicate with and the EDI messages that Sweetens can handle. One or two respondents to the e4books research stated that Sweetens "came to their rescue" and made it possible for them to adopt EDI quickly with major chains and wholesalers. You may feel it is worth exploring this route if you lack IT help and would like to outsource your e-commerce needs. You would be well advised to discuss with Sweetens their future plans to ensure that their service will meet your future needs. As always you should also talk to your trading partners.

Level 3

This level features EDI (electronic data interchange) systems suitable for larger distributors. These solutions are for large volumes and they provide significant business benefit in streamlining the flow of orders and invoices.

When the large distributors implemented EDI some years ago research showed that they were able to move staff from the mundane keying in of orders to providing improved customer service. Considerable savings were made from being able to handle peak volumes more efficiently and in speeding up supply as orders no longer languished in in-trays but flowed straight into order processing systems.

Before you implement these e-commerce solutions it would be worth talking to the leading EDI providers and key trading partners. You should also talk to your systems supplier to ensure that your systems are capable of interfacing with the main EDI providers.

EDI (electronic data interchange) is the accepted way of communicating routine commercial messages from business to business in a standard format. The messages are sent from the sender's computer via a variety of networks and they are received by the receiver's computer. The important point to note here is that the computers should be able to send and receive these messages without human intervention. Book Industry Communication has developed or approved a number of EDI standards and business messages for the book trade and supports standard implementations (go to www.bic.org.uk). The importance of these standards is that if booksellers, wholesalers and distributors agree to use them then electronic messages can be processed automatically and the right action taken. BIC has been very successful over many years in persuading the book trade to use these standards correctly and holds detailed implementation clinics for interested parties to clarify any ambiguities in the standards and ensure they are used correctly throughout the book trade.

EDI using Value Added Networks (VANs)

EDI requires the use of a network, which your service provider will be able to access on your behalf. For instance, Nielsen BookNet owns the EDI service which was formerly called First EDIition and is the market leading service in the book trade used by virtually all of the top 40 distributors. This uses the GXS network, which is used by major supermarkets and is one of the largest EDI networks in the world. GXS and the other major networks, IBM, BT etc. are well tried and tested and offer very high up time (i.e. they are almost always available) and they provide additional service such as audit trails and enhanced security.

To find out more about Nielsen BookNet EDI Service visit:
www.nielsenbooknet.co.uk

Batch

Because Batch offers free access to booksellers and a low cost solution to smaller publishers it is easy to forget that Batch also provides an EDI service handling acknowledgements, delivery notes, invoices and credit notes and payments messages. The advantage of Batch to larger distributors lies in its ability to supply remittance advice notes and to automate the posting of this data to Distributor accounting systems,

saving a lot of keying in. Batch also helps to improve invoice payments as it helps booksellers to control their cash, authorise invoices and then it collects the payment by direct debit and provides this to the distributor via BACS. For more information visit: www.batch.co.uk

Internet EDI

The main alternative to using a VAN is to use the Internet. For some time companies were wary of using the Internet as it was thought to be unreliable and insecure; but more recently companies have started to explore ways of using the flexibility of the Internet and its potential low cost to provide EDI solutions without the traffic charges associated with the VANs. Some leading book trade companies are keen on this method and you could try talking to them and seeing what their experience has been.

There are currently two main methods in use of transmitting data on the Internet. The most commonly used is FTP (File Transfer Protocol), which enables the sender to deposit messages on a dedicated site for the receiver to collect. It is almost as easy to send a file to an FTP site as it is to visit a website. It is also free once you have paid for access to the Internet. It is easy for competent computer professionals to construct scripts which call FTP sites and upload or download files and this is done routinely for non-sensitive information all over the Internet. For business critical messages such as orders and invoices it is important to be sure of security issues, though many book trade organisations are using FTP without apparent problems. Before committing to FTP, however, you need to be sure that your trading partner is able to send and receive FTP files and to establish the ways in which they are being sent and accessed. EDItEUR has published an FTP file naming standard which enables companies who wish to trade via FTP to work through all the issues of file ownership and control (visit www.editeur.org).

A recent alternative to FTP is AS2 which is a protocol enabling EDI messages to be wrapped EDI messages in a securely encrypted packet for the Internet. Opinions in the book trade differ over the importance of AS2. Some see it as a huge step forward and the opportunity to do full EDI over the Internet. Others see it as a red-herring and a distraction from the development of web services technology (SOAP XML). There is even some suspicion that AS2 simply gives the VANs access to an Internet product which enables them to compete with the Internet and so prolong their hold on the EDI market.

The traffic costs of Internet EDI should be zero but you should be aware that there are costs in controlling your software and standards and managing your e-commerce relationships with your trading partners. If you are unsure about using the Internet for business critical transactions, you may well do better to stick with an EDI provider who uses the value-added networks (VANs). The VANs offer a high standard of reliability and customer service/support and to many companies this service and

guarantee of security is worth paying for. This may explain the continued success of EDI VANs since the rise of the Internet.

Freeway Commerce

Freeway Commerce is a specialist communications company which supplies EDI translation software to booksellers and distributors and offers low cost access to a number of VANs and also to the Internet via FTP and AS2. To find out more about their EDI services visit:
www.freewaycommerce.com.

Both Freeway Commerce and Nielsen BookNet can handle all the main business messages but their approaches (and pricing models) are quite different. If you are interested in developing EDI capabilities it would be wise to talk to your leading trading partners before deciding on an EDI solution. Many major trading partners will specify how they want to communicate with you via EDI and they may insist on a particular message and standard such as Tradacoms or EDIFACT (two message standards in common use in the UK and supported by BIC and EDItEUR). If they are already live with several trading partners it will be advantageous for both sides to adopt an existing method rather than develop something new. However, you need to be aware that there is often interconnectivity capability between networks and services (i.e. messages can be passed between the networks.). This means for example that you could use Batch and connect (via Batch) to a distributor on EDI with Nielsen BookNet (First EDItion) or Freeway. This may not initially be clear but the general rule is that these companies may have more facilities and more capability than they tell you about on their website or marketing material. It would be advisable to discuss your requirements and capabilities with more than one solutions supplier and more than one trading partner before making a decision.

Also consider the full range of messages which you will want to be able to exchange and don't just look at orders. You also need to think about whether you will be able to handle invoice, returns request, credit note and other messages in the future. You should check this with your trading partners and systems and solutions providers.

Generally it is well worth asking these companies about a service to suit your type of business and to question them closely over their reply. Some of these companies have developed services for big players first and then looked at scaling them down to fit smaller players. You need to be sure that this scaling works for your business. Look at the volumes you handle now and any potential expansion which may be round the corner and base your requirements on this level of activity. Ask several companies for their best quotes for this work and for a solution to your requirements and also don't forget to ask your trading partners and understand that if one trading partner insists on using a particular service, you may be able to use a different service that suits you and use an interconnect to trade electronically with this trading partner. In this event check who pays for

any interconnect costs (the costs of moving the messages from one network to another)