

# Case Study



## EXECUTIVE SUMMARY

### OBJECTIVES

- Automate an existing and labor-intensive process for selling excess inventory to buyers.
- Develop a dynamic pricing mechanism that is easy for customers to access and use.
- Minimize hardware investment.
- Deploy the new system as quickly as possible.

### SOLUTION

Moai's LiveExchange Enterprise provides Eastman Chemical with a complete dynamic commerce hosted solution customized to meet its business requirements.

### RESULTS

- Average price improvement of 10% from the sale of excess and off-grade inventory.
- Customers have an equal opportunity to purchase hard-to-find goods.
- Information available to buyers on competitive activity in a market.
- An integrated workflow process that streamlines the process to sell excess inventory.
- Rapid deployment without adding infrastructure resources internally using Moai's hosting services, LiveExchange Hosting.

## Moai's LiveExchange Enterprise Powers Eastman Chemical's Marketplace

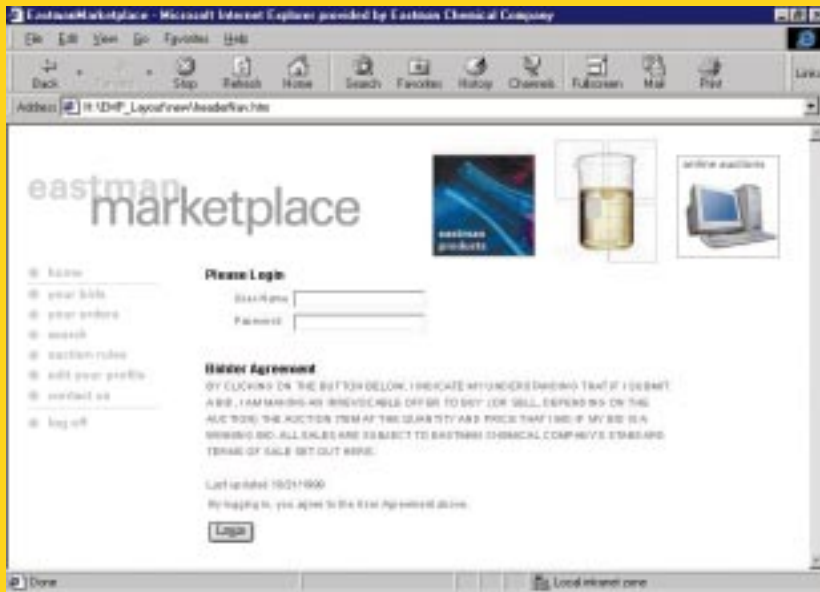
Chemical products play an important role in everyday life: plastic soda bottles, food preservatives, cosmetics, and adhesives are all manufactured with chemical products. And the chemicals industry, with an estimated size of \$1.6 trillion, is one of the biggest industries in the world.

Within this vast marketplace, Eastman Chemical has been a leader for eighty years. Known for innovation in the laboratory, Eastman produces over 400 chemicals, fibers, and plastics that are sold around the globe. Now, in a strategic partnership with Moai, Eastman is also innovating in online dynamic commerce.

In July 1999, Eastman became the first chemical company to offer e-commerce capabilities to its customers. One component of its online strategy was to create an effective way to manage the inventory of its wide-spec material (products that are outside standard specifications). "We needed an efficient and secure process for moving excess inventory and off-grade plastics," said Jay Studebaker, Manager, Distributor e-Commerce, Eastman.

Typically, forward auctions, such as an English auction, are the most efficient means to accomplish this objective. To implement an online exchange with auction capabilities quickly and efficiently, Eastman selected Moai's LiveExchange Enterprise solution. "Moai's solution offered the widest range of auction capabilities and features of all the packages we evaluated," continued Studebaker, "and LiveExchange Hosting allowed us to deploy our solution rapidly without adding infrastructure resources internally."

**EASTMAN**



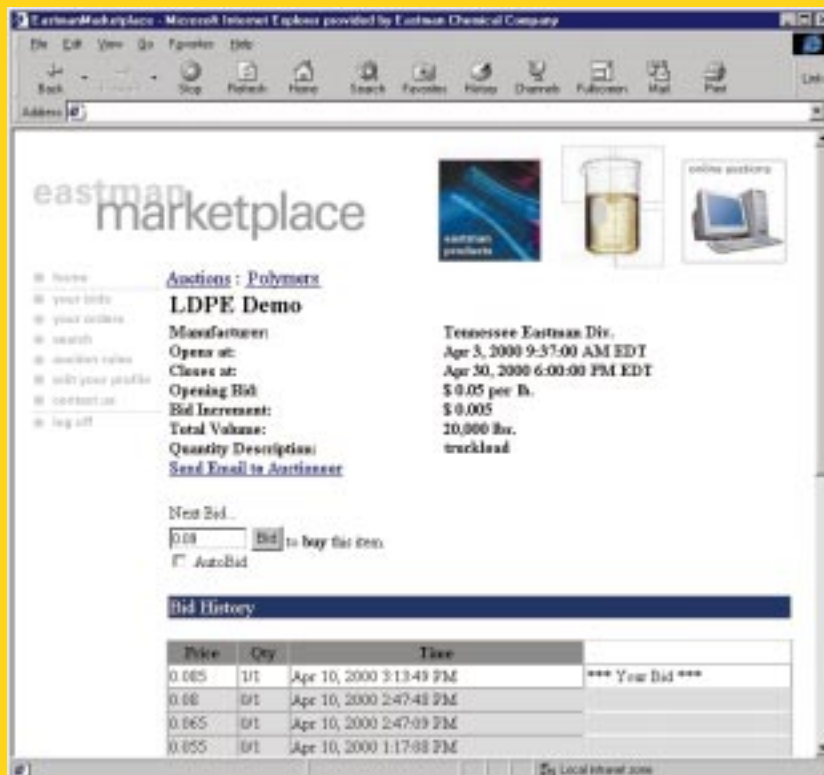
Using LiveExchange Enterprise, Eastman has created a site that mirrors the look and feel of their overall site, a site that their vendors have come to know and trust.

## Changing the Process

In October 1999, after just two months of customization work, Eastman held its first online auction of wide-spec polymers. In less than a year, its auctions have been responsible for improving the average price of excess inventory by 10%.

Traditionally, Eastman sales representatives conducted excess inventory sales over the phone. They would call customers and offer a product at a given price. If no customer accepted the offer, the representative lowered the price and began calling customers again. This labor-intensive process did not provide a mechanism for Eastman to assess the true market value of its inventory.

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Eastman's exchange allows vendors to bid on excess inventory and wide-spec materials.



Today, Eastman conducts private auctions every week. As products become available for sale, Eastman auctioneers schedule an auction using a customized LiveExchange administration site. The staff selects the appropriate audience for the auction. LiveExchange does the rest: it automatically invites the participants, runs the auction, and notifies Eastman of the winner. This new process provides an accurate assessment of the true market value for the inventory.

For Eastman's customers, online auctions bring greater access to hard-to-find products. Customers can place, track, and refresh bids without interrupting their other work. And throughout the auction, customers obtain valuable information about activity in the marketplace, allowing them to place competitive bids.

Online auctions have brought significant benefits to Eastman as well. "With LiveExchange Enterprise, we are able to sell our products at higher prices, while spending less time on each individual sale," explains Studebaker. Higher margins, reduced time to market, and decreased costs mean that LiveExchange solutions impact the bottom line, giving Eastman a competitive edge in an industry that has experienced enormous price pressure in recent years. The benefits of electronic commerce are so great that Eastman expects online revenue to account for 30% of its sales by 2003.

## Focusing on the Customer

Eastman's online auction strategy also means more focus on the customer. Customers can access more products and services—when they want them and how they want them. In addition to personalized email notifications, for example, auction participants can take advantage of Eastman's overtime feature. "We used LiveExchange to implement a feature in which the auction automatically remains open for another five minutes if bidding occurs in the final minutes of an auction," says David Fox, Eastman's Senior Systems Analyst in e-Business Integration. "This ensures that the maximum price is reached, and it also prevents a bidder from being beat at

the last second" continues Fox. This feature has been enormously successful. In one recent auction, the price increased 27 percent during the extended period.

Physical location used to make a big difference in the chemicals industry. But now customers from around the country, and around the globe, can submit bids for wide-spec polyethylene, and Eastman hopes to auction additional products in the future. A typical auction lasts between 15 to 30 minutes, which means the excess inventory is on its way to customers quickly.

Eastman Chemical and Moai ensured that customer experiences would be as smooth and easy as possible. In just two months, the implementation team customized LiveExchange to meet Eastman's specific needs. "We wanted to mirror the look and feel of Eastman.com," said Fox. "LiveExchange allowed us to customize the auction site with the Eastman brand easily."

Status	ID	Description	Open/Close	Opening Bid
OPEN	2051	PRACTICE - Larned H2O	Apr 3, 2000 9:37:00 AM Apr 30, 2000 6:00:00 PM	0.05
OPEN	2050	LDPE Demo	Apr 3, 2000 9:35:00 AM Apr 30, 2000 4:00:00 PM	5.00

Eastman's focus on the customer keeps the site simple and easy to use.

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**said Eastman’s Jay Studebaker, Manager of Distributor e-Commerce**

Today, online auctions have become a valuable part of Eastman’s partnership with customers and overall e-commerce strategy. In the near future, Eastman Chemical plans to expand the use of its LiveExchange solution to include dynamic commerce in the procurement of raw materials.

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25 LUSK STREET, SAN FRANCISCO, CA 94107  
888-244-MOAI • 415-625-0601 • FAX: 415-625-1200

[www.moai.com](http://www.moai.com)

