



THE SUPPLY CHAIN COMPANY®

Engineered for Global Success



Lenovo Increases Profit by More Than 225 Percent by Partnering with JDA Cloud Services

Lenovo Fast Facts

Industry

Manufacturing – High Tech

Principal Operations

Beijing, China
Morrisville, North Carolina, USA

Description

Lenovo is a US\$21 billion personal technology company — and the second largest PC company in the world — serving customers in more than 160 countries. Dedicated to building exceptionally engineered PCs and mobile Internet devices, Lenovo’s business is built on product innovation, a highly efficient global supply chain and strong strategic execution. Formed by Lenovo Group’s acquisition of the former IBM Personal Computing Division, the company develops, manufactures and markets reliable, high-quality, secure and easy-to-use technology products and services.

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Ajit Sivadasan,
vice president and general manager
of global eCommerce,
Lenovo



Objective

Deploy a platform that could support the company’s e-commerce initiatives for its global customer base, which spans six continents.

Solutions

- JDA® Web Commerce
- JDA® Agile Business Process Platform

Services

- JDA Cloud Services
- JDA Implementation Services
- JDA Strategic Services
- JDA Support Services

Real Results

- Grew profits by more than 225 percent
- Increased revenue by more than 100 percent
- Achieved infrastructure cost savings of \$200 million on an annual basis



Dedicated to developing exceptionally engineered personal technology, Lenovo's global presence expanded dramatically when it acquired IBM's personal computing (PC) division in 2005. The acquisition set the stage for rapid organic growth: building on its dominant position in China, the company's revenue has since increased from US\$13 billion in 2006 to US\$21 billion in 2011.

"With the IBM acquisition, we inherited a legacy infrastructure with limited e-commerce capabilities," said Ajit Sivadasan, vice president and general manager of global eCommerce, Lenovo. "We needed an e-commerce solution that would enable us to scale around the world."

"We wanted to create an extremely configured order process that would extend all the way from the customer to the back end. It's a very complex process, and few people know how to make it work," said Sivadasan. "You need to have in-depth knowledge about the end-to-end value chain and be able to drive value. We were searching for a compatible partner who could help us solve these problems."

After an initial pilot of JDA Software's Web commerce solution on the JDA Agile Business Process Platform (ABPP), Lenovo quickly determined that it had found the right partner. JDA Web Commerce enhances the online buying process for Lenovo's configurable technology products, enabling the

company to make more reliable and profitable order promises to its customers. The solution also features advanced pricing structures such as volume-based and special customer discounts, promotions and other assorted pricing adjustments.

Deploying in the Cloud

Because of its limited U.S. data center capacity at the time of implementation, Lenovo decided to deploy JDA's Web commerce solution and platform via the JDA Private Cloud. Today, JDA manages all of the hardware, software and technology infrastructure behind Lenovo's application of JDA Web Commerce and JDA ABPP.

By leveraging JDA Cloud Services, Lenovo has achieved faster deployment, rapid time to value, investment protection and an improved cost structure with JDA's solutions. "In the past four to five years, we've been trying to simplify our back end. It's been a massive undertaking, but with JDA's help, we've been able to transform most of the work and get it onto the state-of-the-art platform we want," said Sivadasan. "Today, lenovo.com is hosted from a JDA data center in the United States. The website is on the JDA platform in 70 countries, and we currently sell to end-customers via lenovo.com in seven countries. JDA manages these processes for us."

Lenovo also works with JDA Cloud Services to optimize the Web commerce solution based on feedback it receives from its customers. "When you're managing e-commerce operations, it's about being able to adapt quickly. It is very difficult for large companies to be very agile in terms of how to develop new products and make changes to the website. If you figure out how to make changes quickly, then it leads to your ability to do things faster than others, which invariably is a source of competitive advantage," said Sivadasan. "At JDA, we've worked with very smart people. They understand the business and are passionate in many ways about solving these problems."

Achieving Scalability and Availability

When evaluating solution providers, availability was a critical component that Lenovo considered. "At the time we were selecting a platform, our site availability was approximately 89 percent. For every 100 hours, there were 11 hours in which we were unable to transact. From lost sales to customer satisfaction issues and brand issues, it was a colossal problem," said Sivadasan. "Part of what JDA has allowed us to do is to take our uptime from 89 percent to 99.5-plus percent."

Scalability was also an essential requirement for the global personal technology company. "Black Friday or Cyber Monday can draw 10 to 20 times our normal run rate on a single day or single hour, so we needed systems that would be able to deal with loads that are unpredictable, and in many cases, that would be able to scale dramatically based on seasonal events," said Sivadasan.

Exceeding Expectations

Using JDA Cloud Services to host its technology infrastructure, hardware and software, as well as manage its e-commerce initiative, has proven to be a profitable decision for the global corporation. Working with JDA Cloud Services, Lenovo has shifted its costly and inefficient legacy IBM infrastructure to the JDA platform. In addition to mitigating the risks of supporting an outdated



infrastructure, the company estimates the transition has saved it approximately \$200 million on an annual basis.

“We have been able to get our infrastructure free of some of the challenges that we had, where we were actually paying significant amounts of money to other companies because we were on their infrastructure,” said Sivadasan. “Now we’ve been able to put that on our infrastructure. It’s been a tremendous journey in terms of where we were and where we are today.”

“From an e-commerce standpoint, where we’re selling over the Web, we’ve done tremendously well,” said Sivadasan. “We’ve doubled our business in the past five years. As our processes have matured, our conversion rates have gone up significantly.”

During this time, Lenovo has also increased its profit by more than 225 percent. “If you look at revenue, profit or units — all of which are relevant metrics from an e-commerce standpoint, we have exceeded our expectations,” said Sivadasan.

According to Sivadasan, tracking customer sentiment is quick and direct with e-commerce. “If you really look at the CSAT [The Customer Satisfaction] index numbers, it would indicate that we have done extremely well and that customers are happy — especially during a time where customer sophistication as it relates to e-commerce has grown considerably,” said Sivadasan. “The fact that we have gone from low 60s to high 70s — and to the 80s in some countries — is a clear testament to the fact that processes are getting easier and it’s becoming more intuitive for customers to shop at lenovo.com. We have changed the customer experience dramatically.”

Focusing on the Future

While the company has made great strides in transitioning its legacy infrastructure, there is still work to be done. “We are probably 60 percent complete in our transformation process. We have a few countries, where we are still connected to the legacy systems. Once we can disconnect from those back-end

inefficiencies, we’ll have a true engine that can be deployed to more countries,” said Sivadasan. “In the next three to five years, we want to expand our e-commerce presence to 20 countries from the seven that we’re in today.”

With Lenovo’s future-forward approach, the opportunities for growth seem unlimited. In October 2011, IDC recognized Lenovo as the second largest PC provider in the world. If the next-generation global company continues to grow 40-50 percent ahead of the market, it is well positioned to ultimately become the global PC market leader.

About JDA Software Group, Inc.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is the leading provider of innovative supply chain management, merchandising and pricing excellence solutions worldwide. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA’s multiple service options, delivered via the JDA® Private Cloud, provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise.

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