



# Case Study

## The Situation

PETCO boasts more than 670 neighborhood stores in 43 states and the District of Columbia, and serves as a leading destination for online pet food and supplies at [www.petco.com](http://www.petco.com). With net sales of more than \$1.6 billion, the company has grown exponentially since its inception in 1965 to become one of the most popular pet food and supply retailers in the country. PETCO maintains a strong strategy of offering customers a complete assortment of pet-related products at competitive prices, with superior levels of client service at convenient locations. One of the key ways in which it enables this strategy is through its strategic focus on technology.

## Solution Snapshot

**Industry:**  
Retail

**Challenge:**

Looking for an Internet-based solution that could handle a variety of protocols

**Solution:**  
Inovis' BizLink

## Benefits

- Enables hubs to exchange information with their trading community
- Supports a variety of protocols—AS1, AS2 and FTP
- Handles large amounts of traffic
- Reduces Value-Added Network (VAN) transactions

## The business challenge

In the summer of 2002, Eric Rosenzweig, Director of Systems and Programming, and Mike Kotoyan, EDI Administrator for PETCO, researched and examined several Internet Electronic Data Interchange (EDI) solutions with the goal of moving major merchandising vendors onto EDI-INT (EDI over the Internet) and off the Value-Added Network (VAN). Several years ago, PETCO as a company decided to make EDI an initiative to eliminate errors, data entry and to facilitate payment processes. All of these transactions were taking place over the VAN. As a way of expanding this initiative, PETCO was looking for an Internet-based solution that could handle a variety of protocols, including AS1, AS2, FTP, secure FTP and email.

## A complete solution

Kotoyan says, "After an extensive evaluation of all the solutions in the market, I recommended BizLink™, not only because it supports a variety of protocols, especially AS1, AS2 and FTP, but also because of how simple it is to manage the protocols." Rosenzweig adds, "We wanted a solution that we could use for EDI-INT and for transferring data between our vendors with flat text files and B2B. We needed a robust solution that could handle a large amount of traffic, and it had to be browser-based so we could monitor it from remote locations. BizLink meets all of our requirements, and is the best match for our needs."

## Reducing VAN charges

Handling close to 50,000 transactions a week, PETCO was looking for a way to reduce its VAN bill. Analysis determined that PETCO's top 10 vendors represented more than 60 percent of its traffic. Rosenzweig says, "We decided that if we could eliminate 60 percent of our traffic over the VAN, our charges would also go down by 60 percent." At the time of this interview, PETCO has more than 90 percent of its merchandising vendors (approximately 600) transacting business over EDI. As part of the agreement, every new vendor that signs on with PETCO has to be able to transact using EDI.

Rosenzweig notes that PETCO sees a lot of potential savings by transacting directly with its vendors, but that there is an opportunity for VANs and EDI-INT to co-exist, "I think EDI over the Internet is definitely a trend and that everyone is looking for a way to eliminate or significantly reduce VAN charges. It doesn't have to be all or nothing (all VAN or all EDI-INT). BizLink co-exists with other Internet EDI solutions as well as VANs, providing us with the flexibility we need with our varied supply chain."

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Eric Rosenzweig  
Director of Systems and  
Programming, PETCO

## How BizLink works at PETCO

PETCO currently runs two Windows 2000 servers, which are load-balanced in case of failover. The machines are each dual 1.4 GHZ with 1 GB of RAM on each and 100 GB of storage. Purchase orders are taken from the Unix-based merchandising system in a flat file and transmitted to the EDI server, which has the EDI translator. When the EDI server translates the flat files, it exports them to the Inovis server. From there, the trading partner either picks up the files from the Inovis server or PETCO pushes them to the vendor.

When an invoice comes into the Inovis server, the EDI server downloads it and checks for EDI compliance. If the invoice looks good, it is then forwarded back to the merchandising system in a flat file where it is reconciled and processed for payment.

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## Smooth implementation and professional service with Inovis

Both Rosenzweig and Kotoyan were very pleased with the smooth and rapid implementation process. “We were very pleased with the efforts of the Inovis Professional Services team who came on-site to get us up and running in a short amount of time. They also ensured that we were transacting smoothly with our first vendor connections. We started seeing benefits in the first month and expect our long-term ROI to be significant.”

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## What is BizLink?

BizManager BizLink is a comprehensive solution for business-to-business connectivity. BizLink leverages the Internet and industry standards architecture to enable an entire community of supply chain partners, from Global 2000 organizations to one-man operations, to electronically exchange information. No more paper or fax transactions. No more expensive Value-Added Network (VAN) charges. BizLink is implemented at the hub company, usually a large retailer or manufacturer, to enable the hub to exchange information via the Internet with its trading partner community. BizLink exchanges data with multiple products, including non-Inovis solutions, allowing each trading partner to choose a solution that best fits their needs, whether they are using VAN-based EDI or simply faxing transactions.

Main +1 404.467.3000  
Toll-free +1 877.4INOVIS  
(+1 877.446.6847), Option 4

Corporate Headquarters  
11720 AmberPark Drive  
Alpharetta, GA 30004



www.inovis.com