

INSIDE THE BOXX

*Blending e-commerce expertise and logistical savvy, bigboXX.com has emerged as
Hong Kong's leading office services provider.*

By Tim Metcalfe



Since the dotcom bubble burst a few years ago, predictions that there would soon be a new era of “virtual companies” with “paperless offices” have been significantly toned down. The traditional office is healthier than ever, and will be a cornerstone of business life for a long time yet.

It's somewhat ironic therefore that *bigboXX.com* has built its success on applying a dotcom strategy to selling traditional office supplies.

To classify *bigboXX.com* as a pure dotcom company is not entirely accurate. In reality the company is a trader with a fleet of 20 delivery vans and three warehouses storing its huge inventory of over 8,000 items for offices – everything from pens and paperclips to computers, printers, furniture, potted plants and pantry supplies. What distinguishes *bigboXX.com* from other stationery suppliers is that it uses a virtual shop front, deploying advanced computer systems to interact efficiently with customers.

In Hong Kong, office supplies is a big business-to-business industry, with

a corporate market estimated to be worth HK\$3 billion a year. As a significant consumer, Hutchison Whampoa has not overlooked its potential. Such was the motivation behind the establishment of *bigboXX.com*, which after only four years since launching is today the biggest office supplies provider in Hong Kong and one of the few dotcoms that has not only survived the high-tech meltdown but has thrived.

The sales volumes of some products are quite staggering: 500,000 paper clips a week; three million sheets of copy paper; 20,000 file boxes. Each week, *bigboXX.com* also sells the equivalent of 2,000km of bathroom tissue!

“We can essentially supply anything you want,” says Chief Operating Officer, Ronnie Fung. “And if we haven't got it, we can source it very quickly. We are evolving into a total office service provider and it's a unique business. Many companies offer one service, others provide several, but we supply everything. It's a one-stop shop for all office products and services. We are positioned as procurement experts.”

Products are sourced worldwide and new suppliers are constantly coming on board. Russia and South America will soon be supplying paper, for example.

With turnover rising steeply, and a workforce up from just 10 at the start to 130 at present, *bigboXX.com* is now officially Hong Kong's leading office supplies provider.

On its books are 40,000 registered customers, with 15,000 of them active at any one time, including premium customers like HSBC, DHL, Midland Realty, Goldman Sachs, Morgan Stanley, Merrill Lynch, ABN AMRO and Federal Express. Even the Salvation Army is a customer.

Consolidating its market-leading position, *bigboXX.com* recently announced a major office supplies contract with Hong Kong's MTR rail network, worth more than HK\$24 million over the next three years.

“This is strong endorsement of our dedicated efforts to providing top-notch



services to our customers,” notes Fung. “Companies today are not just looking for products; they demand value-for-money, efficient logistics, and customised services, which is why we make extra effort to determine how office administrators make their decisions.”

Approximately 10% of business comes from Hutchison itself, which benefits both sides. Hutchison receives the vital supplies it needs to run its businesses, which in turn has fuelled *bigboXX.com*’s double-digit growth every year since start-up, with over 20% growth in the first seven months of 2004 alone.

“Support from within the Group comes not only through sales but also from on-the-ground expertise,” says Fung. “In the early days especially, Group companies like A.S. Watson contributed logistical expertise gained from PARKnSHOP and others, and proved invaluable with sourcing and procurement. Our unique strength is that we are not only one business, but part of the Group.”

While economies of scale – reflected in extremely competitive prices – are a major factor in the operation’s success, *bigboXX.com* also has a leading edge on the blend of dotcom and logistical expertise, which enables it to

Four years since launch, bigboXX.com is the biggest office supplies provider in Hong Kong

not only provide a virtual shop front but also the ability to deliver anything “by tomorrow”.

“Speed is of the essence and that is our core competency,” says Fung. “We are committed to delivering by the next day and have a 98.5% success rate.”

Along with speed is also a “satisfaction guarantee”. Any item can be returned within seven days if a customer is not satisfied.

Powerful Platform

Though anyone can order by phone through a call-centre or fax, the model mainly revolves around online ordering. Fung likens *bigboXX.com* to the *amazon.com* of office supplies, though not yet on such a global scale.

“As an e-commerce company, we utilise a fully integrated IT platform, communicating data to warehouses and delivery teams,” he explains.

“We can monitor every purchase and sales transaction in real time and generate a profit-and-loss statement and other reports at the end of the day – which few companies can dream of.”

The website is not a glorified fax machine like many others, where sales staff take over manually once the order is placed, phoning the warehouse to check if an item is available, then phoning the



customer if there is a problem. Instead, customers link directly to *bigboXX.com*'s IT platform. There is no human intervention: the system queries the warehouse, and then comes back to the client to confirm the order. If an item is not available, the system finds out from the purchasing department when the stock will be replenished, then asks the customer whether he can wait for a few days. If the customer says no, the system will offer substitute items.

The platform also includes management tools for clients. Each has a dedicated account that records purchases. They can sort transactions by item, date, volume and price. Flagging the frequency and volume of purchases can be a useful tool for spotting unusual movements, indicating possible wastage or pilferage. The system can also limit the spending power of personnel placing orders.

"It's like having a credit card limit," says Fung.

Because *bigboXX.com* delivers daily, companies no longer need to tie up their cash in inventory, or waste valuable storage space. Delivery is free and there is no minimum order, adding to the portal's advantage in this very competitive market.

The portal also uses the database to learn more about customer behaviour – a key advantage of e-commerce in profoundly changing the face of marketing. Its customer relationship management module constantly mines for indications of changing customer preferences and can segment by industry to glean vital marketing clues from order patterns of individual companies.

"We can pull out by

segment – extra large, medium or small," says Fung. "We can see instantly what the margins are for each segment, its revenue contribution and the product mix."

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The platform is powered by one of the most innovative systems on the market, called *mySAP.com*.

"Our primary objective was to have a total solution that linked the back end with the front end, and then to get customers and orders," Fung explains.

Key elements in building the portal included such priorities as better performance, on-time delivery and better customer service.

"It was essential to differentiate ourselves from others and SAP is a prominent leading edge company known for its innovation," he adds.

bigboXX.com uses a series of SAP modules, including financial accounting, controlling, materials management, sales and distribution, and the Business Information Warehouse module, which provides data mining capabilities that give a complete view of business operations and information automatically, instantly and accurately. SAP even enables the company to send targeted e-mails of special offers to customers and provides an interactive online audit trail so they can track every item they buy and every dollar they spend.

Responding to the Market

bigboXX.com is continually broadening its range of services to cater for changing

market demands. In light of the rising demand for information management from companies, particularly in the banking & finance, securities and legal industries, a Records Management service has been launched. The service is a value-added document management, storage and logistics solution with its own dedicated 10,000-sq-ft warehouse offering secure information storage, efficient document delivery and comprehensive reporting functions for management of critical information assets.

"The service is built on our unique strengths in the integrated IT platform, logistics and warehousing system," says Fung.

bigboXX.com also operates a Print Centre, which caters for digital and offset printing, and a Premium Centre that sources gift items for promotions.

Also being launched is a relocation service for offices.

"With 40,000 customers, a large number move office every year," notes Fung. "We can do that as well, since our goal is to provide a complete office solution. Be it a big corporation, a medium-sized business or a small office set-up, they will be able to get anything they need for office operations from *bigboXX.com*."

Growth for *bigboXX.com* in Hong Kong will be driven by increasing the range of products and services.

"We are also looking at geographical expansion, although there is no time-frame yet," says Fung.

Through a network of partnerships, *bigboXX.com* ultimately envisions expanding across Asia, and Mainland China is an obvious target for expansion.

"We can easily extend the model there," says Fung. "But we have to be sure we can fulfil orders. That's the big challenge of e-commerce – meeting orders quickly. If we can do that, the potential in the Mainland is vast. The Mainland has a population of 1.3 billion, and some companies are still delivering stationery by bicycle over there."

