



Avaya IP Telephony solutions enable Rakuten Inc. to soar to new heights in business

Challenge:

Update and interoperate 12 office locations with disparate systems onto a single communications infrastructure and reporting system without disrupting daily business. Enable coworkers across all locations to do more with less while reducing costs.

Solution:

By implementing Avaya Communication Manager software onto the network and installing over 1,400 Avaya 4620 IP telephones, Rakuten was able to optimize their operational effectiveness and reduce costs by connecting 12 office locations, streamlining reporting, and improving employee productivity thanks to the system's advanced features and functionality.

Value Created:

- Faster linkage of people and processes equals a savings of more than 10 million yen each year — about \$93,000 US.
- More agile, secure and reliable operations thanks to the system stability, voice quality and operational support that Avaya provides.
- Intelligent, personalized interactions with customers produced faster answers to customer inquiries due to new features and reporting capabilities.
- Impressive cost savings from reduced telephone charges for frequent moves, adds and changes resulting from personnel updates — Rakuten hires about 20 new employees every month.

TOKYO, Japan – Rakuten Inc., founded in 1997, has thrived by developing new business opportunities, based primarily on Internet kiosks. Since the company's stock went public in 2000, Rakuten has taken an analytical approach to growth through mergers and acquisitions (M&A), which has enabled it to enter into new markets faster. In addition to its main companies in the e-commerce,

financial, travel and entertainment and portal media (search engine) industries, Rakuten Baseball, Inc. (Tohoku Rakuten Golden Eagles) has recently joined the conglomerate. The Golden Eagles provide a great opportunity for Rakuten to market itself to a wider segment of the population and bring a breath of fresh air into the tradition-bound professional baseball community in Japan by becoming the first new club formed in 50 years.

Because Rakuten is ever watchful for the next opportunity on the horizon, it recognized that IP telephony has the power to transform business and is well on its way to becoming a mainstream technology. The company did its research before selecting a variety of Avaya IP telephony solutions for its new headquarters in Roppongi Hills. The investment is already paying off, as Rakuten is realizing impressive cost savings from reduced telephone charges for frequent moves, adds and changes. Productivity and efficiency are also increased thanks to the ease with which employees can plug into a LAN line and start conducting business.

Challenge: Avaya IP Telephony selected for the New HQ

As Rakuten's headcount steadily increased over the past few years through successful business expansion, its offices were dispersed among 12 locations, with three

separate buildings in Tokyo alone, which led to a variety of network infrastructure issues that needed to be resolved efficiently.

"After the M&A, we used the same offices that each company used as separate entities, which led to a lack of communication between employees. The dispersed offices presented a big hurdle that had to be overcome before total workforce optimization could become a reality. In order to meet the challenge, we combined the offices and moved to a new headquarters building in Roppongi Hills," explained Takashi Yoshida, Senior Executive Officer and Director who manages Rakuten's IT strategies.

As part of its relocation, Rakuten decided to upgrade its telephone system and make the switch to Avaya IP telephony. Several reasons led to the decision, but the biggest incentive was the reduced cost for system configurations and changes, which had previously mounted due to acquisitions of new companies. For example, a member of the e-commerce staff moving to the travel and entertainment business unit or a member of the sales staff transferring to a research department would result in an office layout modification. Large-scaled modifications were only done once every three to six months.

"Our purpose for implementing IP telephony is to reduce the costs associated with layout changes — not

simply to minimize communications charges. We discovered by changing the work environment, employees are more motivated and productive. With the old system we had to pay large telephone rearrangement fees and we had to stop conducting business when doing the telephone work on Saturday and Sunday," said Yoshida.

Rakuten hires about 20 new employees every month. After some training at a sales department they are transferred to various departments. Installing additional telephones for these newcomers and temporary staff members required time, effort and money.

Solution: Avaya IP Telephony Improves Company Operations

Before moving to its new headquarters location, Rakuten reviewed various IP telephony solutions proposed by several vendors. The Rakuten "Relocation Committee" selected the proposal of an Avaya BusinessPartner, for several key reasons. Yoshida explained:

"In Japan, there were few examples of large-scaled implementations that had over 1,000 IP telephones, and some people were anxious about new features and performance issues. But Avaya provided the right approach, ensuring system stability, voice quality and operational support. They made our decision easy."

During its decision-making, Rakuten placed strong emphasis on the system stability and the superior voice quality of IP telephony.

"Rakuten is a marketing company based on conventional, low-profile sales through telemarketing. Failure of our system directly impacts sales, resulting in a loss of business. We have a low tolerance for system failures, so operational support — such as how quickly the system can be recovered in case of malfunction —, was another key deciding factor," says Yoshida."

With the support of Avaya and their BusinessPartner, Rakuten performed some preliminary system tests of the new IP telephony system. Yoshida was very pleased with test results.

"We tested telephone calls between IP telephones and cell phones. The system produces excellent voice quality with a simple switch adjustment."

Once satisfied with the initial test results, Rakuten implemented a number of new solutions in a short period of time including: the Avaya S8700 Media Server, known for having high reliability and throughput as well as system redundancy, the G600 Media Gateway, the Avaya Communication Manager software for switching voice traffic and producing reports, and many Avaya 4620 Model IP Telephones, with a LAN switching feature and internal power supply.

Business Value

It has been about a year since the full-fledged IP telephony implementation and a number of benefits can be seen across the company. Of significant value is the cost savings recognized from lower cost telephone rearrangements during personnel and office layout shifts — a main objective the company targeted. With the new system, an employee can simply plug his/her IP telephone into a different LAN line and move to a new desk in minutes. This saves time and eliminates the rearrangement fees that were once incurred. This adds up to a savings of more than 10 million yen (approximately USD \$93,000) each year.

"In addition to the cost savings, we have other advantages, too. With the old system, we occasionally delayed layout modifications because the cost outlay was not feasible at the time. Since we installed the Avaya IP solutions, we can freely change office layout, which greatly contributes to happier employees and organizations," said Yoshida.

The Avaya IP telephony solution also improves mobility at the Rakuten offices. The day after Hiroshi Mikitani, chairman and CEO of Rakuten, bid on entering into Japan's professional baseball community, the company formed a project team consisting of eight members.

"In the past when new teams were formed, we sometimes had to use different extension numbers and we couldn't use our own telephones until wiring was completed but now members can quickly start working by bringing their own IP telephones into a project room and connecting to the LAN."

Sendai Office Utilizes Avaya IP Telephony for Baseball and Business

Currently, about 1,400 IP telephones are used across the company, including at the Osaka and Sendai offices, which has helped accelerate the integration of advanced communication applications into business systems — a process that was difficult with the former conventional telephone system. Users can now search telephone numbers by user names through a Web directory linked with lightweight directory access protocol (LDAP). Rakuten also uses Avaya IP telephony reporting with a third-party's billing system to ensure user fees have been assessed properly in each department.

"For one thing, we can improve productivity by monitoring and managing sales activity by checking employees' sales status with a call reports, eliminating the need for spoken messages," Yoshida added.

Furthermore, the company set up a small call center for its travel and entertainment business.

"The new system can be expanded with minimal additional investments. This also strengthens our IT compliance and provides valued services to business units while getting the job done more effectively," Yoshida emphasized.

Future Plans

Rakuten now knows from experience that when it comes to installing a telephone network, Avaya IP technology is the best option. The company plans to choose a Sendai location as the home of the new baseball club to help revitalize Tohoku-area businesses, and Avaya IP technology will be implemented in the Sendai office from Day One.

Looking ahead, Yoshida is anticipating deployment of the new business infrastructure model at corporate headquarters in Tokyo. As the name of the baseball team “Tohoku Rakuten Golden Eagles” implies, with an Avaya IP telephony solution Rakuten will enable its business to soar to new heights.

Learn More

For more information on how Avaya can take your enterprise from where it is to where it needs to be, contact your Avaya Client Executive or Authorized Avaya BusinessPartner, or visit us at www.avaya.com

ABOUT RAKUTEN, INC.

Provides Internet-based services based on four pillars, e-commerce, travel and entertainment, financial, and portal and media. Rakuten strengthens its corporate image with newly joined Rakuten Baseball, Inc.
<http://www.rakuten.co.jp/>

Applications	Systems	Services
<ul style="list-style-type: none"> • Avaya MultiVantage™ Communications Application • Avaya Communication Manager 	<ul style="list-style-type: none"> • Avaya S8700 Media Server • Avaya G600 Media Gateway • Avaya 4620 IP Telephones 	<ul style="list-style-type: none"> • Implementation provided by an Avaya BusinessPartner

All statements in this Case Study were made by Takashi Yoshida, Senior Executive Officer and Director who manages Rakuten's IT strategies.