

PLANET Inc.

At the beginning of 1997, PLANET Inc. approached its 12th year in business on an upbeat tone powered by a sharp upsurge in its corporate membership base. This appeared to be a major turning point in the eyes of President Hiromasa Tamanyu, a man who had devoted himself tirelessly to PLANET's prosperity from its earliest days.

PLANET is specialized in the business of value-added network (VAN) administration. It was established in 1985 as a joint-venture with financing from eight manufacturers in the Japanese toiletries industry, and from the company INTEC Inc., a VAN service provider (non facility based carrier). PLANET's debut was driven by a shared awareness of the need for advances in distribution-related information technology industry-wide. As such, it was designed to rival the proprietary information network architecture that industry-leader Kao Corp. had set up to serve its own exclusive distribution chain. As an information network, per se, PLANET enlisted INTEC's VAN infrastructure for the exchange of manufacturer and wholesaler data on product orders, purchases, billing, and sales. As a VAN administrator, it has championed concepts for the adoption of new information technologies throughout the industry at large, engineered and promoted the standardization of transaction systems that are easier to use, and provided an array of system consulting services for clientele on both the wholesaling and manufacturing sides.

The manufacturers and client wholesalers participating in the PLANET network steadily multiplied, until practically all the leading manufacturers and wholesalers in the toiletries industry were represented. Though many VAN operators in the distribution sector have been wallowing in red ink, PLANET by contrast has posted steadily improved business results atop the growth in its client base; it closed out its fourth year in business with an operating profit, and by its eighth year had completely erased its accrued debt. Furthermore, steady profit growth has allowed the company to share the returns with its clientele by lowering its service fees, attracting more new clientele in the process. When PLANET first went into business, many companies were still resistant to the idea of exchanging valuable business information over a network that also handled information from their rivals. However, PLANET adopted a clear hands-off policy by leaving the daily affairs of system

Yoko Takeda prepared this case with assistance of Prof. Jiro Kokuryo of the Graduate School of Business Administration, Keio University as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. (June 1997) Copyright © 1997 by Keio Business School. English version was made in February 1999.