Alibris Case Study

The Founding of Alibris

- In the rare, used, and out-of-print book business.
- Started as a small business named Interloc.
- Interloc's website was just a bulletin board service, or BBS, which only connected book buyers with various locally based suppliers from all over the country.
- Interloc made money by charging dealers a fee for listing their books on Interloc's servers.
- Consisted of 1,300 dealers and 5 million books.

Interloc Becomes Alibris

- Marty Manley meets with investors and becomes CEO of Alibris.
- Must turn Alibris into an e-commerce company similar to Amazon.com.
- They face big IT problems because the 5 million books come from many individual dealers with different prices and conditions of sale, all of which needed to be catalogued, searchable, and reliable.

Alibris's Mission

- Have customers world wide place order with Alibris, who then send for it from the dealer, and then ship it to the customer from their storage facility.
- Wanted their search to be as fast as Amazon.com.
- Have control over shipping/customer service.
- Increase their order fill rate and only do business with dealers with over 1,000 books in stock.
- Collect 20% of sales and increase the sale price of the books.
IT Challenges

- Move database from Massachusetts to California
- Each book has separate records.
- Oracle's off the shelf eCommerce software had bugs and didn't work because it was so new.
- IT crisis drains money supply
- T1 connection didn't work for a very long time.
- Ended up having to totally customize their eCommerce software after having spent a fortune on Oracle's software.

Solving the Problem

- Thunderstone came in and solved their crisis.
- An investor offered 200,000 to keep the company afloat, but demanded control over the company and the firing of most of the staff.
- They were unsure if a small company Thunderstone could handle their software needs and if the investor was asking for too much control over the company.

Conclusion

- This case shows that a start-up can't be run by consultants.
- They had the right idea, they just didn't execute their plans smoothly.
- Alibris now has over 60 million used, new, and out of print books.