

## Major Supermarket Buys into the Benefits of Business Intelligence

**A UK supermarket retailer has implemented a business intelligence data warehouse to improve efficiency, reduce costs, and make better use of company and customer data. The new system was created by Microsoft partner Acuma and is based on Microsoft SQL Server, Microsoft Windows, Business Objects, and Kalido. The solution enabled the company to close seven data marts, reduce the number of reports produced from 36 to just one and fundamentally has allowed the retailer to make better informed decisions and identify business improvement opportunities.**

### Business Challenge

Customers are demanding more of the high street. Against the backdrop of a multi-channel shopping world, where retailers are competing to offer the best deal, consumers have never been so spoilt for choice. This means they simply will not tolerate below par service, out of stock products and lengthy queues. Retailers are increasingly turning to innovative technology to help address, meet and exceed these expectations.

A large supermarket retailer, based in Stoke, is the largest independent co-operative in the UK. It has annual sales of some £1.8bn and employs more than 15,000 staff in over 900 retail outlets, in addition to online and business-to-business operations. Its businesses are diverse and range from food retailing to pharmacies, travel and funeral services. Its differentiator is the fact that it is owned and democratically controlled by consumers.

Most consumers like this retailer for its local, friendly appeal. As such they expect high levels of customer service and to experience the same levels of that service regardless of which location they are shopping in. The society has grown enormously through a series of mergers, the most recent increasing the number of retail food outlets by 130. As it acquires more companies and grows as a business, the pressure increases to ensure it has effective processes in place to collect, analyse, and act on essential data to aid decision making.

Information was previously kept in silos, and decisions were based on different views of data. The retailer wanted to equip employees with a powerful data warehouse and business intelligence system that provided a single view of information in real time, delivered efficiency gains and cost savings, and reduced the number of reports produced. Ultimately, the retailer

operatives wanted something that would help it deliver a better service to customers by making better use of data.

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### Solution

The retailer issued a tender and underwent a rigorous research and selection process in which it considered many of the major players such as IBM, ICL, and Oracle. They decided to work with Microsoft partner Acuma because it provided key technology solutions such as Microsoft, Ascential, Kalido, and Business Objects. Acuma could also provide reference customer sites, product demonstrations, and a fast, low-risk implementation, and could understand and solve the business as well as the technical issues.

Microsoft® SQL Server™ 2000 sits at the core of the new data warehousing solution, which runs on Microsoft Windows® 2000. SQL Server was selected because its scalability and performance attributes could handle the large amounts of data being loaded into the system on a daily basis some one million records a day with around 100 queries daily.

The system also makes use of additional SQL Server features such as Enterprise Manager, which provides strong debugging capabilities, powerful interactive query analysis, and better Meta Data Services integration. Performance enhancements are gained using Symmetric Multiprocessor Support that enables applications to be processed in parallel, and information is backed up while

the database is still online, ensuring minimum disruption to the business.

SQL Server essentially acts as the data repository which stores and processes information fed to it from Kalido. Kalido gathers the data from head office systems, convenience stores, and the healthcare business. Reports are then generated using Business Objects via the Intranet.

One of the retailer's General Managers said: "We went with a Microsoft solution because it offered a better solution than Oracle, Informix, DB2, or Teradata. The costs of DB2 and Teradata in particular were too great for our type of business and there were doubts that these solutions would not deal with the every day changes of a business operating in the convenience-retailing arena, without significant service costs.

"Cost to us means more than just the upfront investment. It also takes into account consideration of project initiation, planning and delivery, and ongoing development and maintenance costs. Acuma offered us a one stop shop for all elements of the project."

### **Business Benefits**

"Data warehousing projects have a history of failure and that makes many organisations wary of embarking on this type of project. This project and others by Acuma have shown that with the correct approach and skills these projects can deliver benefits to an organisation, and shows that payback is very achievable," says the retailer's General Manager.

**Information Ownership is a Competitive Weapon,** Sales & Marketing Director, Acuma, says: "Having access to the right information about the organisation at the right time enables United Cooperatives to make more informed, better decisions which will give it an advantage over competitors.

The system undoubtedly helps the company to address a number of the key challenges it faces in such a competitive market such as maintaining and growing market share in an increasingly electronic world, building customer loyalty, improving staff productivity, and improving supply chain efficiency."

### **Reduced Costs and Fast Return on Investment**

In less than 12 months the solution has paid for itself, and still continues to deliver strong business benefits. So far cost savings, in terms of report reduction, data input, and fraud detection have been estimated at more than £1.4m. The retailer has enhanced the information available to users about the business. This means that they can more accurately look at stock surplus and loss and are in the position to make better informed decisions that help reduce costs further.

### **No Queuing for Essential Data**

The retailer has reduced the number of reports produced from 36 to just one, and this information is now available in real-time. This reduction has put an end to the large number of spreadsheets that were previously used to manage the information and has improved information flow. It has also resulted in the elimination of seven data marts. Data integrity is assured because of the processes in place, so users can be confident all decisions are based on the same view of information.

This means that the same business terms are used throughout such as sales channel name, product descriptions, time metrics, and profit margin calculations. The General Manager continues: "What we had before were weekly paper reports that were generated after events. We now have information on demand that is checked, balanced, reliable, and timely. We also have an environment that offers users the ability to run discovery analytics. Before we had numerous views of the data generated from various data marts, but now we have consistency and accuracy".

### **Knowledge and Skills Transfer**

The retailer was able to make use of existing in-house Visual Basic and SQL Server skills to develop a report delivery application written in Visual Basic 6 called STREAM which archives and distributes PDF reports and other documents to users.

Sales & Marketing Director, Acuma, says: "The project was completed on time and within the budget. The secret to this was the tight project control from both sides and the proven Acuma methodology for this type of project. The project teams worked closely together with skills transfer to staff occurring at all stages of the lifecycle to enable them to develop the project further."

### **Flexibility and Scalability Guaranteed**

The General Manager said: "We have grown by acquisition and the system will enable us to easily integrate data from other acquisitions in the future, ensuring we continue to see maximum benefits from our investment. We can also be confident that we have a platform that will grow as our information requirements do. We planned up to 500 GB and now have a database handling 1 TB".

### **A United Platform for the Future**

The retailer has identified 32 business improvement opportunities as a result of this project. They include key time and money saving initiatives such as stock availability, reducing wastage, increasing basket size, reducing fraud, more targeted promotions, and improved supply chain efficiency. The retailer now plans to work on the next phase of its data warehousing project which includes integrating JDA's space planning software, adding more reporting functionality for healthcare and wastage and ensuring all newly acquired stores have access and use the new system.



Acuma are a global IT company specialising in Information Management (IM). Acuma is part of the Saksoft group and provides solutions, which are unique, flexible and cost-effective service blending local high value consultancy and global high quality project delivery. Acuma delivers business improvements by drawing together strategy, technology and methods of Information Management into a single philosophy called the Information Value Model (IVM).

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