



The smart choice

In a tightening economy, anything that can give retailers a competitive advantage is worth looking at. And business intelligence (BI) software is one tool that can help retailers gain an edge over their rivals. Sara Edlington reports

Many retailers are already using a form of BI. Indeed, few, if any, will make decisions on pricing, ranging, promoting and allocating products without some form of business reporting or Microsoft Excel-based analytics.

The difficulty is that a retailer's data may not be all in the same format. Bill Hewitt, CEO at Kalido, understands this problem: "Traditionally, a major issue for retailers' data is that it comes in so many different formats, from varying systems that it

becomes difficult to extract what is relevant and load it into a data warehouse." And primarily this is what BI is about: "Providing the right information, at the right time, rapidly in a convenient and understandable form to each of the decision makers in the business," says Andrew Raynor, BI director at ARC Retail.

Some companies have already been using these tools for some time. Mosaic Fashions, best known for High Street names such as Principles and Warehouse,

has been using JDA's Merchandise Planning in some divisions of its business for over five years. The company has more than 2,000 stores in 37 countries and, working in the fast-moving fashion industry, keeping ahead of the game is vital. Mosaic is using the system to help with planning metrics – including sales, margins and inventory turns. John Bovill, group IT director at Mosaic, explains why the retailer decided to expand its investment of the JDA system this year: "It is a robust solution. We

have had it for a number of years in Principles and Warehouse in particular, but also in Oasis."

Alan Smalley, retail solutions manager at SAS UK, explains how his company has helped some of its customers to use BI in different ways. "In the customer intelligence space, Fingerhut (an online retailer) expects to generate an additional \$3 million in revenue this year due to improved targeting as a result of implementing a marketing automation solution." He adds that: "Whilst in forecasting Waitrose achieved an eight per cent improvement in wastage through the introduction of SAS forecasting enabling to them to forecast every product in every store every day."

Word from the wise

Richard Clarke, practice lead for retail consulting at Fujitsu Services, gives a few tips for retailers who are thinking of implementing a BI system. "Get a senior director to back the solution, single out an 'evangelist' for the new capability amongst intended users right from the start; have regular communication updates on design and build progress to create anticipation and plan for a series of short/sharp training sessions to monitor buy-in and usage rather than one big event which most people will forget." He adds that retailers must be absolutely clear where and how the system will add value in the process.

Large retailers can afford, or already have, the IT infrastructure that will power the most sophisticated systems. But in some cases, you don't have to spend huge sums. ARC Retail recently completed a project with Thresher. Raynor says that they developed a mini solution using Microsoft SQL Server Business Intelligence to rapidly evaluate promotional data as part of a consulting project.

Another option is the service-led model, Clarke explains: "We think a service-led model will be applicable to many retailers, but particularly those medium-sized retailers who are unable to invest in and maintain the infrastructure to provide a step change in data exploitation and insight distribution across their organisation."

The right IT hardware is important. Maplin Electronics wanted its management teams to have a real-time operational

picture, based on daily scrutiny of returns from all its sales activities. Mark Smith, head of IT at Maplin, explains: "The financial software's basic capabilities were fine, but batch runs were taking up to ten hours and overlapping with other IT tasks. This was also holding back the finance department's ability to consolidate reports – we needed more capacity without replacing it."

Maplin asked Centiq to help. It recommended several changes to the retailer's IT including: virtualising the system servers, enabling multiple applications to be run on each machine, boosting available processing capacity and permitting Maplin's IT team to quickly deploy new applications as the business grows. And the result? "Now we have migrated to a new platform, we are getting more done with essentially the same infrastructure, without having to 'rip and replace' a perfectly good system," says Smith.

Another area to consider is the staff that will be using the product. Mosaic's staff like the JDA Merchandise Planning Tool and feel they can work with it well, according to Bovill. They had extensive training, but the fact they like using the JDA tool is also important. A product of this nature that

staff find difficult to use could result in them not getting the most from it.

Despite the considerable advantages a BI system can bring, the reality of a tough trading climate could make retailers think twice before investing in one or upgrading an existing system. Clarke has an interesting example of how useful it can be in challenging times. "Tesco leveraged Clubcard data to identify the need for a Value range in the early 90s when the economic climate was firmly hostile."

Hewitt agrees: "In the current retail climate, retailers have to change to accommodate shifting customer spending habits as shopping budgets are tightened, e.g. an increase in the popularity of budget and

"Most retailers – large and small – are using BI today; few, if any, will make decisions on pricing, ranging, promoting and allocating products without some form of business reporting or Microsoft Excel-based analytics"

own-brand product lines." He adds: "BI implementations can help stores identify and quantify these shifts more quickly and accurately, allowing them to respond in a more targeted and timely manner."

BI systems offer many advantages to retailers. As the retail business model becomes more complex, with e-commerce and fast-changing consumer demands, the tools offered by this type of software could become essential if retailers are to thrive in an ever changing economic climate.

