

# Retailing made easy

New Zealand-based EziBuy Group is a multi-channel fashion retailer with 47 retail stores and almost 800,000 customers. After 30 years, the needs of the business far exceeded the capabilities of its home-grown ERP, so it was time for a change. Freya Purnell reports.

EziBuy Group is a group of three primary companies: EziBuy, which has around 700,000 active customers, nine retail stores, an online store and a contact centre; Max Fashions, which has 38 retail stores, an online store and around 80,000 active customers, 20,000 of which buy online; and Profile, a stand-alone corporate apparel business. Around two-thirds of its business comes through the direct channels of the contact centre and online, with operations in both Australia and New Zealand.

Previously, EziBuy was operating a bespoke ERP system called EziBuy Main. According to Hamish Grant, EziBuy's group manager, technology, the legacy structure was very fragmented with many small, specific gateways joining the best of breed products. A large number of servers and software was contributing to the high cost of ownership, exacerbated by the fact that the system required a team of 21 developers for support, and it was "resource intensive to maintain", Grant says.

Whenever the business changed, another piece was tacked onto the system, resulting in a somewhat less than structured approach, according to EziBuy general manager, commercial, Steve Mackay.

"For example, if we needed to add another digit to the customer code number, it would take several months worth of code change and regression testing," Grant says.

It was clear to the EziBuy Board that things had to change – and with the group continuing to experience strong growth, they decided the time was right to establish the group's future IT platform. So in early 2007, EziBuy began evaluating various system options.

Grant says from a scoping perspective, the key requirement for a new system was stability – "where every logistical action has an equal and opposite financial reaction. In our legacy environment, data inconsistencies had become quite common".

EziBuy was also looking for a robust, pre-built system that could be treated as the heart and engine of the business, with the group's specific differences in the traditional retail,



contact centre and online channels effectively dealt with at the periphery of the system, without fundamentally changing the core.

"We wanted something that was scalable, that was going to suit our business in a meaningful way, and we wanted to start again with a stable environment rather than continuing to fragment something that was already fragmented," Mackay says, adding that while there were plenty of off-the-shelf retail packages, finding a system that could cope with the group's direct channels of the contact centre and online was more difficult.

"We have a reasonably complex business model with multiple company codes. We do inter-company consolidations, run some direct wholesaling business under separate company codes, and we supply into David Jones for one of our sub-brands along with the three distinct channels," Grant says.

## Implementation

EziBuy eventually chose SAP, and in doing so, became the first true multi-channel retailer on SAP in New Zealand.

When it came time to choose a partner for the implementation, EziBuy wanted to stay local, rather than receiving support from Australia or America.

"We're very much cognisant of the challenges of remote support, especially when you're dealing with a very complex



ERP platform," Grant says.

Of the local providers, EziBuy felt that Ciber NZ had the best track record for SAP-based implementations in retail, and brought them on board for the project.

The project kicked off in May 2007 with a blueprinting process. However, Grant says they faced some initial struggles getting to grips with the SAP-specific terminology and language.

"Certainly the subsequent implementations we've done have gone a lot smoother, for the simple fact that we know and understand SAP terminology. As a case in point, we now understand just how important master data is," Grant says.

EziBuy had an internal IT team of 21 staff, including analysts, developers, report writers, system architect and project manager working on the implementation, while Ciber provided a further eight team members, including more developers, functional consultants and a project manager. A group of eight superusers from the business was also identified to be involved in the project.

"Initially we just started with a traditional ERP, BI and PI, but we leveraged the SAP development environment to integrate into their existing web shops, their existing third party warehouse management systems, and a package called Buy Sell Move for purchase ordering," says Michael Niestroy, director, Ciber NZ.

The project team used a service-oriented architecture to enable scalability and flexibility. EziBuy also chose to build its business logic and business rules for areas such as cross-selling and up-selling – which it felt SAP does not do well – into the front-end of the system, using in-house developed applications.

The first component of the system to go live was financials for EziBuy in March 2008 (including FI/CO, AP and Consolidation), which was delivered on time and on budget. Financials were then rolled out for subsidiary Max Fashions in October 2008.

While the original scoped live date for the logistics component for EziBuy (including SD, MM, AP, RIS structures and BW and reporting) was 31 May 2008, the team decided to delay the Go-Live so it would occur in a much quieter period for the business – on 1 January 2009.

"We delayed the Go-Live to minimise any business risks around trading, and during that period we were able to do more testing, making the transition more seamless," Mackay says.

Grant says while they did find issues with the system during the testing period, and in fact when the system went live, "none of them were train smash issues". This extra time also

## Get on the road to AP fitness



### STEP ONE: BENCHMARK REPORT

Download a copy of the Aberdeen Benchmark Report for Accounts Payable (AP) best practice.



### STEP TWO: AP MATURITY LEVEL ESTIMATOR

Gauge your current AP maturity level with our quick and easy estimator.



### STEP THREE: ROI TOOL

Work through our ROI tool for an accurate calculation of all your AP running costs.



### STEP FOUR: DISCOVERY WORKSHOP

Let us help you develop your business plan for AP automation.

Discover the journey taken by Rio Tinto, Caltex, Orica, ETSA Utilities and many others. Contact us for a free consultation or visit our website to work through the steps.



Call us on +61 2 9929 0676  
Click here to email us  
or here to visit the website

## case study ] EziBuy Group

allowed the implementation team to reengineer some of the business processes.

The Go-Live was very successful, with Niestroy commenting it was probably the smoothest he had ever experienced.

“We didn’t lose a single day’s trading— we continued with an online presence, a fully functional contact centre, and with active retail stores being cut over overnight,” Grant says.

### Challenges

As a fast-moving, dynamic retailer, the main challenge was switching to a replacement ERP without disrupting ‘business as usual’. Getting internal resources from outside the IT space involved in the project was also a challenge.

“There are so many daily work demands on people, and then pulling them aside to be superusers, there was some pressure there,” Mackay says.

From a resourcing perspective, Niestroy also says implementing for small clients is typically challenging because they don’t have the manpower to sustain such a massive project.

“But at EziBuy, the challenge as well as the benefit was they

**Company:** EziBuy Group (Ezibuy Ltd, Max Fashions Ltd and Profile Ltd)

**Website:** [www.ezibuy.co.nz](http://www.ezibuy.co.nz), [www.ezibuy.com.au](http://www.ezibuy.com.au), [www.sarafashion.co.nz](http://www.sarafashion.co.nz), [www.sarafashion.com.au](http://www.sarafashion.com.au), [www.maxshop.com](http://www.maxshop.com).

**Key challenges:** Replace a 30-year-old in-house developed ERP, cutover without stopping selling.

**Project objectives:** Data accuracy and consistency, stable ERP environment, reduced cost of ownership, seamless processes, reduced operator intervention, automated production confirmation.

**Solutions and services:** SAP ECC 6 for Retail, BI and PI.

**Why SAP solutions:** Stability, flexibility, scalability.

**Key benefits:** Accurate reporting, business discipline, opportunity to re-engineer internal processes.

**Existing environment:** In-house developed on Dataflex.

knew their old system very well, and they did have quite a number of in-house developers who we cross-trained onto SAP. The benefit was basically that we didn’t have to develop a lot of interfaces ourselves, it was done by the client, and they did a very good job,” Niestroy says.

To get its users up to speed, EziBuy worked with an external change manager and had a strong superuser team who were heavily involved in unit and user acceptance testing, and they trained many of the other users. Fortunately, around half of the finance team also already had experience with SAP.

“Our main area of change was inventory planning and control. The new system was quite different from EziBuy Main, but it was a blue screen application, so there was commonality of keystrokes, but a lot of features and functionality were added. The extra five months to Go-Live bought us more time to implement those changes,” Grant says.

Mackay says they experienced some pain during the post Go-Live period, when users were seeking information they had access to previously, and which now was provided in a different format. However acceptance increased as users became familiar with the new system, and they are now very positive.

### Results

A huge benefit resulting from the implementation is that EziBuy now has ‘one version of the truth’ – whereas data consistency was lacking in its previous system.

“That is quite important for us, because that concerns customer information and quite detailed transactional issues,” Mackay says.

Another benefit, according to Mackay, is that management accounts are now finalised within four days of month end. Previously this would take between 10 and 20 days.

“There’s a lot of powerful information in those reports – KPIs, return rates, fulfillment and a lot of true management information in terms what brands are selling, which products are working in which countries. We use the past as a guide for how we see the future, so it feels very good to be able to react to those financial results faster.”

From a management perspective, Mackay says the SAP system has also introduced more discipline around business processes.

“SAP requires you to be disciplined and methodical, and we might have been a bit ‘seat of the pants’ previously, without understanding the flow-on effect of something we might do,” Mackay says.

Grant says a classic example of this recently occurred when they ran a daily sales report, and found that the cost of

goods sold was higher than the value of goods sold in a particular channel. The error was caused by a user creating a returns purchase order with a grossly overstated moving average price on an article. The team was able to correct the error, and the report was distributed only half an hour late.

“Historically, it would have been a week-long task trying to figure out what had gone wrong,” Grant says.

In terms of the technology, Grant now has a team of 14 rather than 21, all of whom have been cross-trained with others’ areas of expertise, providing in-house disaster recovery ability. As a proven, off-the-shelf system, SAP also provides much better logging and analysis than EziBuy Main. The number of servers has also been reduced, lowering cost of ownership.

The use of SAP as a stable core system with third party applications added to deal with the intricacies of multi-channel retailing enables the group to enjoy the best of both worlds – stability and flexibility.

Next on the agenda for EziBuy is rolling out SAP through the other business units: the logistics component will go live for Max Fashions on 1 January 2010, followed by Profile in June 2010.

**SAP version:** ECC 6.0 SP 14

**Implementation timeframe:** 18 months

**Modules implemented:** FI, GL, AP, AR, FICO, MM, SD, RIS, BW

**Database:** Microsoft SQL 2005 SP2 64 bit

**Operating system:** Microsoft Server 2003 64 bit Enterprise

**Proposed upgrade timing:** December 2010

### Key lessons

Throughout the project, the EziBuy team used a couple of key philosophies that they would recommend to others undergoing an implementation: keep it simple, and “don’t let the implementation be done to you” – instead work in partnership with your implementer.

Grant also recommends having a business analyst on the internal team with an SAP background before the blueprint stage, using as many internal technical staff as possible in the integration, and “don’t try and make SAP do the impossible – if you need something ‘left of field’, build it externally and minimise customisations”. 