

I.T. beats the recessionary blues

WHETHER OR NOT the retail economy is emerging from a recession, the reality is that the surviving retail businesses have had a good look at their operating efficiency. Flat or declining sales may be hard to avoid, but it seems falling profits may not be compulsory.

For retail businesses, IT forms a vital part of controlling costs and finding efficiencies. Often in the past, this has meant building systems or applications which solve a particular issue – e.g. inventory, merchandising, warehousing, point of sale, financials. Few retail companies in New Zealand have ventured into implementing an Enterprise Resource Planning (ERP) system, believing they were probably too small for the reputed costs, and were cautious of the impact of a project gone wrong.

That two industry leaders chose exactly this path to improve their businesses has bucked the industry trend. Both EziBuy and the Briscoe Group, with decades of experience managing and building bespoke IT systems, nevertheless moved onto SAP, the tier one ERP.

Both companies have reporting a fairly static sales environment, yet both are happy with their profitability. Indeed, in September, Briscoe Group reported a \$6.52 million half year profit, more than double the previous year's result. Group Managing Director **Rod Duke** said the challenge for the company had been to drive profitability without relying on substantial top-line sales growth. Initiatives implemented for inventory management and cost control had protected the company's margin and enhanced profitability, he said.

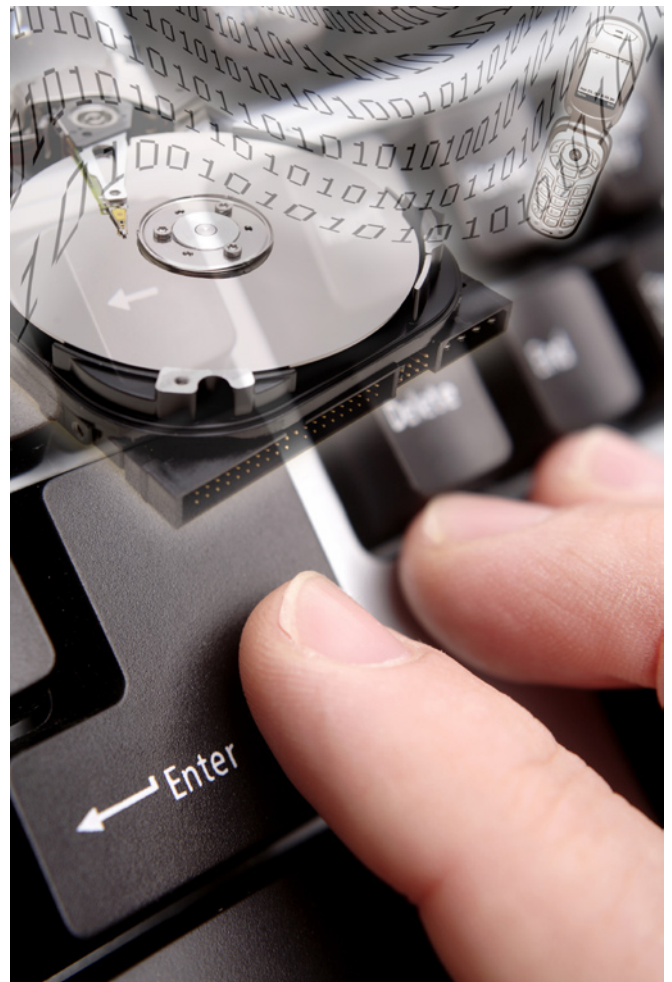
With a multitude of stories abounding in the networked world of CIOs, implementing an ERP is usually approached with great caution. "I used to accept that if you're not Fonterra then forget an ERP," says **Geoff Scowcroft**, CFO of Briscoe Group, "but I've learnt that SAP can do a deal and you can make it work for your business."

But the system Briscoe Group had running was "at the end of its life". "We could have upgraded it, we knew we had to do something, but 'do we, don't we'? Were we big enough to warrant a tier one system like SAP or its rivals?"

Similarly, enabling future business by moving on from legacy systems was a priority for EziBuy. "We went into this process with some very core goals in mind" says **Steve MacKay**, COO of EziBuy. "We had to have one version of the truth, with all that brings, and we had to gain a better understanding of our customers. Our business is growing and we needed an ERP which was scalable for us."

Both companies have sought operational efficiencies without clipping another system on to the intricate legacy of systems, and both wanted minimal cost and risk in doing so.

"There is no way we would consider lavishing the kind of money some companies are reputed to have spent on their IT systems. We have an IT staff of five and we wanted their job to be easier and the outputs from the infrastructure to be substantially improved. Another bespoke system over the top of an outdated system would not have done the job," says Scowcroft.



EziBuy may be reserved in acknowledging its sales and profit figures, but it carries the mantle of being one of precious few New Zealand retailers to have successfully crossed the Tasman and developed a multi-channel presence.

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Briscoe Group's Scowcroft says cost was a big factor, so the company embarked on a thorough evaluation with another system which proved it couldn't do what was required. "We pulled the plug on that one and got back into negotiating with SAP. The cost comes down to what kind of a deal you do and how well it is implemented. SAP is getting more realistic with its pricing. And it's important to remember that the main cost is the implementation. We feel we got a good deal, so we did well."

The Manager of Ciber is **Michael Niestroy**, a man with a reputation for being “an IT guy with a real world business brain”, according to Geoff Scowcroft. “Our experience with implementing SAP in retail businesses of all types led us to develop our own preconfigured SAP solution for retail – NovaRetail. This gives our customers advantages in cost, risk management and operational effectiveness.”

Ciber has been a quiet achiever since entering the New Zealand market in 2006. Although a subsidiary of Ciber Inc, the global IT company listed on the New York Stock Exchange, Ciber New Zealand considers itself to be a local company with global reach. Ciber has built a solid reputation in NZ implementing SAP Retail and CRM, and has now begun to make a name in ERP implementation. “We’re really pleased to be able to bring a full scale ERP into New Zealand businesses and deliver benefits at a more than affordable price,” says Niestroy.

“We had thought the best solution was to build in-house. Now we see we can use best of breed off the shelf and its quite affordable,” says EziBuy’s MacKay. “It gives us the powerful engine, and we can paint the car anyway we like.”

www.ciber.co.nz



Retail CSI?

A UNIQUE NEW THEFT deterrent from the UK, SelectaDNA has been launched in New Zealand. A synthetic DNA solution that can be applied to valuables and property, the clear solution glows bright blue when placed under UV light. Each bottle of solution also has a unique DNA code which is registered to its owner on SelectaDNA’s secure database and can be accessed by NZ Police. SelectaDNA can be used to protect IT equipment, vehicles, tools and commercial property.

SelectaDNA is also available for commercial applications as a larger size kit or as a hydra spray. BNZ is installing the SelectaDNA hydra spray in branches throughout the country. The unit sprays offenders with the bank’s own SelectaDNA solution when they exit the premises. The product stays on items or people it touches indefinitely and on clothing for up to 6 months, even after it has been washed.

www.selectadna.co.nz

Retail software counters pricing, ticketing issues

POINT-OF-PURCHASE SPECIALIST SPOS has recently introduced the Retail Enterprise Suite by Episys in the UK to the Australian and New Zealand markets. Says SPOS, many retailers have a number of systems that are not fully integrated. “This leads to major inconsistencies with their POS system, ticketing, catalogue and website pricing, leading to confusion for customers and time consuming work for staff,” says Business Development Manager, **Craig Burnard**.

Retail Enterprise Suite accesses the information in a retailer’s POS system and other places where pricing information is stored like Excel or Word files. It finds the data and makes sure it is consistent. This ensures that, when a product is scanned at checkout, the price is the same as it is on the shelf and on a website.

The Episys suite also ensures that the system automatically produces the right promotional signage and shelf edge labels in the right media, in the right store, in the right quantity, showing the right price, in the right order and at the right time.

Up and coming retailer Pets at Home has been using Retail Enterprise Suite to ensure its ticketing is consistent. Pets at Home currently has three stores, all in Australia with significant national expansion plans. The innovative retailer is a joint venture with Pets at Home which has 240 outlets throughout the UK.

David Herman, Managing Director of Pets at Home, says that the Episys system allows them to present their stores professionally, despite having a small head office team. The Episys suite “dovetails into our existing e-pos system and allows us to be more efficient. We save considerable time by being able to give our stores all the signage they need at their fingertips.”

Pets at Home makes ticketing changes on a weekly basis. Before adopting the Episys suite this was a time consuming, week-long process: ticketing was produced in-house and driven to each store. “Using the Episys software has changed all that. For our recent ‘Tail End’ Sale where we have to change almost every ticket, our whole signage suite was produced in less than an afternoon.” And the new ticketing was distributed electronically overnight.

SPOS also has a web-based version of Episys for the production of in-store ticketing. It contains templates for signage and is ideal for franchise operations where a consistent look and feel is required but the franchisor doesn’t have complete control over each store’s operation. Users only pay for signs that are actually printed.

www.spos.co.nz

