

# Customer success in retail



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Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. We provide world-class enterprise BI, planning and consolidation software, and services to help companies plan, understand, and manage financial and operational performance. Leading retail organizations trust Cognos software to improve their performance, drive profitable growth, and satisfy customers.

With integrated performance management software and services from Cognos, retail chains and restaurants:

- Improve store operations, profitability, initiatives, and return on investment.
- Increase marketing effectiveness.
- Align merchandise planning with corporate strategy and customer demand.
- Gain complete visibility into promotional activities and optimize return on marketing campaign and trade promotions.
- Standardize the planning process, consolidate and gain consensus between top-down and bottom-up operational plans, and ensure all parts of the company manage to a single set of financial measures and business goals.

Hundreds of restaurant and retail chains around the world already use Cognos to optimize their business.

Read about how:

- **Quiznos** used Cognos planning to create standardized financial reporting, reduce monthly close, shorten planning cycles, and initiate driver-based planning.
- **arvato services** leveraged Cognos reporting and analysis for its managed inventory system. The inventory solution has helped the company's retail clients see a 90 percent improvement in stock availability.
- **Harrah's** used Cognos BI to increase revenues, develop more effective marketing programs, and serve customers better.
- **Nuance-Watson** improved sales performance and business strategy in its world-class, duty free outlets with Cognos BI.

Cognos was acquired by IBM in January 2008. Customer success stories written prior to that date may not reflect the new product naming conventions stemming from the acquisition.

“Because of the reduced cycles in terms of consolidation and planning, it takes a lot less time away from everyone in the organization. Just in terms of the time saved and increased productivity alone, the product has paid for itself.”

*Davis Shepherd, Financial Reporting Manager, Quiznos*

Every day, restaurants ring up \$1.5 billion in sales at nearly one million locations worldwide. With \$558 billion in revenues projected for this year and solid growth expected to continue, the industry is anything but static.

What’s top of mind for chain executives in this dynamic environment? The key challenges: developing a unified mission statement, managing unit-level economics, and meeting expansion goals. Responding to market changes and consumer trends, and optimizing the dining experience are also critical issues.

To stay ahead, smart restaurant chains monitor their operations and depend on a dynamic, integrated planning process to guide their decisions. So they can grow the business, and quickly adapt and evolve as needs and challenges arise. With this in mind, Quiznos chose Cognos, an IBM company, to power its planning and performance.

Quiznos is a fast-growing restaurant chain with over 5,000 outlets in the U.S. and worldwide. The company provides fresh sandwiches and other items, using chef-inspired recipes and premium quality ingredients.

The company was selected by Nation’s Restaurant News as the top growing chain for five years in a row. Recently, the management group was also cited by QSR magazine as the best new management team in the industry.

This case study will focus on how Quiznos leveraged Cognos to help:

- Integrate its general ledgers and create standardized financial reporting across the business.
- Reduce monthly close by automating the consolidation process.

- Shorten planning cycles to support monthly forecasts for operations.
- Initiate driver-based planning to improve forecast accuracy.
- Measure sales, costs, and margin performance against plans.

The result: The annual planning cycle is much faster, reduced from several months to three weeks. What’s more, the company’s 35 separate reporting entities now use the same set of assumptions for their individual plans, resulting in greater consistency and fewer errors.

“Because of the reduced cycles in terms of consolidation and planning, it takes a lot less time away from everyone in the organization,” says Davis Shepherd, Financial Reporting Manager, Quiznos. “Just in terms of the time saved and increased productivity alone, the product has paid for itself.”

### Challenges faced

Quiznos was experiencing rapid growth of its business. And it needed its planning and financial systems and process to keep pace.

A critical issue? The company was using spreadsheets for budgeting, financial reporting, and forecasts. As a result, business units created their own plans, and there was a serious problem with lack of consistency across the organization.

“We really didn’t have much integration between reporting actuals versus our plan,” says Shepherd. “We had a manual process where we could report variances between actuals and plan, but describing what those variances meant became a real issue for us. And we were experiencing a very long cycle time for consolidating our financial results, generating reports, measuring actuals, and rolling up our annual plan.”



Another complicating factor was the company's complex business structure: 35 separate legal entities ranged across five business segments. How to reduce the amount of detail around these entities, yet still maintain accurate plans and financial statements?

The challenge was to find a solution that would help the company standardize, integrate, consolidate, and simplify the financial reporting and planning process across all of its business units.

### **Strategy followed**

The first step was to find a financial reporting tool that would integrate the company's general ledgers and automate the consolidation process. Support for standardized reporting across the business was also a requirement.

That led to an initial deployment of IBM Cognos Finance. "With Cognos, we could consolidate the entire company and provide financial statements in about an hour, which was a huge step forward for us," says Shepherd. "That took two days off our monthly close cycle."

On the planning side, the company wanted to integrate all the business units to the same set of assumptions and drivers. This would help improve version control and keep everyone tied to the same set of numbers. It would also create a more meaningful relationship between actuals and budgets.

With executive support, the Quiznos team created a business case to outline requirements. They then asked for bids from Cognos as well as two other leading business intelligence and planning vendors.

"We did our homework both on the product and consulting side," explains Shepherd. "Cognos came back with the best response, and we felt comfortable awarding them our business. And shortly after the decision to go with Cognos, JCB Partners came on board. The combination of industry knowledge and Cognos expertise made them a great partner for Quiznos."

The planning system deployment was a three-month project. The company worked closely with JCB Partners to plan out the scope of the implementation and what it would look like. In the end, the project came in on time and budget.

"In almost every organization, you can expect IT projects to go over budget and you can expect them to go over their allotted timeframe," says Shepherd. "The biggest surprise I got with Cognos was that we actually came in on target, both in terms of budget and in terms of timeframe. We were very happy with the results."

Further work was done to link up IBM Cognos Finance and IBM Cognos Planning, to allow data flow between the two systems, as well as integrate with the company's HR system.

### **Benefits realized**

Cognos has helped solve many of the company's financial and planning issues and led to a much more streamlined process. Consolidations are now completed in a matter of hours instead of days, and the annual budget takes weeks instead of months to prepare.

All the business units use the same financial reports and the same data source for reporting actuals, and there is GAAP compliance across the board. "They can open up the tool and create standalone financial statements that are the same. It lets everyone talk the same language company-wide."

On the planning side, everyone uses a consistent set of assumptions, and actuals and budget are more closely aligned.

"All of our business units use the same assumptions and the same drivers when building their budgets and their plans," says Shepherd. "We have also improved version control on our budgets and forecasts. And we have a tighter relationship between actuals and budget, so we can do more meaningful analysis in this area."

"So not only can we see our variances. Because we're using drivers to create our budget, we can actually begin to understand what these variances are telling us about the business."

### ***Less complexity, better workflow***

Further, the business structure was simplified by building the planning process around the five business segments instead of the more detailed entities: franchise operations, food distribution, equipment, advertising, and corporate function.

“We had to determine what level of detail we wanted to plan to. In the past, all 35 of our entities used to prepare standalone financial statements,” explains Shepherd. “By simplifying and automating the process in Cognos Finance, it takes an entire step out of the monthly workflow. It’s much simpler and it takes less time for people to do their budget.”

Linking the planning and financial systems to HRIS has also reduced time and effort in the HR department.

“HR has to provide me with a lot of employee-level detail: things like raise percentage, bonus percentage, hire date,” says Shepherd. “Staff used spreadsheets for this before and had to build it into their weekly workflow. Going forward, it’s going to save them a lot of time to integrate with the planning system. I need this information either way. They can provide it to me manually, or they can use this new seamless process that’s a lot easier for them.”

#### *Effective compliance*

Shepherd also notes that cutting out spreadsheets has made company auditors much happier in terms of regulatory compliance. There are fewer reporting errors. And the Cognos platform allows for much tighter security and controls around different versions of the budget – management can determine who sees which versions, and who can make adjustments.

All of these aspects allow finance to ensure the reliability and integrity of the plan as well as company financial statements.

“When you use an Excel-based process, there’s a lot of room for error,” says Shepherd. “With the internal controls we now have in place as part of the Cognos systems for planning and finance, we have significantly increased accuracy. Everyone is very confident that when they run a report out of Cognos, they know exactly what they’re going to get. And they know it will be accurate.”

More critically, Cognos supports a new focus on driver-based planning. In this case, Quiznos uses a key set of business metrics to drive its financial plans. “We came up with a key set of drivers that really were the core of what drove our business, and related those to how they play out in our financial statements,” explains Shepherd.

“We’ve tied our entire P&L down to gross margin so that all of our revenue and all of our cost of goods sold are linked to these key drivers: things like number of stores we plan to open, same-store sales, and franchises sold. Now by making one change, we can change our entire P&L and report against those drivers.”

A further advantage: it creates a much more manageable set of objectives and goals for operations and people in the field. “It gives people a smaller set of variables to focus on. So it’s a lot cleaner for them. On a day-to-day basis, they know the key goals they need to strive for. And if they hit those goals, then Quiznos as a company will achieve its goals.”

#### *Best practices*

Shepherd says a number of factors contributed to the success of the Cognos implementation.

For one, getting the support of management from the outset was critical. “You absolutely have to have buy-in on these types of projects. In our case, management was onboard from the beginning.

“Once they saw what we wanted to do, they gave us support throughout and have recognized our group in front of the company. In fact, the planning process we did for this year’s budget was the best one the organization has ever seen. So developing the business case and making recommendations to management is essential.”

More recently, the company converted the entire organization to a single chart of accounts. This way, all the operating units use a common language and structure – and people are less bogged down in time-consuming details. Accounting is simpler, and it’s helped to streamline the consolidation process even further.

“We have realized that using Cognos tools to manage and analyze PoS data analysis is very useful from a sales point of view. Processing of PoS data, especially preparation and display, is not very common in the industry at the moment, particularly in the entertainment sector, but it is becoming increasingly important.”

*Jochen Bremshey, IT Consultancy and Development Manager Europe, arvato services*



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As retailers sell more and more goods, supply chains become increasingly complex. Yet stores have to stay on top of them to keep their shelves stocked and goods moving. Otherwise, if consumers don't find what they want, they will simply go somewhere else or a sale is lost.

Nowhere is this more critical than in the home entertainment sector – where new DVD or CD releases are highly marketed and surge onto the market. At the same time, significant back catalogs have to be kept in stock. In this case, tighter integration between suppliers and retailers can help the process run more smoothly.

With this in mind, arvato services has developed a vendor managed inventory (VMI) system – with support from Cognos reporting and analysis – to close the gap in retail supply chains and optimize inventory levels.

arvato services is a subsidiary of Bertelsman AG, one of the world's biggest media products and services providers. The arvato services division provides global supply chain management services. Not just the delivery of products to customers, but also consulting, content management, procurement, production, order management, warehousing and fulfillment, customer service, transport and returns management, and repair services.

This case study will focus on how arvato services leveraged Cognos to help retailers:

- Optimize inventory management at their stores.
- Analyze sales and return quantities, top selling lists, available stock, and customer trends.
- Access and analyze timely sales performance data to respond to market changes.

- Provide the right products in the right amount at the right time at point of sale.
- Optimize limited merchandising space in stores.

## Challenges faced

The home entertainment market is fast paced. DVDs, CDs, and games have to be on the shelves when customers want them, especially when they're anticipating the latest releases. To stay ahead, retailers have to recognize peaks in demand early. Replenishment orders need to be activated in good time to ensure titles are in stock.

At the same time, back catalog titles compete for available store space. Consumers may look for them at any time, and their availability is an important success factor.

Retail-supplier collaboration and advanced inventory management processes like VMI are concepts that have been around for awhile. They allow vendors to optimize production and availability of products by monitoring and evaluating current sales and inventory data along with historical demand patterns.

Following requests from retailers, arvato services developed its own VMI solution – called retail inventory management (r.i.m.) – initially to manage its media product inventory. In 2002, the organization expanded the solution to help clients optimize their inventories. From there, the application was rewritten in 2005 to integrate Cognos reporting and analysis.

Why Cognos? The two organizations have been working together since the 1990s, and arvato has used Cognos products in its data warehouse since 2001. So the BI platform was a logical fit.

“We chose Cognos for all of the reporting and analysis components of r.i.m.,” says Jochen Bremshey, IT Consultancy and Development Manager Europe. “arvato services has enjoyed a ten-year relationship with Cognos. And based on the strength of that relationship, no selection process was pursued.”

### Strategy followed

The r.i.m. solution helps retailers optimize both inventory management and replenishment processes. It ensures that the right merchandise is always available at the point of sale (PoS), so stores can maintain lower stock levels as well as minimize returns.

r.i.m. replenishes out-of-stock items at the PoS within 48 hours. How does it work? PoS data from retailer stores or ERP systems are sent to r.i.m. every day via electronic data interchange. This process records sales of each individual title and other stock movements at the connected outlet. (About 2.5 million data records are called up and processed every day.)

As soon as inventory of an item falls below a specified minimum level, the r.i.m. system triggers a replenishment process based on current sales volumes. Products are then shipped out immediately.

“The VMI system dynamically calculates the optimal inventory level for each store and product based on historical sales and in accordance with the expected lifecycle of the product,” says Bremshey.

A major component of r.i.m. is the retail information system (r.i.s.). It incorporates IBM Cognos PowerPlay and IBM Cognos ReportNet for analysis and reporting of sales and inventory information.

A multidimensional cube is made available to each arvato customer. Retailers can use the analysis capabilities to determine sales and returns, the best-selling products at each store (“tops and flops”), and inventory trends.

“Analysis can be viewed in clearly arranged graphs and diagrams. This provides for swift and concise evaluation even of extensive volumes of data,” notes Bremshey.

Retailers can also access a range of statistical and ad hoc reports online, with the option of entering key words and criteria to generate customized reports. Escalation lists

make it easy to identify variations in volumes or requirements. There is also increasing demand for reports that map inventory at different stores to help users plan brand actions.

For those who prefer a spreadsheet environment, reports containing information about current sales figures and inventory volumes for each assortment can be downloaded to Excel, revised, and then reloaded in the r.i.m. system as a new assortment.

### Benefits realized

“r.i.m. provides easy and convenient planning and monitoring of product assortments of several warehouse chains in one single application,” Bremshey explains.

“Additionally, the clustering function enables the user to pool stores with similar patterns of sales figures in order to simultaneously edit several data records. Only a few mouse clicks are needed to allocate a product in any number of stores. This method saves both time and money.”

r.i.m. is used across Europe to manage over 125,000 SKUs and products from major suppliers including Microsoft, Paramount, Exxon Mobil, and SONYBMG. On the retail side, more than 6,000 outlets are connected to the system through chains such as Karstadt, Media Markt, Woolworth (Germany), Comet, and Saturn.

The results speak for themselves. Using r.i.m., arvato’s retail clients have seen a 90 percent improvement in stock availability, a 95 percent improvement in on-time delivery, a ~20 percent increase in sales, and a ~15 percent decrease in returns.

One of the key benefits of Cognos reporting and analysis is that they provide product managers with a clear view of which products are selling well and which are struggling.

The reports allow them to take timely action in response to market changes, and replace products as required. By tapping into PoS data, retailers also gain insight into pricing and sales impacts. For example: What price was a particular product sold at in a particular store? This provides far more insightful information in comparison with checking scheduling lists.

“Users have at their disposal a powerful and easy-to-use tool for analysis, which constantly informs them about the sales and inventory figures in each store,” says Bremshey. “Every day, they can monitor all control factors and therefore know which products are bestsellers and which are dead products. They are thus able to quickly react to changes in the market by exchanging or replacing products. Exact revenue figures can be deducted from voluminous POS data.”

For arvato services, inventory management is a significant market opportunity. The retail industry is dealing with a growing supplier base. Helping retailers optimize the procurement and replenishment process becomes ever more critical. The objective: to ensure optimal sales for each square meter of sales area.

“We have realized that using Cognos tools to manage and analyze PoS data analysis is very useful from a sales point of view. Processing of PoS data, especially preparation and display, is not very common in the industry at the moment, particularly in the entertainment sector, but it is becoming increasingly important,” Bremshey explains.

He further adds: “We see a huge opportunity to promote our system in the market, even if we do not sell the distribution service, but simply offer the system and information through the Cognos platform.

“For example, we managed to win Warner Music Group Germany as a system customer. With new clients like Microsoft and rough trade, as well as SONYBMG this year, we have enhanced the number of clients that are using our system. Now we have other branches like sporting goods, pharmacy articles, and groceries on our target list.”



“With Cognos, we established a closed-loop marketing system to be able to support our customer loyalty objectives. From analyzing customer behavior to developing and tracking the effectiveness of focused campaigns, we can use our data to better serve our customers and in turn decide how to improve our operations to increase their overall satisfaction. Both strategies complement each other in such a way that the combination of the two is more powerful than either individually.”

*Tim Stanley, SVP Innovation, Gaming & Technology and CIO, Harrah's Entertainment, Inc.*

With more than 80,000 employees, Harrah's Entertainment, Inc. is the world's largest provider of branded casino entertainment through operating subsidiaries primarily under the Harrah's, Caesars, and Horseshoe brand names. Harrah's also owns the London Clubs International family of casinos.

Since its beginning in Reno, Nevada nearly 70 years ago, the company has grown through development of new properties, expansions, and acquisitions. Harrah's is focused on building loyalty and value with its customers through a unique combination of great service, excellent products, unsurpassed distribution, operational excellence, and technology leadership.

In the highly competitive gaming market, the need to attract and retain customers is critical to business success, as customer loyalty and satisfaction can make or break a company. Harrah's has been extremely successful in gathering data about its nearly 40 million customers through its Total Rewards program.

However, the company sought to deploy a closed-loop system to better leverage that data and support overall customer loyalty objectives and site operations. As part of this project, the company needed a technology solution to extract insight and understanding from customer preferences, gaming patterns, affinities, and operational metrics collected from all of its U.S. properties, stored in an NCR/Teradata data warehouse.

Harrah's chose Cognos, an IBM company, based on its flexibility, breadth and depth, as well as its strategic partnership with Teradata.

#### **Industry:**

- Entertainment/Casino/Hotel

#### **Geography:**

- North America

#### **Information Needs:**

- HBI integration with NCR/Teradata data warehouse.
- Ensure privacy of customers' information.
- Customer analysis.
- Central deployment.
- Decentralized execution.
- Ability to grow with business.

#### **Platforms:**

- Windows 2000
- IBM DB2 400
- NCR/Teradata V2R6 .0
- Infinium HR (10.4.1)

#### **Solutions:**

- IBM Cognos ReportNet
- IBM Cognos PowerPlay
- IBM Cognos Impromptu
- IBM Cognos 8 BI
- IBM Cognos Impromptu Web Reports

#### **Benefits:**

- Market share gains.
- Significant increase in revenue.
- Reduced operational costs.
- More effective marketing.
- Decreased personnel costs.
- Enhanced customer service.



## Challenges faced

When planning its strategic growth strategy, Harrah's decided to maximize the ROI of its existing casino businesses by better understanding its customers' behavior and preferences. Harrah's already collects high volumes of transaction detail regarding its customers.

This customer data is collected via the Harrah's Total Rewards Card, which records guest activities, from restaurants to gaming tables, and delivers rewards and customer incentives. The challenge was to understand, analyze, and leverage that raw data to maximize the lifetime value of the customer.

Further, Harrah's needed a system that could be managed from a central location, but be accessible from any of its properties, including any newly acquired companies. The solution also needed to be easy for corporate and property-level managers to use, and provide insight and analysis into operational metrics to help overall property performance.

## Strategy followed

The company chose to leverage its existing technology investments in Teradata and Cognos solutions to enhance its marketing and customer loyalty success with a closed-loop system. With Teradata as its single enterprise data warehouse, Harrah's expanded its use of Cognos BI software to drill further and deeper into customer data.

The company can now segment customers into numerous profiles and use this segmentation data to develop targeted campaigns to drive desired customer behavior.

For example, Harrah's might reach out to customers who haven't visited in more than six months and offer an incentive to bring them back to their favorite property. Or it might promote a new game that is a known affinity to the customer's favorite gaming choice.

In addition, with the detailed reporting and analysis capabilities of Cognos BI solutions, Harrah's is also able to measure the effectiveness of these new campaigns against control groups.

The closed-loop system helps the marketing organization with all aspects of the campaigns, from identifying and segmenting customers, implementing marketing tactics, tracking execution, documenting redemption, and measuring the effectiveness of campaigns.

In addition, by combining this information with other data, Harrah's can uncover new affinities to help guide improvements in overall operations. For example, if customers who enjoy playing one type of game also tend to play another, the property might move the games closer together.

"One of our objectives is simply to make sure the customer experience at our touch points is as rich as possible based on the variety of data and applications we have in the background," says Tim Stanley, SVP Innovation, Gaming & Technology and CIO, Harrah's.

To provide that individualized experience, Harrah's wanted to make sure that each property had access to all of the key customer information. Leveraging the Cognos service-oriented architecture, Harrah's was able to deploy the software from its corporate data center and provide access to the data from any property site.

As well, the intuitive interface made it easy for property managers to interact with the software regardless of experience. The company has developed standard marketing campaigns, each focused on driving activities for specific customer segments. Individual property managers can access these programs, determine what campaigns, or combinations of campaigns, make the most sense given the local property analysis, and execute them for their location.

"Instead of having executives make decisions based on the data and communicate that down to other people, our strategy is to drive business intelligence usage down to every level of the organization possible," explains Stanley.

## Benefits realized

Harrah's has gained market share and reduced operational costs through better analysis of its customer data such as customers' Total Rewards card usage, and gaming patterns and preferences. By identifying trends in this data, Harrah's has been able to create customized, special offers through its Total Rewards incentive program.

Equally important, Harrah's has been able to personalize interactions by leveraging information about customer activities and behaviors in real time—such as surprising a guest with a greeting or gift on his or her birthday. This level of customer service for the general gamer, which was previously unheard of in the gaming industry, has resulted in significant increases in revenue for Harrah's.

In addition, the technology architecture makes it easy for Harrah's to quickly bring new properties on board with this closed-loop system. Once Harrah's has integrated new data and source systems into Teradata, the company can then quickly provide the Cognos business intelligence capabilities to the local property level.

The architecture also allows Harrah's to plan for business resumption in the event of a physical disaster by maintaining a replica of Teradata in a different location. Properties are still able to use Cognos to access the customer information regardless of where the data warehouse is located.

The total solution resulted in smarter, more focused communication with customers and the ability to maximize each customer relationship. "With Cognos, we are able to evaluate how well we are satisfying guest requests and provide the right kind of predictive recommendations for the customer experience," states Stanley.

By refining its closed-loop insights and efforts, Harrah's has established a differentiated loyalty and service framework to continuously improve customer service interactions and business outcomes. Since the deployment of the system, customers' discretionary spending with Harrah's versus its competitors jumped from 30 percent to nearly 50 percent more. The centralized deployment also made it easy for the organization to scale to more locations, supporting future growth and acquisitions.

Harrah's has also cut down on personnel costs. With the data warehouse, the database and customer marketing teams can develop incentive programs with comparative ease. In the past, these teams spent the majority of their time collecting and aggregating data rather than analyzing it. By enabling this new level of analysis, the company has avoided the cost of hiring additional analysts per property.

By and large, Harrah's has transformed its decision-making approach from "I think" to "I know." Virtually every customer-facing initiative is tested in a controlled environment using a test campaign and a control segment.

In turn, Harrah's has evolved from simply analyzing historical data to predicting the future performance of many marketing campaigns—a critical lever in maintaining a competitive market advantage. Harrah's can also leverage this closed-loop system to add new value to customer interactions, such as providing self-service access to gaming winnings for individual tax reporting purposes.

Having expanded its customer base through BI analysis, Harrah's also has the opportunity to offer an even broader set of locations, brands, and amenities in the U.S. and abroad. In addition, Harrah's currently operates in Canada, the United Kingdom, Egypt, South America, and South Africa and has projects under development in Europe and the Caribbean. These new properties will leverage and enhance the company's existing capabilities, while also creating new value and insight.

# Nuance-Watson



“The Cognos total solution meets all our BI expectations, and aligns with our business growth strategy by enabling dynamic analysis and efficient access to our growing retail business data.”

*Andrew Shek, Head of IT, Nuance-Watson (HK) Limited*



Nuance-Watson (HK) Limited is the leading retail operator at Hong Kong International Airport, managing 47 world-class, duty free outlets. The wide range of goods on offer at these stores includes watches and jewelry, fashion and accessories, perfumes and cosmetics, audio-visual and electronic equipment, packaged food and souvenirs, and pharmaceuticals and personal care products.

With continuous expansion of its operations at the airport, Nuance-Watson is managing greater numbers of retail outlets with a more diversified product portfolio, which results in multiple, ever-changing data sources.

Although the company had been using IBM Cognos ReportNet and IBM Cognos PowerPlay for reporting and analysis, they were out-growing the products and looking for a unified platform to provide all their branch outlets with one single, complete view of their diversified retail businesses.

The increasingly complicated data analysis requirements prompted the company to expand the reporting functions beyond those offered by their current solution. The company decided to embark on a migration project and upgrade to an integrated Cognos BI solution for enhanced accessibility and efficiency.

## Challenges faced

“Our technical goal is to have a single platform that delivers full functionality and compatibility to support all our reporting and analysis needs. On the business front, we need to provide users with insight into the sales performance for store and each product category,” says Andrew Shek, Head of IT, Nuance-Watson (HK) Limited.

Using its legacy systems, the retail operator’s IT department had difficulty in generating in-house analysis reports for specific applications due to compatibility issues.

Another key challenge was to maintain timely distribution of analyses to users. All business users relied on the IT department to build a variety of reports, sometimes ad hoc, to run their fast-paced, dynamic business.

### Industry:

- Retail

### Geography:

- Hong Kong

### Information Needs:

- Centralized deployment.
- Dynamic analysis of diversified retail businesses.
- Self-service reporting.
- Expandable capacity for business growth.

### Platforms:

- Windows Server 2003
- SQL Server 2000

### Users:

- 40+

### Solution:

- IBM Cognos 8 BI

### Benefits:

- Optimized decision making across supply chain with enhanced insight.
- Increased business efficiency with centralized and timely data access.
- Scalable architecture for future growth.

## Strategy followed

Aiming to provide users with centralized and prompt information access, Nuance-Watson decided to standardize both reporting and analysis on the new solution. The company adopted a pilot approach for migrating from the existing applications to IBM Cognos 8 BI. A data warehouse was established to consolidate information from the old applications into a single source.

A Cognos Consulting team worked closely with Nuance-Watson to ensure the migration process was smooth and up to the requirements in the service level agreement. Before the system went live, Cognos consultants helped with best practices in application design, development, implementation, and testing.

“Cognos provided proven expertise, value-added knowledge transfer, in-depth understanding of our needs, and efforts beyond our agreement. Cognos Consulting was incredibly helpful during our migration process,” emphasizes Shek.

Nuance-Watson also participated in classroom training on IBM Cognos 8 BI to facilitate easy take-up and speedy rollout of the new BI capabilities. After learning both basic and advanced BI features, users found Cognos reporting and analysis tools very useful. “Users’ feedback about the training has been very positive, and the uptake rate of reporting tools has increased dramatically,” adds Shek.

The integrated IBM Cognos 8 BI platform was instrumental in transforming Nuance-Watson’s experience with BI. Instead of having the IT department manage data analysis and report distribution, business users are now able to schedule and access a complete list of self-service reports. With their own report scheduling capability, users can plan more easily for their routine reports, such as week-to-date reports, and improve timely information delivery.

Now that execution of analysis and reporting are standardized and made compatible over a single architecture, Nuance-Watson is also using IBM Cognos 8 BI to perform dynamic analysis and produce corresponding reports.

Prior to the migration, only one-dimensional analysis of sales performance was possible. With IBM Cognos 8 BI, business users are able to measure and compare sales performances in a specific timeframe at individual store level, chain level, or product category.

## Benefits realized

“The Cognos total solution meets all our BI expectations, and aligns with our business growth strategy by enabling dynamic analysis and efficient access to our growing retail business data,” says Shek.

The benefits have been seen immediately in Nuance-Watson’s three primary business units, Store Management and Operation, Merchandising, and IT.

The Store Management and Operation team is given more timely access to valuable business data from one central location. Sales performance data for each retail outlet is extracted overnight and built into reports each morning.

The reports indicate sales performance, and reflect the effectiveness of business strategies, marketing campaigns, and product assortment plans, helping the company’s management to implement strategic business plans promptly in response to market needs.

The Merchandising team also benefits from the IBM Cognos 8 BI deployment by having insight into the sales performance of each product at the retail outlets. This ability allows the team to forecast stock movement and make accurate procurement decisions.

The self-service capability frees the IT team from time-consuming ad hoc query and reporting requests, allowing the team to focus on their core development. Most importantly, Cognos’ proven BI architecture provides the scalability for further expansion.

Nuance-Watson’s IT department is planning to further extend the function of the Cognos solution to mobile users by implementing IBM Cognos 8 Go! Mobile next.

## About Cognos, an IBM company

Cognos, an IBM company, is the world leader in [business intelligence](#) and [performance management](#) solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in January 2008. For more information, visit [www.cognos.com](http://www.cognos.com).

Cognos, an IBM company, is a recognized leader in delivering performance management software for the retail industry. In fact, hundreds of restaurant and retail chains around the world use Cognos to optimize their business.

### For more information

For more information on Cognos solutions for retail companies, please visit [www.cognos.com/retail](http://www.cognos.com/retail).

### Request a call

To request a call or ask a question, go to [www.cognos.com/contactme](http://www.cognos.com/contactme). A Cognos representative will respond to your enquiry within two business days.