Technopolis implements a winning omni-channel retail strategy with SAP and IBM

Established in 1993, Technopolis operates one of the leading consumer technology and domestic electricals retail chains in Bulgaria, with multiple physical stores and a significant online presence. The company opened its first hypermarket in 2001, and now operates 31 shops, generating annual revenue in excess of EUR250 million.

To manage rapid growth, in 2008 Technopolis implemented SAP® ERP software for general business management, later extending it with SAP Customer Relationship Management solutions to provide marketing support for a growing online presence.

Venelin Nikolov, Head of Telecommunications at Technopolis, explains the challenges: "These days, the online channel is standard, and we need to be prepared to provide customers using it with an excellent shopping experience.

"We were running SAP CRM solutions to support our marketing, but integration with our e-commerce platform created challenges around performance and stability. At peak times, online workload was very high with more than 2,000 concurrent connections.

"During these periods, it could take more than six seconds for a web page to load – and all too often, the system would crash. If this happened, customers had to call the service center to resolve the issue, or abandon their purchase entirely – neither of these scenarios was good for business.

"Additionally, we retained a 20-person IT team to manage the technical challenges. The combination of lost sales, a high volume of calls to the service center and costly system maintenance told us that our strength in the offline market was not being matched in the online world."

Overview

Challenge

Online sales at Technopolis thrived, yet customers were unhappy with poor web performance. Marketing teams struggled to connect online and instore promotions, resulting in missed sales opportunities.

Solution

Working with IBM Global Business Services, Technopolis deployed SAP hybris B2C Commerce, a leading omni-channel commerce solution, standardizing its online and instore retailing on a single platform.

Key benefits

Promotions that formerly took days to create can now be rolled out in hours; customers experience reliable, integrated online, instore and omni-channel shopping; Technopolis maximizes sales and revenue.

Case study

Evolving e-commerce

Technopolis wanted to introduce true omni-channel retailing, enabling customers to browse and buy from both online and offline stores interchangeably, with integrated marketing and promotions.

This would allow Technopolis to run customized online promotions to drive store footfall, personalize the online shopping experience, and maximize opportunities for up- and cross-selling.

Working with external consultants, the Technopolis team realized that its current software and systems landscape could not deliver the required omni-channel capabilities. The choice was either to develop its own solution based on the existing SAP ERP and SAP CRM components, or look for a commercial package that could meet its ambitions.

At a strategic level, a major concern for Technopolis was managing potential cannibalization of instore sales without any increase in total sales. Considering the significant investment in physical stores and the value of their presence, senior managers placed heavy emphasis on the ability to control the balance between sales channels. Against this caution, the executive

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Head of Telecommunications
Technopolis

team also understood that online sales offered exponential growth possibilities, ignored at the company's peril.

Based on very positive experience with IBM® Global Business Services®, which had stepped in to complete the original SAP software deployments when the previous implementer had struggled, Technopolis asked IBM to present retailing options from the top vendors. The company looked for

Technopolis runs a leading consumer technology and domestic electricals retail chain in Bulgaria, with many physical stores and a large online presence.

As online sales gained popularity, customers were frustrated by poor web performance as the back-end systems struggled under high demand. Marketing teams risked missing sales opportunities, as they were unable to connect online and instore promotions.

Improved web store performance by 70 percent

ease of integration with the existing SAP solutions, full omni-channel capabilities – including e-commerce, marketing, pricing and promotions – rapid implementation, along with commercially acceptable license and implementation fees.

"The SAP hybris B2C Commerce solution offered a perfect match for Technopolis," says Venelin Nikolov.

"The software met our objectives in terms of capabilities and more, with implementation potentially 20 percent faster than many other solutions. hybris offered very tight integration with the SAP applications, and would allow us to manage our promotions in a way that was simply not possible at the time.

"When we selected SAP hybris B2C Commerce, we estimated that we would achieve a return on investment from increased sales in less than five years. However, given that some online campaigns would be designed to drive physical store footfall, it is difficult to make an accurate assessment. For example, we wanted to introduce some online promotions offering discounts on products that are only available in the bricks-and-mortar stores."

Connecting the dots

Technopolis implemented the complete solution over a period of eleven months, relying on IBM Global Business Services to integrate the system with its existing SAP ERP and SAP CRM landscape.
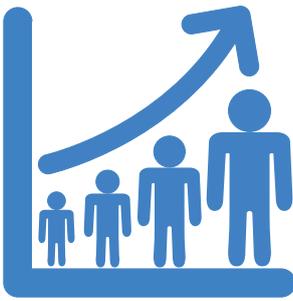
"IBM Global Business Services was able to demonstrate its leadership and know-how in the digital commerce arena," explains Venelin Nikolov.

"The selection process was managed by a large consulting company, which challenged IBM to show how the proposed solution would provide greater advantage than competing offerings. We selected IBM on the basis of the trust developed over an excellent track record, and because we believed that if IBM felt that hybris would work

Solution

Partnering with IBM Global Business Services, Technopolis implemented the fully integrated SAP hybris B2C Commerce solution, which combines online and instore retailing to deliver a superb omni-channel shopping experience to customers.

In addition, marketing teams can now create online promotions to target customers or in response to specific opportunities.

well for our business, then we could be totally confident in the solution.

"As one of SAP's largest global partners, IBM has the capacity to execute complex implementation business projects involving hybris and SAP ERP and SAP CRM solutions. IBM completed the deployment within just eleven months using an agile approach and the hybris Commerce Accelerator methodologies."

In this specific case, for example, Technopolis was keen to start offering customers the option to order goods online and collect their purchases from a convenient location of their choice.

To establish this process, the company needed to build business logic to ensure that goods are shipped from the warehouse closest to the delivery address. IBM determined the scope, and executed the design and implementation of this initiative and many related integration points, ensuring that the new front-end flexibility offered by the hybris B2C Commerce solution was matched by valid, automated back-office SAP ERP processes.

Venelin Nikolov reports, "The introduction of the hybris solution

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>
> **Venelin Nikolov**
> Head of Telecommunications
> Technopolis

required changes to processes such as logistics and warehouse management, which have been made possible by feeding stock availability data into the hybris B2C Commerce solution. IBM Global Business Services handled all of the updates and configuration, complete with assessing the business requirements, designing and implementing the solution, and performing stress testing prior to public go-live.

"The combination of hybris B2C Commerce and SAP ERP solutions tailored by IBM Global Business Services is helping Technopolis to operate as an integrated enterprise. Stock positions, warehouse

Increased productivity by 20 percent

Superior performance helps boost online orders

Within the first few months of the system going live, Technopolis saw immediate improvements to the performance and stability of its e-commerce activities.

"The unreliability of the previous solution caused up to 30 percent of web purchases to be incomplete in some way, often resulting in customer calls to the service center for manual resolution," recalls Venelin Nikolov.

"With the hybris solution in place, there are no incomplete customer orders, which in turn means that calls to the service center have sunk by around 50 percent. Additionally, even at peak times the web pages that were taking six or more seconds to load now take less than two seconds, including all the requests for stock availability, customized product offers and user-specific discounts, representing a performance improvement of more than 70 percent.

"With hybris B2C Commerce we are able to rapidly and reliably deliver a personalized customer experience with rich content. Even without extensive marketing of the new website, since introducing the system the number of

management, finances and logistics are handled by SAP ERP, while customer-facing promotions and marketing are managed through hybris B2C Commerce.

"Customers now purchase via all available channels: browsing online might lead them into a shop, or in the shop they may see an item that they choose to order later online. If customers want information on stock status and delivery times right away, or to find out whether they can return goods purchased online to their local shop, they can call the service center. With the integration provided by IBM Global Business Services, Technopolis can handle all this and much more."

Business Benefits

- **70 percent performance improvement, slashing web loading times from six to two seconds.**

- **20 percent estimated increase in operational productivity.**

- **Doubled number of online orders.**

- **Up to five days saved on creation and implementation of marketing campaigns.**

online orders has almost doubled. This achievement is even more impressive given that we have not increased our staffing, and that our day-to-day workload has not increased. We estimate that operational productivity has risen by at least 20 percent."

Most importantly, Technopolis is exploring the power and flexibility of the hybris solution, as it judges how best to balance online and offline activities. "Marketing campaigns that formerly took three to five days to create and implement can now be completed within an hour," remarks Venelin Nikolov.

"Previously such a campaign would involve the marketing team, web designers and technical staff for html coding. With hybris B2C Commerce, business users can create campaigns themselves, adding pictures, text and price changes right away, confident that the back-office systems will automatically fulfill the necessary order processing, warehouse management and logistics."

With hybris B2C Commerce and the integrated SAP ERP solutions, customers now experience reliable,

"The combination of hybris B2C Commerce and SAP ERP solutions tailored by IBM Global Business Services is helping Technopolis to operate as an integrated enterprise."

Venelin Nikolov

Head of Telecommunications Technopolis

integrated online, instore and omni-channel shopping, exactly as Technopolis envisioned.

Venelin Nikolov concludes, "Excellent implementation assistance and strategic advice from IBM Global Business Services combined with hybris B2C Commerce places us very well to manage the balance between online and offline, to help Technopolis take the next steps in its expansion plans."