

Elektra empowers employees to respond dynamically to opportunities.

Overview

■ Challenge

Provide realtime sales data to employees to enable dynamic, responsive decision-making

■ Why Become an On Demand Business?

By providing realtime sales information to all of its divisions, Elektra believed it could capture more profitable opportunities and make its operations more efficient

■ Solution

Centralizing store sales data and integrating it with back-end systems at warehouses and business centers

■ Key Benefits

Employees are more responsive, productive, and make better decisions; with the help of IBM Global Services, the first stage of the application rolled out to 73 offices in just 3 months; entire rollout to 900 stores took only an additional 2½ months



Elektra Comercial has become a more agile competitor in the fast-moving Mexican retail market by rebuilding its IT infrastructure with IBM software and servers.

What can happen in a day? Enormous modern retail chains sell millions of items in a day and collect billions of dollars in payments. In just as short a time, promotions can succeed or fail depending on whether customers buy according to projections.

Timing is extremely important in the retail industry and it's no less critical to Mexico City-based retail chain Elektra Comercial (Elektra). A subsidiary of Grupo Elektra, the company operates a network of

“Our company was losing the opportunity to increase revenue because of the time it took to get sales data to all the employees who needed it. We had to make deep-seated changes in the way we distributed and processed information.”

– Juan Arevalo, Assistant Director, Banca Azteca (Elektra's in-house bank)

Rapidly deploying on demand applications in an open environment

On Demand Business Benefits

- More productive employees, who can improve the company's bottom-line performance
- Propagation of realtime sales information to all units of the company to quickly respond to marketing trends and customer needs
- Ability to respond instantly to changing business needs, minimizing losses and maximizing value of sales and purchasing opportunities
- Open, standards-based integration solution independent of proprietary systems to maximize usability of investment
- Reliable solution equipped with backup and restore functionalities to protect data and availability

retail stores throughout Mexico and Central America, selling electronics, furniture and appliances. Approximately 20,000 employees staff its 900 retail stores, 73 business offices and 4 warehouses.

Elektra (www.elektra.com.mx) depends on time-sensitive online information to make decisions about everything from extending customer credit to deciding what product to feature in a local in-store promotion. But with an antiquated information-processing system, the company could not update sales information more frequently than every 24 hours. "That was simply too late," says Juan Arevalo, previously director of development for Grupo Elektra and now assistant director of Banca Azteca, its in-house bank. "Our company was losing the opportunity to increase revenue because of the time it took to get sales data to all the employees who needed it."

For many years, Elektra had used a batch-based information distribution system to transmit point-of-sale (POS) data to its remote warehouses and business centers. The system updated sales figures every day with the previous day's results. Elektra knew it needed to become more responsive to its buyers, financial planners and marketing staff in order to help them deal with competition, fluctuating currency values, wholesale prices and other environmental factors as they arose. "We needed the ability to sense the smallest change inside or outside our enterprise, and respond to it in realtime—not the next day," Arevalo recalls. "Our marketing planners needed to pick winning products and immediately substitute them for losing ones. Buyers needed to respond quickly to new product announcements, snapping up the most favorable terms. Customers wanted to pay off credit in the store and immediately make purchases. And warehouse employees had to know when a refrigerator was sold in order to replenish the item in time for another sale. To continue to thrive, we had to make deep-seated changes in the way we distributed and processed information. Elektra would have to streamline its business processes and integrate them across the entire organization."

"Thanks to the On Demand Business solution from IBM, we now have the tools at hand to immediately process information and respond. That's support that will enable us to succeed."

—Juan Arevalo

Enterprise integration for realtime information

To achieve realtime responsiveness Elektra implemented an enterprisewide integration solution from IBM. The new solution enables employees working in Elektra's marketing, financial and warehouse departments to go to the business systems they are already familiar with and find dynamically updated information that can be used for immediate decision-making. Since they do not have to wait 24 hours for the previous day's sales figures, employees can issue credit in realtime, raise or lower prices, replenish inventory and, in general, make the numerous minute adjustments to operations that are necessary for astute retail management.

The solution integrates sales and other POS data with Elektra's backend systems, which includes retail handling and distribution systems and financial solutions. New proprietary, Web-based applications such as credit card verification, employee performance evaluation, e-mail and budget reporting are designed to make the most effective use of the new realtime information flow to maximize revenues and profits.

Transforming processes across the chain

Elektra's strategic integration solution has enhanced its employees' ability to directly affect company performance by responding to business needs instantly. As a result, the company's management and staff in thousands of positions can make immediate decisions and function in a more productive manner. The company will be able to easily expand the solution as circumstances dictate, enabling it to instantly integrate and promulgate additional information throughout the enterprise wherever it is needed.

Using software, hardware and consulting services from IBM and IBM Business Partner GT Consulting, a customer today can buy a television from a store in Cuernavaca, and marketing executives, warehouse employees and accountants all know about it immediately. "IBM helped us transform our business processes, not just fix a problem for today or tomorrow," says Juan Arevalo. "IBM provided solutions to run pilot tests, try various scenarios, find the best solution to make our business grow and, once the business does grow, incorporate new technology."

Responsive, low total-cost-of-ownership solution

Elektra's business applications—as well as the company's JDA retail handling and distribution systems and SAP financial solutions—are accessible through a common interface managed by IBM WebSphere® Portal Experience. WebSphere Portal delivers a single, integrated, customizable universal point of access so Elektra's employees can interact with the business processes they are authorized to use. Elektra's scalable front-end platform is supported by back-end integration that channels all processes into a central database.

The integration solution is based on industry-standard IBM WebSphere MQ messaging technology. To centralize data from POS systems onto IBM DB2® Universal Database™, IBM WebSphere MQ and IBM WebSphere MQ Integrator run on Intel® processor-based servers at the 900 store locations, formatting and sending asynchronous messages to DB2 Universal Database on centralized IBM @server® iSeries™ 840 and 820 systems. On the iSeries servers, WebSphere Application Server manages JavaServer™ Pages and servlets, retrieving data from DB2 Universal Database and accessing WebSphere MQ Integrator and WebSphere MQ to communicate with backend applications.

Key Components

Software

- IBM WebSphere Application Server Network Deployment, Version 5
- IBM WebSphere Portal Experience, Version 4.1
- IBM WebSphere MQ, Versions 5.1 and 5.2
- IBM WebSphere MQ Integrator, Version 2.0
- IBM WebSphere Edge Server
- IBM DB2 Universal Database for iSeries
- IBM Tivoli® Monitoring for Business Integration
- IBM Tivoli Enterprise Console®
- IBM Tivoli Storage Manager Enterprise Edition

Servers

- IBM @server iSeries 840 and 820
- IBM UNIX® processor-based server

Services

- IBM Global Financing
- IBM Global Services

Business Partner

- GT Consulting

The system affects every department in the company and supports over 2,000 users. "WebSphere MQ Integrator has enabled us to save significant investment costs by leveraging our existing database and line-of-business server infrastructure and by drastically reducing the number of connections required for our solution," Arevalo notes. "This in turn has lowered our total cost of ownership and enabled faster implementation, which will increase our return on investment."

Within the solution, IBM WebSphere Edge Server enhances caching and offloads content and processing to increase availability. IBM Tivoli Storage Manager on an IBM UNIX processor-based server performs automated backup and restore operations to protect data assets in the event of unforeseen data losses. IBM Tivoli Monitoring for Business Integration provides system-level monitoring of the components to ensure maximum throughput. And IBM Tivoli Enterprise Console helps to improve system performance and reduce support costs by showing the root cause of system failures.

Opting for IBM resources and open technology

A longtime iSeries customer, Elektra found the IBM proposal appealing because it was a single solution backed by resources that could comprehensively meet Elektra's needs. "We chose the WebSphere application server and messaging solution over BEA WebLogic because WebSphere software is an open platform—more adaptable than the competition, less dependent on proprietary hardware," says Arevalo.

IBM provided a comprehensive range of services to facilitate the project. For instance, to reduce upfront costs and minimize the debt load, Elektra used IBM Global Financing. With the help of IBM Global Services, moreover, the rollout of the first stage of the application to 73 offices took just 3 months. And with support from IBM Business Partner GT Consulting, which assisted in application development and deployment, the entire rollout to 900 stores took only an additional 2½ months.

Built-in plan for success

According to Arevalo, the IBM solution is "the big wheel that runs the company." And the benefits are dramatic in terms of increased productivity and efficiency.

With its current IBM solution, Elektra is well equipped to meet whatever challenges the future may bring. "In this economy, no one can be sure what changes are coming," says Arevalo. "But thanks to the On Demand Business solution from IBM, we now have the tools at hand to immediately process information and respond. That's support that will enable us to succeed."

For more information

Please contact your IBM sales representative or IBM Business Partner.

Visit us at:

ibm.com/ondemand

For more information about GT Consulting, visit:
www.gtconsulting.com.mx



© Copyright IBM Corporation 2003

IBM Corporation
Corporate Marketing
New Orchard Road
Armonk, NY 10504
U.S.A.

Produced in the United States of America
12-03
All Rights Reserved

DB2, DB2 Universal Database, @server, IBM, the IBM logo, iSeries, the On Demand Business logo, Tivoli, Tivoli Enterprise Console and WebSphere are trademarks of International Business Machines Corporation in the United States, other countries or both.

Java and all Java-based trademarks are trademarks of Sun Microsystems, Inc. in the United States, other countries or both.

Intel is a trademark of Intel Corporation in the United States, other countries or both.

UNIX is a registered trademark of The Open Group in the United States and other countries.

Other company, product or service names may be trademarks or service marks of others.

This case study is an example of how one customer and Business Partner use IBM products. There is no guarantee of comparable results.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.