

CUSTOMER SOLUTION CASE STUDY



Summary



Customer:
Edcon

Country or Region:
South Africa – JHB

Industry:
Retail

Company Profile:
Edgars Consolidated Stores Limited (Edcon) is the leading clothing, footwear, and textiles (CFT) retailing group in South Africa trading through a range of retail formats. Since opening its first store in 1929, Edcon, with more than 20,000 employees, has grown to 10 retail brands trading in more than 900 stores in Botswana, Lesotho, Namibia, and South Africa.

Business Situation:
This system needed to replace the Lotus Notes Capex database that was used by the various business units as a manual process. The electronic Capex approval authorisation needed to be fully automated and integrated into Edcon's financial systems, thus providing accurate financial reporting and asset management.

Technologies used:
Core:
K2.net Workflow
Microsoft SharePoint Portal Server 2003

D/B:
Microsoft SQL Server 2000
O/S:
Microsoft Server 2003
Development:
Microsoft .Net
Microsoft Visual Studio 2005

3fifteen automates Edcon's Online Capex system

Situation

Edcon made a strategic decision to in 2004 to standardise its e-commerce ICT infrastructure on Microsoft technology. With the help of Microsoft Gold Certified Partner 3fifteen, it implemented and integrated a standardised platform based on Microsoft Office System and Microsoft server software, including Microsoft Office SharePoint Server 2003, Microsoft Content Management Server, Microsoft Commerce Server, Microsoft Windows 2003 Server, and Microsoft SQL Server. The portal also uses K2.net workflow technology to automate complex accounting and budget approval processes that were previously managed manually.

Edcon approached its Microsoft applications development partner, 3fifteen, to develop and implement an online Capex solution to track Capex expenditure throughout its estimated 900 stores.

The Capex approval process in Edcon was managed manually and each division and chain within Edcon had a different process. This caused issues with managing the Capex budget and there was little to no transparency as to how the Capex budget was spent. It was decided to implement a process for the Edcon Group and build a system to support this process. 3fifteen had to implement a solution whereby the 900 would be able to procure capital expenditure electronically.

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Client Background

Edgars Consolidated Stores Limited (Edcon) is the leading clothing, footwear, and textiles (CFT) retailing group in South Africa with a 31.4 per cent share of the CFT market. Listed on the Johannesburg Stock Exchange since 1946, Edcon is a multi-brand retailer with a dominant sub-Saharan footprint and stores in all major locations in South Africa, plus outlets in Botswana, Lesotho, and Namibia. It comprises the retail clothing and footwear chains of Edgars, Jet, Super Mart; homewares group Boardmans, and stationery and books chain CNA.

With a strong database of 4.1 million customers, Edcon has grouped its business into two broad divisions based on the target markets they each serve: the department stores division including Edgars, CNA, and Boardmans, which focuses on middle and upper-income consumers, and the Discount division, incorporating Jet and Super Mart, aimed at the lower-income market. The 2005 Markinor/Sunday Times Top Brands Survey rated Jet and Edgars the top two clothing retail brands in South Africa.

Since opening its first store in 1929, Edcon has grown to 10 retail brands trading in more than 900 stores. In 2002, Edcon began aggressively expanding through acquisition. It added top stationery and houseware brands, as well as general merchandise stores - including cosmetics, books, fashion, furniture, and household goods - to its CFT portfolio. It is still actively looking for new opportunities both in Africa and worldwide.

Edcon is supported by world-class IT and distribution systems, as well as efficient operating procedures. Edcon Financial Services provides credit facilities and financial services products to the group's 4.1 million cardholders.

Solution

Moving to a standardised technology platform, Edcon strives to provide its customers with the right products and outstanding personal service. The company is also committed to creating wealth for the benefit of all stakeholders by keeping its cost base as low as possible.

These twin business challenges require an IT environment that is both robust and able to grow with the company, while guaranteeing enterprise-level integration and interoperability. Edcon requires a technology environment that offers excellent functionality, but which also provides highly efficient

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Colleen van der Decken
Edcon Business Integration
Manager

connectivity to overcome bandwidth constraints.

The interoperability between systems also hampered data integration, preventing enterprise systems from communicating and sharing business critical information. Furthermore, the numerous systems acted as a sizable hurdle to the rapid deployment of new applications, preventing the company from reacting quickly to changing market demands and opportunities.

Workflow software is a key technology component that helps ensure correct procedures are followed at all times. Many of the applications use K2.net workflow technology to automate complex accounting and budget approval processes that were previously managed manually—at the expense of efficiency and accuracy.

Versatility is the key strength of the company's technology strategy. To date, the company has deployed 12 applications that control business processes as divergent as wedding registries, finance, product quality assurance, and travel bookings.

The speed with which these new tools have been developed, coupled with the efficiencies they have brought to the group, have ensured that the company can meet its strategic objectives.

Employees are familiar with Microsoft applications and so they have adapted quickly to the new IT environment. Consequently, Edcon has bypassed expensive training fees and quickly realised tangible productivity gains.

Edcon has enjoyed rapid return on investment (ROI), low cost of development, and effective, group-wide communication. By making its IT infrastructure an integrated part of its business strategy, the organisation has a strong foundation on which to create and deploy new applications that boost operational excellence and meet the ever-changing demands of customers.

With more than 900 locations across southern Africa, Edcon relies on clear and effective communications to run its business efficiently. Sophisticated supply chain management, coupled with real-time business management strategies, demand reliable and rapid communication between store managers, senior managers at head office, and shop floor workers. Without fast and efficient communication channels, business-critical developments can be overlooked, resulting in stores failing to recognise new directives. In many cases, this will have a direct effect on bottom-line results.

The online Capex approval system allows for each business area to request Capex expenditure items electronically, there is a workflow process in place that controls the approval process. Integration with the Edcon financial system controls the budget approval process and automatically creates the order once the approval process is complete.

Proper tracking of Capex expenditure allows the business to scrutinize the Capex expenditure and allows for cost saving by being able to stop unnecessary expenditure by stores through the approval process.

This system has replaced the Lotus Notes Capex database that was used by the various business units as a manual process. The electronic Capex approval authorisation has been fully automated and integrated into Edcon's financial systems, thus providing accurate financial reporting and asset management.

Benefits

As 3fifteen has implemented an online Capex solution at Edcon whereby its 900 stores are now able to procure capital expenditure electronically. The new system has replaced the Lotus Notes Capex database that was used by the various business units as a manual process.

The electronic Capex approval authorisation is fully automated and integrated into Edcon's financial systems, thus providing accurate financial reporting and asset management.