

Etos Adopts Business Intelligence Approach for Its 450 Outlets



Etos
Beverwijk, Netherlands
www.etos.nl

Industry:

Retail

Annual Revenue:

US\$500 million to US\$1 billion

Employees:

2,000 to 4,999

Oracle Products & Services:

Oracle Database
Oracle Application Server
Oracle Discoverer
Oracle Reports
Oracle Portal
Oracle Forms
Oracle Developer Suite
Oracle Warehouse Builder

Key Benefits:

- Makes information available at every organizational level
- Delivers significant cost and productivity savings
- Delivers rapid response to changing information needs
- Provides support for open Linux platform

“With Oracle, we now have all our data available at one central point. As a result, we have far more information available than ever before—and at a considerably lower cost.”

– Harm Harmenzon, Business Intelligence Consultant, Etos

With 450 outlets nationwide, Etos is one of the largest retail drugstore chains in the Netherlands. Part of the Ahold Group, Etos operates 45% its stores directly and franchises the rest.

After forging a strategic alliance with U.K.-based Boots drugstores in 1997, giving Etos exclusivity on the sales of a couple of Boots brands and absorbing all Netherlands-based Boots stores into Etos, the company experienced rapid growth. Between 1996 and 1999, sales and the number of outlets doubled, earning Etos the reputation as the country's most innovative drugstore chain.

But the rapid growth spurt created new challenges for Etos. As a basis for decisions affecting sales and service, Etos needed a centralized collection point from which to gather information on point-of-sale purchases, product range, pricing, and special offers. Etos envisioned this central collection point as a driving force behind the group's future strategy, which hinges on making well-founded commercial decisions about purchasing and stocking the company's network of stores.

To achieve this, Etos realized it needed to build a comprehensive business intelligence environment that could mine data from a variety of points and synthesize it in a way that would make it accessible to a variety of users. In addition, the solution had to have sufficient capacity to handle increasing amounts of data, enough flexibility to manage data in a variety of combinations, and the potential to scale in tandem with Etos' growth. Etos turned to an Oracle platform of Oracle Application Server running a selection of business intelligence applications.

“Now that we are using Oracle we can access the figures quickly. The result is that we have fewer failures. Our daily reports are always correct and ready at the right time.”

Bert Bargboer
Retail Director
Etos

A New Model

Etos employs some 2,500 people, excluding staff at its franchised outlets. At every level of the company, accurate business information is essential to building a competitive advantage and improving business processes. Given the scope of its operations, Etos needed fluid coordination between its the head office, at the distribution center in Beverwijk and its in-store network. Previously, Etos had a business intelligence system that combined data from various systems. Because the group had to contend with so many different sources of information, integrating all the data, which was more and more present in silos, became problematic. To complicate matters further, the relationship between some information was unclear and limited the overall transparency.

Setting up a data warehouse with Oracle Warehouse Builder, Oracle Database, Oracle Portal, Oracle Reports and Oracle Discoverer, made it possible to access business data in any required combination. Unlike the previous fragmented system, the Oracle data warehouse has turned the business intelligence environment into a valuable management tool. Furthermore, Etos sees wide-ranging potential from the rollout of a comprehensive business portal throughout the company and the information to play a leading role its development.

With the single source of information provided by the new system, Etos eliminated problems brought on by fragmentation. “Because all the data is available at a central point we now have far more information available to us about our retail business than ever before,” said Harm Harmenzon, business intelligence consultant at Etos. “Category managers are better able to compile the product ranges for each store.”

Also gone is the circuitous, intimidating user interface. “Users have one, centralized place to go for information,” Harmenzon said. “With the portal format, the information is accessible in a user-friendly way to larger groups of users because it is presented automatically in graphs and tables.” In addition, working with a data warehouse makes it possible to retain the information for longer periods. In the past, Etos only had enough storage space for two weeks' worth of data. Now the company has historical data that goes back more than 48 months. This has led to precision trend analysis and better targeted recommendations for product ordering.

Thanks to the wide range of Oracle's business intelligence functionality, Etos has reconfigured its business information infrastructure so that it is scalable, cost-efficient, and accommodates growth.

Incorporating Sales and HR

Because the information from procurement, logistics, and sales systems is integrated, the new system—called Entrée—opened a door to the entire Etos organization. For the first time, central management has a clear, up-to-the-minute picture of how every part of the retail business is performing. This has aided accountability and helped shape strategy. “Because all the information is available in the data warehouse, questions from the board can be answered right away,” Harmenzon said.

“Now that we are using Oracle we can access the figures quickly. The result is that we have fewer failures. Our daily reports are always correct and ready at the right time,” added Bert Bargboer, retail director of Etos.

Nearly every department has benefited from the change. In Etos' sales department, Entrée is the source of a wealth of new information. For example, Entrée can see which products are selling well in a particular region and how its shelf position affects sales. The logistics department has a clear insight into stock history and weekly turnover rates, which enables the purchasing department to refine and sharpen its buying policies.

Also, by including employee information in the data warehouse, the personnel department can monitor statistics such as absenteeism by a specific category and take prompt action when needed.

Opening the System

The new system expands the user base from 50 to more than 500. Now all the outlets are linked to the system by broadband internet connections. By making a portal-based communication system with instantaneous information available at all its retail locations, Etos expects to cut costs substantially in several areas. The company expects to derive productivity savings as store personnel spend less time on administration and lower overall IT costs from no longer having to install software at each individual outlet. Further savings are expected as the hundreds of weekly reports sent by fax and mail become obsolete.

Why Oracle?

Etos' data warehouse had to be able to interface seamlessly with the company's IT infrastructure. Good integration capabilities were an important reason for choosing Oracle. In addition, Oracle's comprehensive package of business intelligence tools offered Etos huge potential to roll out the environment in phases until a complete business information infrastructure was in place. Additionally, the company could implement the business intelligence environment on a Linux operating system— platform fully supported by Oracle—achieving high performance at considerably lower cost.

Etos is one of the largest retail drugstore chains in the Netherlands and is one of the Dutch retail subsidiaries of Ahold Group. Its sister companies include supermarket chain Albert Heijn, liquor store chain Gall & Gall, home delivery service Albert.nl and food service business DeliXL.