

Case Study

Hallmark Cards

» Fujitsu’s cloud-based Retail-as-a-Service will allow us to be more responsive in the fast-changing retail environment «

Mike Goodwin, CIO, Hallmark Cards



The customer

Hallmark was founded more than a century ago by a teenage entrepreneur with a couple of shoeboxes of postcards under his arm and the American dream in his heart. Today, Hallmark is a \$4 billion business with greeting cards and other products sold in 39,000 retail stores across the US and in 100 countries worldwide. This makes it the global market leader in greeting cards.

The challenge

Hallmark supports a retail operation that extends across 38,000 stores in the US, including a network of 2,800 specialty retail stores, most of them independently owned. Alongside those sit a more immediate group of stakeholders – Hallmark’s senior management, sales staff and other internal teams – as well as the Hall family, whose members have successfully piloted the privately held company for three generations. When the company came to review its aging retail system based on legacy software from Triversity, these stores and stakeholders were its first concern.

“Triversity has served Hallmark well over the years,” explains Mike Goodwin, CIO, Hallmark Cards. “However, we had reached a point where we had to make a strategic choice: to go down the traditional route, buy in software again and stand up all our own internal retail systems, with all the capital expenditure and management associated with those assets; or to leverage global computing power and serviceability in a different way, looking to a service model for IT.”

The service model the company had in mind was cloud computing. However, at the time, it was not obvious that a suitable cloud solution existed – one that would power its broad retail operations, from in-store point-of-sale (PoS) and payment card verification through to back-end transaction processing and merchandizing.

The solution

Hallmark Cards turned to its long-standing retail hardware supplier, Fujitsu, for a Retail-as-a-Service cloud solution. Since early 2013, the global IT vendor has provided a complete service solution through a private cloud environment hosted at Fujitsu’s Silicon Valley data center, running Retail.net software from SaaS specialist Tomax, with Fujitsu TeamPoS systems throughout the retail chain.

THE CUSTOMER

Country: USA
Industry: Retail
Founded: 1910
Number of employees: 16,000
Website: www.hallmark.com



CHALLENGE

Hallmark Cards wanted to deliver greater flexibility, efficiency and cost-savings across the business through the adoption of Retail-as-a-Service.

APPROACH

The company turned to Fujitsu for a Retail-as-a-Service cloud solution hosted on a private cloud environment, running Retail.net software from SaaS specialist Tomax, with Fujitsu TeamPoS systems throughout the retail chain.

THE BENEFIT

- The new approach enables Hallmark to scale its operations quickly and securely
- The cloud minimizes upfront capital expenditure
- The 10-year agreement also includes full PoS integration; real-time inventory management services; a web portal ordering service; and all related installation, maintenance and support services
- The solution boasts greater flexibility, scalability and cost-effectiveness

Alongside that, the 10-year agreement also includes full PoS integration; real-time inventory management services; a web portal ordering service; and all related installation, maintenance and support services. With the user base stretching to tens of thousands of outlets, Hallmark and Fujitsu aim to phase the roll-out over the next three years.

Moving to cloud was not, in itself, the goal; rather, the company was drawn to the model by how well it would serve all of Hallmark's stakeholders – through greater flexibility, scalability, cost-effectiveness and the ease with which new capabilities could be added. Furthermore, by allowing service providers to handle the set of generic functionality demanded by retailers – areas such as mobility and compliance – it frees the Hallmark IT team to focus on core retail issues.

"In a service model, you look to your partner to keep up with those changes and deliver them a whole lot faster, while also shaping emerging capabilities for you," adds Goodwin. *"It will allow us to be more responsive in the fast-changing retail environment."*

The cloud approach is also particularly well suited to Hallmark's unique ownership profile: *"I needed a model that would fit both our corporate-owned operations and the many independently owned businesses,"* says Goodwin. *"So the solution had to be just as viable for an owner running two or three Hallmark stores as an independent group with over 100 stores, or one of our corporate stores. The cloud base was really critical to achieving that objective."*

The benefit

For the company's executive team, the delivery mechanism was not an issue although the strength of the suppliers' infrastructure was a factor on which Goodwin needed some reassurance.

"From their perspective there was no strong opinion as to whether a cloud or an on-premise solution was better. They were more focused on capability and meeting the company's needs. We did have discussions around things like data protection but they are comfortable on those aspects," continues Goodwin. *"However, if you're going to put your core data in the cloud, move it around and rely on a third party for critical aspects such as PCI compliance, you need to make sure that, from a data center standpoint, they can*

PRODUCTS AND SERVICES

- Retail-as-a-Service

provide you with the high availability that's required in a retail setting. It's one thing if your email goes down but if you have issues with credit card processing across stores, that's a really big problem."

With Fujitsu, which will operate the Retail-as-a-Service cloud from its Tier III+ certified data center in Sunnyvale, California, that confidence was clearly built.

"We did a lot of our own due diligence, worked through the contractual language carefully, and defined clear roles, responsibilities and audit trails," comments Goodwin. *"That probably took just as much effort as the specification of the technology and the software capabilities."*

Buy-in from its independent retail partners, who are co-funding the cloud move, also rested on the promise of greater flexibility and capability – with access to a single, centralized repository of information, providing real-time updates on merchandizing status, better data exchange, and support for mobile solutions all valued particularly highly.

"When they saw the capability we were going to provide, their fear was it was going to cost them a whole lot more," says Goodwin. *"But they had a sense of relief when they saw that we'd put together a solution that we could not have delivered at the same cost if we'd built it internally. Moreover, it was going to be available much sooner."*

Conclusion

Retail is the first of Hallmark's strategic activities to switch to the cloud, though it's not the company's first encounter with SaaS – it already uses Microsoft Office 365 for email and has back-office functions such as benefits and medical administration delivered as a service.

Goodwin is convinced that it's the way much of the rest of the retail sector will go: "Cloud will gain a lot of traction in our industry in the coming years." In the meantime, he sees the model as providing Hallmark with significant competitive advantage.

About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Over 170,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. For more information, please see <http://www.fujitsu.com>

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