

By consolidating POS systems in branch offices it was possible to use them as a strategic tool for new business development, planning, events management, conventions and congresses.

[This is a translated article from a success story posted in 16th Nov. 2004]

(This new accounting system was integrated by Nomura Research Institute, Ltd. (Abbreviated to NRI afterward). Fujitsu developed and supplied the POS systems at the branch offices.)

Kinki Nippon Tourist is the major travel service company in Japan. With its 50th operating anniversary in 2005, it has ridden the business ups and downs and is aiming at business transformation into the planning and management of Events, Conventions and Congresses, as a total travel services provider. In line with this new management strategy, the POS systems in over 400 stores across Japan were consolidated into one consistent POS accounting system integrated by NRI. This system is located at a data center provided by NRI. The network infrastructure is based on the FENICS business IP service, with large communication cost reductions achieved by the use of broadband networks between branch offices and the consolidated system. Kinki Nippon Tourist is aiming at a higher quality of customer service based on this new accounting system and the efficiency of its branch office operations.

Solution

- Branch office POS system

Industry

- Travel services

Hardware

- PRIMEPOWER, PRIMERGY, ETERNUS
- FENICS business IP Service (IP-VPNservice), GeoStream Si-V Series (VoIP gateway), IPCOM (network server)

Problems and effects

The cost of existing POS systems in stores across Japan was a burdened

Consolidation of POS servers in branch offices into a Web based system decreased the need for IT assets and led to large cost reductions.

Communication costs and an aging system

Integration of the networks led to large reductions in communication costs. Separate networks for mission critical systems, information systems and telephony were integrated into a fault tolerant IP network.

Understanding each store's cash flow for more efficient management

The daily business results for all stores are consolidated into one database. The timeliness of this consolidated information enabled more agile business planning.

Introduction overview

New strategy is necessary to overcome fluctuating business environment



[Photo of Mr. Shuichi Uryu]
[Title : Manager of the Management and Planning Department in Kinki Nippon Tourist]

For many years worldwide ups and downs have burdened travel service companies. Political instability, SARS and other phenomena have produced unpredictable results for travel businesses.

In hand with this, customer demands have continued to diversify making it a struggle to maintain profit in this difficult area of business.

Kinki Nippon Tourist set about refocusing its business areas and reforming its management structure. As part of this cost reductions in IT systems and data integration were planned. The nationwide POS systems were revised with over 400 individual POS systems being withdrawn and replaced by a consolidated POS system integrated by the systems service company NRI. Broadband links and Web browsers are now used for access to this consolidated system. The system has attracted a lot of attention in particular the new idea that branch offices use Web Browsers to access a central server system.

Mr. Shuichi Uryu, Manager of the Management and Planning Department in Kinki Nippon Tourist talks about an overview of the new action plan, which was published this fiscal year.

“We are addressing a new business foundation and transforming from a general travel services provider. We previously provided total travel services but that basically consisted of issuing single and group booking travel tickets. But Web based services are supposed to replace our current services including reservations and the issuing of travel tickets. So we needed to transform ourselves into a new business, and we are aiming at the planning and management of Events, Conventions and Congresses. Plus for private travel we are strengthening the brand power of our products.”

Mr. Uryu also talks about the new positioning of the branch POS systems. “The new POS system enables us to quickly

grasp the real-time sales figures at each store. As private travel is still the main product for store sales, understanding good sales products for private travel was one of the main reasons for introducing this system.”

Key points of the system's introduction

A full network renewal was the first step in the system introduction

Kinki Nippon Tourist transformed its network from a Wide Area Network (WAN) using ISDN and Frame-Relay lines to a full IP network using optical Fibre and ADSL. The mission critical systems (Issuing and reserving tickets) and the information system (intranet) had shared the WAN network. But as attempts were made to utilize the information system more, network load increased and response times for the mission critical systems deteriorated. A full network renewal was a must.

Moreover, the former POS system, introduced in 1996, was also obsolete and the time had come for replacement. Mr. Uryu reflects on the basic system concepts. “Right from the start-up of this system, my idea was to use a web-based system, abandoning the previous client server system. My basic concept was to consolidate the POS databases into a central database with branch office access using a broadband network. I proposed these idea to NRI and Fujitsu.”

The policy for the new network is to separate the network traffic into mission critical systems and information systems. Concrete policies were as follows.

- With the mission critical system it is essential to ensure response time and transmission quality
- With the information system there was a need for wider bandwidth to meet traffic increases
- Plus there was a need to reduce the total communication costs

Network re-construction based on these policies showed the pre-requisite for consolidation of the POS systems.

Mr. Uryu says. “Certainly total costs can be slashed due to the removal of about four hundred accounting servers in the branch offices. We have about 400 sales offices across Japan including 280 company stores and 120 subsidiary company stores.”

System overview

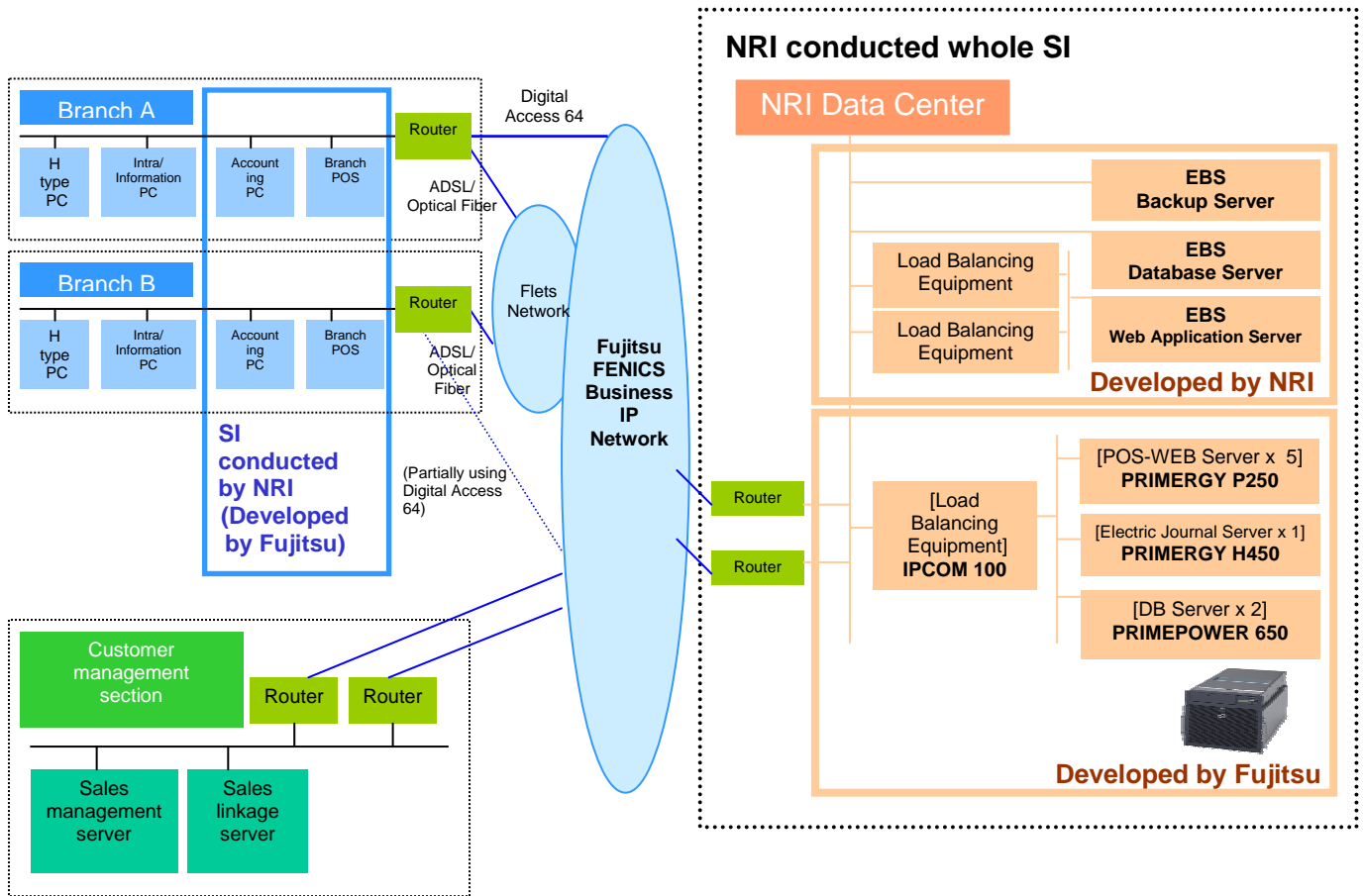
Achievements of the server-less branch offices show benefits are unlimited

Kinki Nippon Tourist made a fundamental change to its accounting methods during the period of introduction of the new POS system. It changed from a net value method to a total value method. Plus the Quarter accounting disclosure requirements starting soon requires systems with quicker account closing processes. The consolidated POS system at NRI data center achieved this.

Mr. Uryu talks further about the unending challenges. "Though the system introduction is triggered by replacement of an old system, our mission was to reform our accounting system and to create a system better matched to our yearly operations. Though we experienced confusion during this system reform, it was a necessity. We aren't fully satisfied with the current system and we seek to improve system usability day by day by absorbing the opinions of our system users."

Each time new business is closed, data is put into the POS terminals at each store. Immediately this input is transmitted and consolidated at NRI data center. In addition an integrated VOIP and data network went live in 2003, and VOIP gateway has created a extensive phone network across all offices. The centralized database is clustered on two Fujitsu PRIMEPOWER UNIX servers (Stand-by cluster) with front end Fujitsu PRIMERGY IA server and Fujitsu ETERNUS Storage systems.

Mr. Uryu stresses the new system's benefits. "It was essential that branch office systems never crash. All system modifications are done in NRI data center. Branch offices just download data from the Web and no system disks are needed. With the old system, failures required recovery of equipment and data and took so much time. The manageability benefits are now tremendous. Branch offices are 100% free from system management."



[Whole Configuration of accounting system]

Future perspectives

The challenge goes on and on

Cost reduction expectations are about 100 million Yen (\$1,000,000) in communication expenses and several tens of millions of Yen (hundreds of thousands dollars) in server cost reductions at branch offices. From a system lifecycle perspective, maintenance costs and system obsolescence costs will also reduce. Each store can now concentrate on its core business, and are relieved of troublesome accounting operations and the difficult sales analysis of finding good sales products. The benefits of sales planning are yet uncertain.

Mr. Uryu talks about future plan. "We will improve usability more and more, and we are bring sure to proactively protect the web browser based system from security threats. And also have an idea to integrate terminals. Though sales terminals and POS terminals are used separately, these terminals may be integrated into a new terminal."

Kinki Nippon Tourist's innovative POS system is integrated by NRI and uses Fujitsu products based on Fujitsu TRIOLE IT infrastructural concept. Fujitsu continues to support this customer's challenges into the future through cutting-edge technology.

Profile

Total travel service provider. The new action plan includes ECC planning and management, promotion of a CRM strategy in private travel and strengthening of its brand power.

Name: Kinki Nippon Tourist Co., Ltd.

Location: Kanda Matsunagatyo 10-2, Chiyoda-ku, Tokyo 101-8641

President: Takashi Ota

Incorporated: 1950

Sales: 5.961 Billion yen(as of fiscal year 2003)

Number of employees: 5,277(as at May 1st 2004)

Offices: 239 offices in Japan, 36 overseas offices

URL: <http://www.knt.co.jp/kokusai/top.htm>

Supplemental Information

POS and POS system

Point of Sale. IT products and systems used in chain stores, convenience stores for sales transactions. As soon as goods have passed through the cash registers, sales information is delivered to a center.

ECC

An abbreviation for Event, Convention and Congress

ISDN line

An abbreviation of Integrated Service Digital Network.

Broadband

A general term for the communication method used for higher volume Internet style data transfer. Its wide bandwidth and high speed enables rich data communication. It also includes ADSL, cable TV, optical fiber network and replaces analog and ISDN networks.

VoIP

An abbreviation of Voice over IP. A technology which enables voice communication over an IP network. In general, it indicates a system which links multi LAN networks and enables phone to phone communication.

Clustered configuration

A method which makes multiple servers linked and working like one server. It typically provides high levels of system redundancy.

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