

CASE STUDY
WEST MIDLANDS
CO-OPERATIVE SOCIETY

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Ben Reid - Chief Executive, West Midlands Co-operative Society



Customer's Challenge

West Midlands Co-operative Society is a major retailer in the West Midlands and Shropshire, specialising in the sale of Food, Travel Services, Pharmaceutical Goods and Funeral Services. Employing more than 2,000 people across over 130 outlets, the Society's aim is to provide a first class service at fair prices, while building strong links with the local community.

The Society was using a highly bespoke, mixed estate of Point of Sale (POS) systems in its retail stores, some of which had been implemented in 1991. However, because of its age, it was not possible to adapt the technology to handle new initiatives, such as the introduction of Chip & PIN by 2005. Roy Frodsham, General Manager, Food Division West Midlands Co-op, explains, *“In management terms, our POS systems were ‘time expired’, but we knew that Chip and PIN was just around the corner, so our infrastructure had to be changed or else the Society would have been at risk.”*

Fujitsu's Solution

West Midlands Co-op initially undertook a competitive analysis of possible suppliers to identify close matches with the Society's business and technical criteria. Having narrowed the choice down to four companies, the Society eventually awarded Fujitsu a contract worth £1.3 million to provide a one stop solution, including business consultancy, infrastructure design and implementation, hardware and software support and polling services, for a full GlobalSTORE point of sale (POS) and electronic shelf edge label system - the first of its kind in the UK.

GlobalSTORE is a complete retail software solution that significantly enhances operational performance from the point of sale to the back office, including key areas such as inventory management and replenishment. As well as offering an easy to use interface it provides retailers with the management control and reporting needed to develop and achieve their corporate goals. GlobalSTORE's technical openness and flexibility also ensures that any existing IT investment is not lost, while future-proofing.

A truly ground-breaking aspect of the project was the inclusion of an electronic shelf edge label solution that utilises the store's existing lighting infrastructure to transfer information. Wherever there is light in the building, the shelf edge labels can receive data. Even reflected light, light transmitted through a translucent screen (such as freezer doors) and dimmed store lighting are all sufficient to enable the effective operation of the solution. As a result, prices can be updated instantly, removing the time, cost and risks of ensuring the accuracy of paper labels.

SUMMARY OF KEY FACTS

Organisation

West Midlands Co-operative Society.

Partners involved

ILID – Electronic shelf edge label system.

Service/s delivered

A one-stop-solution, including hardware maintenance, software support and polling services, for a full GlobalSTORE Point of Sale (POS) and electronic shelf edge label system - the first of its kind in the UK.

Key metrics

- Being implemented in 37 retail stores, with 2,000 staff
- Used to manage 11,000 product lines
- Pay-back expected within 3 years.

Benefits

- Increased product availability, leading to improved revenue
- Effective inventory management
- Major savings on paper storage, auditing and retrieval
- Greater operational efficiency and simplified support
- Better customer service
- Reduced time involved in staff training
- Reduced labour costs and implementation costs
- Price flexing and conformance
- Longer label life and improved promotional capability

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“The new IT infrastructure provided by Fujitsu not only brings immediate business benefits, but also allows us to take full advantage of future developments. And that’s the benefit of working with Fujitsu - it is at the leading-edge of technology and has the interests of retailers at heart.” Melvyn Taylor, General Manager, IT West Midlands Co-op

Following an extremely successful pilot, GlobalSTORE will be rolled-out across West Midland Co-op's remaining 36 stores and electronic shelf edge labels at selected stores. Once implemented, all of the Society's IT infrastructure, including legacy and third-party products, will be supported by Fujitsu on a 24-hours-a-day, 7-days-a-week basis, using enterprise management and desktop tools to ensure optimum performance and minimum down-time.

“A million pound plus project is a substantial investment for a small Society like ours, but our financial analysis of the cost/benefits showed that it was a sound investment,” explains Roy Frodsham. *“The fact that Fujitsu had a tried and tested retail solution, proven to work well with a Co-op environment, was also a major factor in our decision. And we liked the people that we were dealing with. We had confidence in Fujitsu’s ability to deliver.”*

Ben Reid, Chief Executive, West Midlands Co-op, comments, *“Fujitsu has delivered a leading edge retail solution that provides us with a robust and flexible platform on which we can continue building our business, by ensuring we are able to deliver a great value service to our customers.”*

Benefits to our Customer

The new solution will enable West Midlands Co-op to realise significant business and operational benefits:

GlobalSTORE

- **Increased revenue** - improved on-shelf product availability can increase turnover by at least 5-10%
- **More effective inventory management** - with an average of 25% less stock held in the supply chain
- **Improved waste control** - allows recorded waste to be reduced by around 25% and improved stock results
- **Major savings on paper storage**, auditing and retrieval with the electronic capture and analysis of data
- **Greater operational efficiency** and simplified support through a single, highly integrated store infrastructure
- **Better customer service** - with more accurate scanning and improved product and sales information
- **Reduced staff training** - the intuitive user interface requires around 70% fewer hours training.

Electronic shelf edge label

- **Reduced labour costs** - removes the need to print, sort and replace paper labels when prices change, saving around 36 hours a week per store
- **Price flexing** - enables targeted price promotions at different times and stores, instead of all at once
- **Price conformance** - prevents the risk of prosecution for incorrect pricing and charging
- **Reduced implementation cost** - avoids having to install, maintain and integrate radio/infrared networks

- **Longer label life** - labels are robust and resilient and batteries last 10 years (twice the life of other systems)
- **Improved promotional capability** - can use “talkers”, coloured labelling, scrolling text and extra information.

“The speed and efficiency of applying price changes is now absolutely superb,” says Roy Frodsham. *“It has saved around 36 hours a week. The system functionality will also increase productivity and efficiency, so we expect to get a rapid pay-back. But just as important is the positive effect on customers’ perception of us as a modern retailer and the morale of our staff, who can see the major investment that we are making in the business.”*

Fujitsu’s proactive support service also ensures that system performance and availability is optimised in line with the Society’s current and evolving needs. Melvyn Taylor adds, *“We asked Fujitsu to act as a one stop shop for all of our support and maintenance services because of the strength of the relationship that had developed. It is also a big advantage for us to only have one partner to deal with, who can manage everything effectively.”*

Our Approach

The pilot site for the GlobalSTORE and electronic shelf edge label system was West Midlands Co-op’s new, flagship supermarket at Bicton Heath, Shrewsbury, in which the Society had invested £1 million to develop.

“Bicton Heath is the modern face of our Society. Not only does it have an exciting new look and feel, but it is also technologically bang up to date, including the integration of Optimal Robotics self-scan system¹, which is a big selling point. While we knew that moving to new system was a risk, and lots of other retailers were questioning what we were doing, we never considered that it would fail. We knew that Fujitsu would make it happen.” Roy Frodsham, General Manager, Food Division West Midlands Co-op

Melvyn Taylor confirms, *“Fujitsu’s preparation was excellent - it could not have been done much better. The proof of that came on the day that the new system went live as we actually sent the technical support people home at midday, because it was running so smoothly. In fact, we have had minimal problems with few service calls.”*

Our Expertise

Fujitsu has extensive experience of working closely with retailers to develop innovative IT solutions that satisfy their demand creation and supply chain management needs.

Roy Frodsham confirms, *“Fujitsu provided very good people and we soon established a high performance, multi-discipline team to manage the project. There was a lot of honesty on the table and a high level of commitment to success. It was a true partnership.”*

¹Since acquired by Fujitsu in April 2004

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