



## FRESHDIRECT

# IMPROVING OPERATING EFFECTIVENESS WITH SAP® BUSINESSOBJECTS™ SOLUTIONS

“When you are in a high-growth business, you want to get ahead of the potential issues by implementing the right set of controls.”

Jason Ackerman, CFO and Founder, FreshDirect

### QUICK FACTS

#### Company

- Name: FreshDirect
- Location: New York
- Industry: Consumer products
- Products and services: Online grocery delivery
- Revenue: About US\$250 million
- Employees: About 1,500
- Web site: [www.freshdirect.com](http://www.freshdirect.com)

#### Challenges and Opportunities

- Use customer feedback to enhance service and increase loyalty
- Improve operational efficiency throughout the business
- Build IT foundation to support future expansion

#### Objectives

- Implement new integrated business intelligence solution
- Consolidate data from underlying SAP® software to provide single view of data
- Enable clear insight into performance metrics throughout company
- Identify value-chain issues proactively
- Relationally connect data across existing applications

#### SAP Solutions and Services

- SAP BusinessObjects™ business intelligence solutions
- SAP BusinessObjects solution portfolio

#### Why SAP

- Low-risk entry point for IT solution
- Track record with SAP software and SAP BusinessObjects solution portfolio

#### Benefits

- Reduced amount of compensatory customer credits
- Very fast return on investment
- Clear insight into value-chain from performance metrics related to products, deliveries, and service
- Ability to identify issues early and respond proactively
- Enhanced customer satisfaction
- Improved on-time delivery rate

#### Existing Environment

- SAP R/3® software (functionality now available in the SAP ERP application)
- Numerous Web-based applications

FreshDirect, an online grocery delivery company, distributes food products to residences and offices in the New York City metropolitan area. FreshDirect specializes in perishables, offering over 3,000 varieties of high-quality fresh food. Since FreshDirect buys fresh foods directly from the source, bypassing the usual layers of distributors and middlemen, the food on its customers' tables can be four to seven days fresher than food from a typical supermarket. Running such a business requires a finger on the pulse of the organization, so decisions can be made quickly.

### Need for Visibility into Company Performance

Two years ago, FreshDirect found it very challenging to get operational insights from its information systems. The company's IT application portfolio consisted of SAP® R/3® software as well as at least 20 other Web-based applications.

systems. However, in order to obtain complete visibility into its operational performance metrics, the company needed to integrate information across these applications. Hence, FreshDirect created several structured query language (SQL) reports across these departmental applications to perform such analysis. Not only was the process

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(SAP R/3 functionality is now available in the SAP ERP application.) The company had access to financial metrics from the SAP software, as well as visibility into departmental performance from various reports within its other

for creating reports resource-intensive and expensive – because it required specialized technology skills – but the integrity of the information obtained was also questionable. As a result of limited access to data, FreshDirect

executives could not always identify which parts of their operations were working well and what needed attention.

“In order to continuously improve our operational performance, we recognized the need for a better mechanism to measure its various facets. Our SQL query reporting environment was not working well for us, and our hope was that a business intelligence solution would provide a better way to get metrics based on data in these applications,” says Brandon Arbiter, manager of business intelligence (BI) at FreshDirect. “However, it is impossible to know how well a new technology will work within an environment until you try it,” adds Arbiter. “Without knowing how far FreshDirect would be able to go with the BI technology, we wanted to start small, get our feet wet, and score some early wins before making a big commitment.”

As a result, it was critical to FreshDirect that the selected BI technology allow the company to measure and report on operational metrics across departmental applications without requiring the building of IT-intensive data marts. With this requirement as one of the key selection criteria, the company evaluated multiple vendors; however, no one vendor other than SAP and its SAP BusinessObjects™ solution portfolio could offer a low-risk entry point. After evaluating various vendors, FreshDirect selected SAP BusinessObjects solutions.



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**Jason Ackerman**, CFO and Founder,  
FreshDirect

## Customer Feedback Becomes a Gold Mine

FreshDirect decided to first use SAP BusinessObjects solutions to gain insights into customer complaints and use the feedback to identify key issues across the value chain, understand trends, and evaluate how these issues affected the business. Prior to the implementation of SAP BusinessObjects solutions, FreshDirect executives had to comb through reports created from SQL queries to identify nuggets of use-

nize the products that were either negatively affecting customer loyalties or bringing them back for more. Armed with such insights, executives were able to look at processes within the plant where there were issues – whether during the picking operation or on the assembly line – and proactively address them.

As a result, FreshDirect was able to improve the quality of its products and shipments and save significantly by reducing the credits the company has

key performance metrics. “Our business is very complex. Insights from SAP BusinessObjects solutions allow us to identify and implement business controls to proactively manage this complexity,” says Jason Ackerman, CFO and founder of FreshDirect. “In addition, the software allows us to relationally connect data across various applications, measure an operational metric, identify process issues, and continuously address them to improve the metric. It is important to continue to make the business more streamlined and efficient, especially as we look to growing beyond the New York City market.”

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ful information. The reports contained transactional information such as the reason for a call or complaint and products associated with the complaint, but rarely provided managers with clear visibility into any trends to identify core issues.

Based on data gleaned from SAP BusinessObjects solutions, customer feedback reports became a gold mine. Using information from the report, FreshDirect managers were able to dig into customer data product by product, identify trends, understand how they affected the business, and even recog-

to provide customers to compensate for a packaging or delivery problem. In the last two years, FreshDirect had spent about half a million dollars on such customer credits. Savings from these avoided costs alone quickly paid for the investment in BI technology.

## Beyond Customer Feedback Analysis

After seeing such quick benefits from the new BI technology, FreshDirect made a deeper commitment to SAP BusinessObjects solutions and decided to use them to track and improve other

The company is now planning to use the broad SAP BusinessObjects solution portfolio – including dashboards, reports, and what-if analyses – to measure and improve delivery performance by understanding which teams of drivers and runners do well and why and where problems exist. FreshDirect ships in excess of 5,500 orders a day. This volume of orders requires the delivery of about 30,000 cartons during preselected time slots while at the same time drivers have to fight New York City traffic.

SAP BusinessObjects solutions will help the company to proactively address issues within its delivery value chain, so that it can further improve on-time delivery metrics and enhance its already intense customer loyalty. In addition, addressing such issues will also allow FreshDirect to service more customers with the same delivery run and meet its commitment to reducing the company’s carbon footprint, while improving the

bottom line. SAP Business Objects solutions enable companies like FreshDirect to leverage the solutions' technology and gain valuable insights with minimal use of IT resources.

"When you are in a high-growth business," adds Ackerman, "you want to get ahead of the potential issues by implementing the right set of controls. SAP has helped us see our business very clearly, in a cost-effective manner. We can put in place better controls and enable managers to run their operations more efficiently."

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