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Summit: Renovating Its IT Backbone System with SAP® ERP and SOA

Summit Inc. operates 102 supermarkets in 4 prefectures in Japan. In April 2011 the company deployed a new IT backbone utilizing the SAP® ERP application to enhance its merchandising capabilities. This software enabled the company to consolidate master data, reduce system operation workload, and enhance quicker decision making through real-time information.

Executive overview

Company
Summit Inc.

Headquarters
Tokyo, Japan

Industry
Retail

Products and Services
Supermarkets, household goods, clothing, retail chain business

Employees
13,659 (as of March 2011)

Web Site
www.summitstore.co.jp

BUSINESS TRANSFORMATION

The company's top objectives

- Consolidate information and renovate business infrastructure
- Get quicker decision making through system integration
- Reduce maintenance workload through master data consolidation

The resolution

- Implemented SAP® ERP application with software specific to retail
- Established a service-oriented architecture for external interfaces
- Developed input screens in-house to maintain usability
- Built a Web-based system based on SAP NetWeaver® Process Integration technology

The key benefits

- IT and governance infrastructure realized for business expansion
- Improved merchandising by consolidation of information management
- System upgrade established with minimal disruption
- Decreased dependency on individual skill sets for system operation

Read more

TOP BENEFITS ACHIEVED

33%
Reduction in development hours

20%
Reduction of system operation workload

50%
Fewer external system interfaces

See more metrics

"By integrating an input screen developed in-house with SAP ERP based on a service-oriented architecture, we were able to build a backbone system which actually appears unchanged to our end users, mostly part-time workers."

Takeshi Nagao, Manager, Information System Department, Summit Inc.

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Real-time availability and visualization of information

Established in 1963 as a member of the Sumitomo Corporation Group, Summit Inc. operates a supermarket chain with over 100 stores in the Tokyo metropolitan area. Today, the chain is facing an increasingly competitive environment due to Japan's low birthrate and aging population, resulting in higher demand for variety in its prepared-food and groceries market. In order to remain competitive, Summit is improving its regional pricing strategy and is expanding its prepared-food offerings. The company's IT backbone had been upgraded many times, but eventually could not meet the demands of an increasingly complex organization. Inefficient means of data access were resulting in delayed executive decision making. Additionally, Summit's IT backbone as a whole had been burdened with more than 1,000 separate host system interfaces. Hence, the interface of the central system with the company's peripheral systems had become onerous to use, and the system department's operational workload had increased.

Summit was also operating three business categories separately for about 20 years: fresh foods such as fish and meat; groceries such as processed food; and clothing. The company managed fresh foods by their proprietary codes, groceries by JAN codes, and clothing by SKU codes. The three sets of master data interact with each other, and revising these codes took a huge effort. As Summit was aggressively opening new stores and employees needed to revise the master data for each opening, human error would become a problem.

Therefore, the Summit IT team was determined to reconstruct the backbone system and streamline the business by integrating its systems and master data.

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Integrate infrastructure with SAP® ERP and SOA

Summit selected the SAP® ERP application with solutions specific to retail. Takeshi Nagao, manager of the information system department at Summit, said they planned carefully to select the best solution available. "Within our 3-month 'fit and gap' analysis, we decided upon the SAP ERP application, the NetWeaver® Process Integration (SAP NetWeaver PI) offering, a business intelligence (BI) tool, and a verified service-oriented architecture (SOA) in order to provide flexible interaction with peripheral systems."

While applying the standard functionalities of SAP ERP, the internal IT team developed a customized input screen, which is very easy for part-time employees to use. The team built a Web-based system that enables Summit to share data with business partners. This Web-based system and SAP ERP interact via SAP NetWeaver PI.

The project started in May 2009. A complete switch over of all the systems was done by April 2011. The implementation was a huge success because the Summit IT team was very careful to define the business functionalities needed for optimal system interaction utilizing SOA.

"The information system department fully understood the business and the needs in the field, and thoroughly managed the development processes. Hence, we could clearly distinguish between standard functionalities and in-house development," Nagao says.

By involving members of all IT teams right from the development phase, Summit started self-operation immediately. Employees have been conducting all the first-line support by themselves. It is very rare to start self-operation with such an assured skill transfer.

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Streamline the business and reduce maintenance workload

Summit set up a solid infrastructure for maximal utilization of the data, and also to support quick decision making. Already, the company has experienced positive results.

Development hours have been reduced by using the standard functionalities of SAP ERP and in-house know-how. "It is a great achievement to have transitioned to the new system without changing users' operation," Nagao says.

The software's streamlined master data consolidation protects against human error and supports one-time maintenance. System maintenance workload has been greatly reduced. Now, IT employees are no longer burdened with maintaining multiple programs, reducing the human reaction time to various events. The 700 interfaces with external systems were reduced almost by half.

Finally, the new IT environment is no longer dependent on any individual, making it sustainable for the future. Summit's managers fully expect the system will support the company's future growth.

KEY BENEFITS

33%
Reduction in development hours

20%
Reduction of system operation workload

50%
Fewer external system interfaces

Executive overview

Company objectives

Resolution

Business transformation

Future plans

Accomplish future growth through strategic data analysis

Now, Summit plans to extend the use of SAP ERP. The company is considering adding functionalities for financials and human capital management in the software. Nagao says, "Because these are specialties of SAP, we expect to receive continuous support."

Additionally, the company will spend several years building its own data warehouse to provide appropriate information from management to the field through precise data analysis. "The plan is to come up with new business strategies by building an integrated data warehouse that consolidates and manages information such as profiles of local areas and competing stores. We will then analyze the data together with existing information such as point-of-sale and customer information," Nagao says.

In a changing business environment, control of information is the key to success. Summit is increasingly turning to SAP solutions to support its business for a prosperous future.

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