SAP BusinessObjects™

SAP Customer Success Story
Retail – Electronics

BOULANGER
ELECTRONICS RETAILER BOOSTS MARGINS BY OPTIMIZING SUPPLIER NEGOTIATIONS

"SAP BusinessObjects Profitability and Cost Management has cut supplier contract renegotiation preparation from two weeks to two hours while making real-time intelligence available on demand. We anticipate a full return on investment in 12 months."

Patrick Perret, IT Director, Boulanger S.A.

QUICK FACTS

Company
- Name: Boulanger S.A.
- Location: Lesquin, France
- Industry: Retail – electronics
- Products and services: Multimedia and domestic electrical products
- Revenue: €1.3 billion
- Employees: 6,000
- Web site: www.boulanger.fr
- Implementation partner: SAP® Consulting

Challenges and Opportunities
- Gain a single, consolidated view of supplier prices for all products and the retail margins Boulanger achieves
- Cut time and effort involved in annual supplier contract renegotiations
- Conduct qualitative and quantitative analyses of supplier performance

Objectives
- Leverage annual spend to negotiate best prices and trading terms from 3,000 suppliers
- Maximize retail margins
- Improve productivity of 30 buyers
- Provide timely, accurate responses to board-level questions on suppliers
- Create an intelligence platform for analyzing margins for all products by store, region, and channel to market

SAP Solutions and Services
- SAP BusinessObjects™ Profitability and Cost Management application
- SAP Consulting services

Implementation Highlights
- Implementation completed 10 months after signing contract, requiring only 85 days from SAP Consulting
- Training and report building by SAP Consulting that helped ensure rapid user adoption and time to benefit

Why SAP
- Functionality that provided the best fit for immediate and longer-term needs
- Boulanger's ongoing use of SAP software

Benefits
- Cut supplier contract renegotiation preparation time from 2 weeks to 2 hours
- Reduced response time to board-level questions from 5 days to a few minutes
- Streamlined year-end forecast versus actual sales reconciliation
- Improved forecasting accuracy
- Increased retail margins through smarter supplier contract negotiations
- Freed up buyers for strategic and value-added activities
- Anticipate return on investment in 12 months, while still using only 20% of functionality

Existing Environment
- SAP ERP application
- SAP BusinessObjects solutions

boulanger
MULTIMEDIA & ELECTROMENAGER
Vivons la Happy-Technologie!

Leading French multimedia and domestic electronics retailer Boulanger S.A. is leveraging its annual spend with 3,000 suppliers using the SAP® BusinessObjects™ Profitability and Cost Management application. The company's 30 buyers use the application to analyze and compare prices, delivery, and payment terms and maximize Boulanger's purchasing power to negotiate the best contracts in a fast-moving, customer-driven market.

SAP BusinessObjects Profitability and Cost Management also streamlines Boulanger's year-end review of actual versus predicted sales and gives the company accurate insights into changing trends to support future buying decisions. "Stocking the right mix of products at the right price is critical to success in the dynamic retail electronics industry," says Patrick Perret, IT director at Boulanger. "We wanted to help our buyers conduct negotiations based on real-time intelligence and build strong, lasting relationships with our most valued suppliers to ensure that we can continue to source the products that the public wants at affordable prices."

Streamlining Supplier Contract Management

With its comprehensive range of 70,000 product lines and 93 stores nationwide, Boulanger has seen its market share increase by 3% since 2005. The retailer and its subsidiaries are now one of the leaders of France's domestic retailers for electrical home appliances such as TVs, MP3 players, cameras, electronic games, computers, and software products. In 2007 Boulanger opened one of France's largest electrical equipment and multimedia stores with 4,000 square meters of retail space. Online sales are also increasing.

Prior to the implementation of SAP BusinessObjects Profitability and Cost Management, Boulanger's buyers were using spreadsheet-based tools to track, evaluate, and compare prices and trading terms for each item and supplier. Buyers, analysts, and senior decision makers in the purchasing team had to trawl multiple data sources to locate the information they needed. Intelligence was often inaccurate or out-of-date, and extracting facts for performance tracking and monitoring was time consuming and labor intensive. Collating information for the annual contract renegotiations with each supplier could take as long as two weeks. Providing answers to questions from the board of directors about the margin and profitability of suppliers took around five working days.

Improving Clarity of Buying Decisions

Boulanger wanted to improve purchasing performance by removing the manual burden associated with supplier analysis and gain a real-time view of margins, costs, and other criteria associated with each vendor. The company also wanted the ability to analyze timely, qualitative, nonfinancial data such as the condition of goods and returns rate for each supplier. In addition, Boulanger planned to empower its buyers by giving them self-service access to relevant data in a usable format and enable them to conduct multidimensional analyses on supplier performance and market trends in seconds.

"In an innovation-driven industry like ours, must-have products that are top earners one year are often out-of-date the next and can only be sold at discount," says Perret. "This makes timely, accurate supplier cost and profitability analysis essential to maximizing margins and gaining the agility to react promptly to changing trends. We needed to consolidate supplier data and implement a standardized suite of analytical processes with advanced data modeling and sophisticated simulation capabilities."

Gaining Rapid Value from a Business-Led Implementation

As an existing user of both the SAP ERP application and SAP BusinessObjects solutions, Boulanger wanted to capitalize on its investment in SAP software. "SAP BusinessObjects Profitability and Cost Management offered us flexible, multidimensional modeling capabilities and on-demand query analysis into what drives profit and cost, while integrating well with our existing applications," says Perret. "In addition, its broad functionality would provide the basis for future performance monitoring activities such

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as analyzing channels to market and the margin on each item down to the individual SKU level."

The user-focused implementation project was managed by SAP Consulting, which worked with purchasing strategists and end users to identify the most urgent requirements, build a set of frequently used reports, and train Boulanger's 30 buyers, three analysts, and the purchasing director. "Thanks to the expertise and dedication of SAP Consulting, we transitioned to live operations with no business disruption just 10 months after signing the contract and at a cost of only 85 consulting days," says Perret. "Supplier data was migrated into a single Web-based repository, which made it accessible and transparent across the organization. Our users adopted the solution very rapidly, and we were able to start generating benefits almost immediately."

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Leveraging Supplier Intelligence for Competitive Advantage

Boulanger's buyers can now slice and dice data on supplier prices and trading terms multidimensionally and rate suppliers for best value against almost any number of criteria. SAP BusinessObjects Profitability and Cost Management enables users to conduct on-demand "what-if" analyses and scenario modeling to test the impact of changes to buyer contracts before committing to them. Preparations for annual contract renegotiations – a process that used to start two weeks prior to meeting the supplier because of the time required to locate information from multiple sources – can now be completed in a few hours.

"Our buyers can now base supplier contract renegotiations on up-to-date intelligence that they can trust," says Perret. "This enables them to focus time and resources on building relations with suppliers who deliver the greatest value to Boulanger in both quantitative and qualitative terms. The insights we generate from SAP BusinessObjects Profitability and Cost Management also help us set up benchmarks against which we can measure cost and performance figures for our supplier base in general and calculate the effect on margin and profitability. This is particularly useful when evaluating potential new suppliers." SAP BusinessObjects Profitability and Cost Management will also be used extensively during the final trimester of each financial year to help buyers verify the accuracy of their forecasts against actual sales figures and plan their purchasing strategy for the next season. Boulanger's purchasing team uses the application to provide answers instantly to board-level requests for information on supplier costs, performance, and margins, instead of the five working days it took when spreadsheet-based processes were used.

Gaining a 100% Return from 20% of Functionality

Boulanger is currently using only 20% of the functionality of SAP BusinessObjects Profitability and Cost Management but has seen the productivity of its buyers increase significantly just two months after the implementation. Having streamlined supplier contract negotiations, buyers are now able to spend more time gathering frontline intelligence on customer behavior and buying trends on the shop floor from department managers and sales assistants.

"SAP BusinessObjects Profitability and Cost Management is critical to our ability to build and sustain mutually beneficial partnerships with quality suppliers that maximize our margins while driving down overheads," says Perret. "The increase in margins we are confident of achieving through smarter negotiations puts us on track to see a full return on our investment within 12 months."

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Building Enterprise-Wide Purchasing Intelligence

Boulanger is expanding its use of SAP BusinessObjects Profitability and Cost Management to evaluate supplier performance and its impact on margins and profitability in greater detail. The company plans to leverage its collaborative intelligence environment to analyze and compare sales by region and store and to drive up buying and stocking accuracy across all departments and product lines, according to Perret.

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