

## **Pantaloon: ERP in retail**

*It needed an organization-wide IT solution to help it perform better then Pantaloon decided to implement an ERP system from SAP. By **Kushal Shah***

More than eight years after it forayed into the retail business, Pantaloon Retail decided to implement SAP to keep itself competitive in the rapidly growing Indian retail market.



**Rakesh Biyani**

Store operations have never been as important to retailers as they are now. Successful retailers are those who know that the battle for customers is only won at the frontline, which in the case of a retail chain is at its stores. Pantaloon was regularly opening stores in the metros and there was an urgent need for a reliable enterprise wide application to help run

its business effectively. "The basic need was to have a robust transaction management system and an enterprise wide platform to run the operations," says Rakesh Biyani, Director, Pantaloon. The company was looking for a solution that would bring all of its businesses and processes together. After a comprehensive evaluation of different options and software companies, the management at Pantaloon decided to go in for SAP.



### **The Solution**

Some of the qualities of SAP retail solutions are that it supports product development, which includes ideation, trend analysis, and collaboration with partners in the supply chain; sourcing and procurement, which involves working with manufacturers to fulfil orders according to strategic merchandising plans and optimise cost, quality, and speed—variables that must be weighted differently as business needs, buying plans, and market demand patterns change; managing the supply chain, which involves handling the logistics of moving finished goods from the source into stores and overseeing global trade and procurement requirements; selling goods across a variety of channels to customers, which requires marketing and brand management; managing mark-downs and capturing customer reactions, analysing data, and using it to optimise the next phase of the design process.

<b>In a Nutshell</b>	
<b>Aim</b>	: To deploy a robust transaction management system and an enterprise-wide platform to run its operations.
<b>Solution</b>	: SAP retail solution
<b>Implemented by</b>	: SAP team with the help of Novasoft, Singapore
<b>Number of users</b>	: Around 1,200
<b>Time taken</b>	: About six months
<b>Cost of implementation</b>	: About \$10 million

## The implementation

"The implementation was outsourced to a third party. The implementation was done by the SAP team with help of Novasoft which is based out of Singapore," says Biyani. Some people from Pantaloon also assisted in the project. About 24 qualified people worked on this SAP implementation. SAP was chosen as the outsourcing party on a turnkey basis. This project was headed by Pantaloon's Chief Information Technology Officer, Chinar Deshpande.



## Three Phases

SAP implementation is not a single phase process. The project was divided into three phases.

The first phase involved blueprinting existing processes and mapping them to the desired state. In this phase, the entire project team worked on current processes within the structure of the organisation, analysed and drafted them. This blueprint was later used in the formation of new states of the solution. Since the SAP would combine all the processes, each and every one of these had to be evaluated.

In the second phase, the SAP platform was developed with the help of Novasoft's template which was predefined by SAP after evaluation of Pantaloon's needs and expertise in retail solutions.

The last phase in this project was for stores to switch over to the new system and for current data to be ported. Before the SAP implementation, all the data was unorganised. This data had to be migrated to the new SAP application.

The project was flagged off on 15th June 2005 and took about six months to finish. It went live at the head office on 1st January 2006. The stores went live on SAP from 1st January 2006 to 30th June 2006.

### About the Company

Pantaloon Retail is the flagship enterprise of the Future Group, with a presence across multiple lines of business. The company owns and manages multiple retail formats that cater to a wide cross-section of Indian society. Headquartered in Mumbai (Bombay), the company operates through four million square feet of retail space, has over 140 stores across 32 cities in India and employs over 14,000 people. The company registered a turnover of Rs 2,019 crore for FY 2005-06.

Pantaloon Retail forayed into retail in 1997 with the launching of its fashion retail chain, Pantaloons in Kolkata. In 2001, it launched Big Bazaar, a hypermarket chain. This was followed by Food Bazaar, a food and grocery chain. Next up was Central, a first of its kind located in the heart of major Indian cities. Some of its other formats include, Collection i (home improvement products), E-Zone (consumer electronics), Depot (books, music, gifts and stationary), aLL (a Little Larger, fashion apparel for plus-size individuals), Shoe Factory (footwear) and Blue Sky (fashion accessories). It has recently launched its e-business venture, futurebazaar.com. The group's subsidiary companies include, Home Solutions Retail India Ltd, Pantaloon Industries Ltd, Galaxy Entertainment and Indus League Clothing. The

group also has joint venture companies with a number of partners including French retailer Etam group, Lee Cooper, Manipal Healthcare, Talwalkar's, Gini & Jony and Liberty Shoes. Planet Retail, a group company owns the franchisee of international brands like Marks & Spencer, Debenhams, Next and Guess in India.

## **Benefits and Challenges**

The key challenges in this project were not in the implementation. Rather, the difficulties were faced during the data migration and in managing the interim period when the project was underway for about six months. Migrating unorganized data to an organized format is a challenging task.

Pantaloon has not been able to see immediate benefits from this implementation. This application certainly has long term benefits which will be seen when the performance of various aspects will be analyzed. "It is too early to calculate RoI. We have already started working on MAP (Merchandise Assortment Planning), Auto-Replenishment and Purchase Orders. We hope to use these systems to optimize our inventory and cut it by about two to four weeks (depending on the line of business)," says Biyani.

## **Maintenance & Hardware**

This application is currently being used by around 1,200 employees across the organization. For maintaining this implementation and its related applications, Pantaloon has an in-house team and it has outsourced ABAP resources. They are also in the process of setting up a SAP Competency Centre. The system runs on a HP Superdome server on HP UNIX 11i and the database is from Oracle. The cost of this project was about \$10 million.

## **Future projects**

After the successful implementation of SAP for its retail chain, Pantaloon plans to go ahead with IT projects such as implementation of WMS with RFID, Customer Intelligence and CRM. Inventory and Promotions Optimization will be pursued later this year.