

Case study: Makro

Efficiency is the name of the game and Makro takes it to the highest level with UCS Solutions

Business Challenge

- Current versions of SAP Landscape components (ERP, CRM and BW) deployed at Makro came to the end of mainstream support in December 2006, after which additional maintenance fees became payable. Extended maintenance on version 4.6C of SAP R/3 was available until the end of December 2008.
- Matters were further complicated by the fact that Makro's Informix database was no longer supported. The project

was more complicated than simply upgrading the system functionality to a newer version. It required an underlying platform and database change as well.

About Makro

Makro trades in food, general merchandise and liquor. All stores operate in major metropolitan areas and apart from the food offering which is largely resold by independent traders into the LSM 3 – 6 markets, all target the LSM 6 – 10 market.

Size of company:

- Makro comprises 13 warehouse clubs in South Africa and two similar formats in Zimbabwe.

Location:

- South Africa and Zimbabwe.

- The above two factors were strong contributors in Makro making a decision to move their SAP platform from Informix / HP-UX to the IBM DB2 / AIX platform. Additionally, the latest version of the system, SAP ERP 6, offered functionality which Makro required, but was unable to implement in 4.6C.

- SAP had selected DB2 as its primary development database. Informix was no longer SAP supported in the latest versions of the software and IBM had decided to continue DB2 with SAP.

- Supporting this move UCS Solutions had embarked on an IBM Hardware strategy aimed at harnessing true capacity on demand in the latest technology offerings.

Business Goal

The key objective was to refresh and re-architect Makro's system platform to enable future growth for its South African stores and the fulfilment of its strategic objectives.

The Solution

What was chosen:

- SAP ERP 6.0 on the IBM DB2 / AIX platform

Why it was chosen:

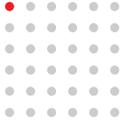
- Given that SAP was the system platform of choice – a lot of time was expended deliberating on how this functional upgrade would best be achieved. Re-implementation was chosen because it would facilitate taking advantage of the system functionality – standard in the SAP ERP 6 which had previously been custom written. It also afforded the opportunity to clean up the system and remove redundant programs and data which in turn saved storage space and enabled improved performance.

Deployment Time:

- Blueprint 3 months
- Realisation 9 months
- Support/closure 1 Month

Business Benefit

- Foundations for growth secured with the deployment of a solution four generations ahead of what it was replacing.
- Areas like finance, merchandising and logistics foremost in reaping the benefits of the improved functionality.
- The new solution provides a wide range of improvements for Makro.
- Notable reduction in the size of the database and reducing backup and restore times.
- Outdated data has been cleansed and eliminated, enabling faster backup and enhanced overall performance.



Makro - SA's pathfinder in the implementation of IT systems in retail environment

As one of the largest retail operations in the country, Makro is a leader in the adoption of complete IT systems that could drive the company's business processes and provide the reporting of sales and stock levels that are critical to the business as a whole.

Obviously, making changes to a system that runs from morning to evening, seven days a week, at 13 massive outlets across the country is not a project that is hastily implemented and requires strong business focus.

UCS Solutions - as an accredited and expert provider of SAP solutions - has been partner of choice to Makro for over a decade and was yet again selected to deploy the latest SAP technology in this major project.

"Makro was in a fortunate position because we first went live with SAP's retail solution as far back as 2001," says Pieter Schoeman, IT

and Projects Director for Makro South Africa. "From that point, we had a long run of very successful results from using the solution.

"In 2006, when it became necessary for us to upgrade the solution, we realised that we had to upgrade the database as well - meaning this project was more complicated than simply upgrading the system functionality to a newer version. It required an underlying platform and database change as well.

"Despite this challenge, it gave us the chance to revisit our business processes and take advantage of enhanced functionality in the latest SAP solution. We were also supported by seven years of previous experience, which helped greatly with the project."

Planning for Growth

The new solution was some four generations ahead of what it was replacing and this provided a wide range of new possibilities and a foundation for future growth.

"Areas like finance, merchandising and logistics were foremost in reaping the benefits of the new functionality," says Schoeman.





“There is a lot more we will be rolling out in further phases after the initial deployment.”

“The primary business risk for Makro was that the existing solution was going to run out of support in the application and database layer,” says Chris Shortt, Senior Executive for Applications Services at UCS Solutions. “There was also a concern that it would run out of capacity as the business expanded and the opportunity to implement a platform strategically geared for the future of SOA was a strong consideration.”

“One possibility was a simple upgrade – but there was little that could offer in terms of future value for the company. The opportunity was to make an investment in a new implementation that would answer immediate needs, provide ongoing and improved value and, finally, create a platform for future growth.”

“The new solution provides a wide range of improvements for both Makro and its customers. The less visible improvement is that the database has been greatly reduced in size. We have been able to cleanse and eliminate a lot of outdated data and this means that backups are much quicker and the overall performance has been enhanced.”

Managing the Supply Chain

Another major concern for retailers is supply chain management.

“The latest SAP solution allows Makro to highlight a range of its SCM needs,” says Shortt.

“The difference in functionality between the two versions of the software illustrates the strength of the SAP solution for retail today.

“Efficiency is the name of the game in retail and this has been improved in all areas of Makro’s business – from the supply chain, to the warehouse, to the store stock controls, the forecasting and even on to the IT department itself. IT staff benefit from



easier administration, fewer support calls and faster database management, so they can focus on generating value for the business, instead of just being a support desk.”

“Another area where there are opportunities to generate further value for the company is business intelligence. That, along with customer relations management, offers Makro extensive abilities to improve its business efficiency and service to its customers far into the future.”

“We are already busy with the third phase of the deployment, which sees these systems being built on the established platform of the new solution.”

From Makro’s viewpoint, the project started with a focus on risk aversion and mitigation. The new SAP solution that UCS Solutions has supplied is now providing even greater value and return on the investment made by Makro.

“Flexibility and a stable platform for future improvements are key elements of the new solution,” says Schoeman. “We anticipate the new solution will offer the same longevity and even better value than its predecessor.”



About UCS Solutions

UCS Solutions is 70% owned by Business Connexion with the remaining 30% owned by the UCS Solutions Executive Management Team. The company provides services to support many top South African and international businesses whose focus is retail and the retail supply chain. UCS Solutions is acknowledged to be South Africa's leading provider of business solutions within the retail and wholesale sector. UCS Solutions has the expertise required to assist clients achieve better business performance through the delivery of turnkey solutions that span the complete range of retailers' IT operations. The company offers a comprehensive range of services encompassing strategic and process consulting, implementation, applications support, hosting services and knowledge business outsourcing.

Size:

- UCS Solutions has +- 350 employees

Location:

- Gauteng (Johannesburg)
- Western Cape (Cape Town)
- Kwa-Zulu Natal (Durban)
- United Arab Emirates (Dubai)

About Business Connexion

Business Connexion is a black empowered integrator of innovative business solutions based on information and communications technology (ICT). They run mission-critical ICT systems and manage products, services and solutions for JSE listed and key public sector organisations, parastatals and medium-sized companies. Business Connexion is the largest JSE Listed ICT company in Africa and a market leader in its field.



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