



Indigo cures its supply chain blues with SAP and IBM

Indigo is a Canadian company and the largest book retailer the country, operating bookstores in all provinces under the names Indigo Books Music & more, Chapters, The World's Biggest Bookstore and Coles. Indigo operates chapters.indigo.ca, an online retailer of books, gifts, music and movies.

In a competitive online and retail environment, the challenge for Indigo was to modernize its supply chain, and redesign its business processes for maximum efficiency.

As Chief Technology Officer Doug Caldwell explains, "The primary goal was to streamline the overall supply chain. We wanted to deliver the right books to the right locations, in the right quantities, at the right time."

Indigo needed to upgrade or replace its core legacy systems to facilitate a single, consistent business process management solution. Following an exhaustive RFI, demonstrations and a conference room pilot, Indigo chose to implement SAP Retail software.

Choosing IBM for SAP

Indigo then asked major vendors to propose hardware solutions, and selected two IBM @server pSeries Model 670 systems to act as the

Oracle database servers, and 12 IBM @server xSeries Model 360 systems as application servers. Data is stored on an IBM TotalStorage Enterprise Storage Server.

"One of the key things around hardware design is sizing properly. You could spend a lot of money in the wrong place; the expertise IBM brought to the party was second to none," says Doug Caldwell.

"Each of the two p670 servers has eight processors, and by using the LPAR facility in IBM AIX, we are able to divide our resources equally between the production and quality assurance environments."

Doug Caldwell continues, "The great part is that during the Holiday season, I can 'borrow' some processing power from our QA environment since we will not be implementing changes during that busy period. I can literally say I want six processors for Christmas, making the changes on the fly – this offers a big seasonal advantage."

Preparing for change

During the preparation phase, Indigo considered Microsoft SQL Server and Oracle databases, as the company had in-house skills for both products

Overview

■ The Challenge

Improve efficiency and accuracy of supply chain processes; improve ability to tailor product mix; respond more rapidly to changing customer demand

■ The Solution

Industry: Retail

Applications: SAP Retail, SAP

Enterprise Portal, and SAP

Business Intelligence, SAP Supply

Chain Management

Hardware: IBM @server pSeries

servers, IBM @server xSeries

servers, IBM TotalStorage

Enterprise Storage Server

Software: IBM AIX, Oracle

■ The Benefits

Ability to reallocate processing resources to manage seasonal peaks; real-time access to accurate sales information; annual reduction of more than C\$150,000 in operational IT costs; improved integration between online and bricks-and-mortar operations



As Doug Caldwell comments, "IBM was able to provide a complete set of SAP solutions for both databases. We chose IBM pSeries and xSeries servers for the of flexibility during implementation, and the scalability offered by the @server range."

The hardware running Indigo's proprietary ERP system was vintage 1996, and becoming increasingly expensive to administer and maintain.

"We looked at the benefits in multiple different areas in terms of total cost of ownership," says Doug Caldwell. "With a smaller footprint, lower administration and enhanced reliability, the IBM pSeries has helped us to reduce our operational IT costs by better than C\$150,000."

"IBM pSeries has helped us to reduce our operational IT costs by better than C\$150,000."

Doug Caldwell, CTO, Indigo

Flexible centralized views

Indigo runs SAP Retail, SAP Business Intelligence and SAP Supply Chain Management. These SAP solutions bring inventory and sales information directly to management desktops, with online sales figures available from transaction systems, and daily sales reports across all stores.

"With SAP solutions, we are able to ensure we have the right product mix in our stores. Instead of treating all our stores as the exact same business, we can take into account the locality – perhaps a store is near a business district, or is in a more residential area – and adjust stock and assortment accordingly. SAP software gives Indigo all the benefits of centralized procurement, without forcing us to compromise on the uniqueness of local offerings."

Realtime business information

Indigo uses the category management, forecasting, and returns functionality in SAP for Retail to tailor operations, and the merchandise assortment and planning (MAP) application to develop more accurate inventory modeling on a store-by-store basis.

"Prior to implementing SAP, electronic inventory for each store was held as a separate file for each store, making it difficult to build a complete picture of the business," says Doug Caldwell.

"With SAP solutions, inventory is stored centrally. The IBM servers and SAP Business Intelligence give us real-time information on hot sellers, where the stock is, and where we need to move it.

"Around 1,500 store employees use SAP Retail Store Portal to manage their receipts and returns, and SAP software has allowed us to cut out paperwork and delay, saving costs right from day one."

The master data file for SAP solutions is stored on the IBM TotalStorage Enterprise Storage Server (ESS): "With all our data held in a single place, we needed extremely high availability: downtime is simply not an option. In our opinion, only ESS fits the bill."

Continuing support from IBM

Doug Caldwell comments that Indigo has received outstanding support from IBM: "Senior-level commitment from IBM has been tremendous throughout the whole project, and the IBM people were a key part of the team."

"With IBM servers, we are able to scale up to meet demand and offer innovative services, making SAP solutions a great success for Indigo."

"With IBM servers, we are able to scale up to meet demand and offer innovative services, making SAP a great success for Indigo."

Doug Caldwell, CTO, Indigo



IBM Deutschland GmbH
D-70548 Stuttgart
ibm.com/solutions/sap

IBM, the IBM logo, the eServer logo, @server, TotalStorage, xSeries, pSeries, AIX and Enterprise Storage Server are trademarks of International Business Machines Corporation in the United States, other countries, or both.

Other company, product or service names may be trademarks, or service marks of others.

This case study illustrates how one IBM customer uses IBM and/or IBM Business Partner technologies/services. Many factors have contributed to the results and benefits described. IBM does not guarantee comparable results. All information contained herein was provided by the featured customer and/or IBM Business Partner. IBM does not attest to its accuracy. All customer examples cited represent how some customers have used IBM products and the results they may have achieved. Actual environmental costs and performance characteristics will vary depending on individual customer configurations and conditions.

IBM hardware products are manufactured from new parts, or new and used parts. In some cases, the hardware product may not be new and may have been previously installed. Regardless, IBM warranty terms apply.

This publication is for general guidance only.

Photographs may show design models.

© Copyright IBM Corp. 2005 All Rights Reserved.



© Copyright 2005 SAP AG
SAP AG
Neurotstraße 16
D-69190 Walldorf

SAP, the SAP logo, mySAP and all other SAP products and services mentioned herein are trademarks or registered trademarks of SAP AG in Germany and several other countries.