



SAP Innovation Awards 2019 Entry Pitch Deck

Business processes and controls improvement leading to more efficient business performance.
Dixons South East Europe AEEVE

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ΚΩΤΣΟΒΟΛΟΣ

“Quote”

With SAP S/4 Hana Retail Implementation, the ameliorated processes and user experience upgraded the Accounting department's execution, while business processes and controls improved leading to more efficient business performance.

George Polemitis
Chief Financial and
Administration Officer

Challenge

Dixons SEE was using an old tailor made ERP, which was implemented in 1999. Due to the Company's focus on customer experience the back-end system development and improvement had slowed down. In 2017 it was decided that by changing the ERP system would benefit cost monitoring and business controls through the requested different levels of information (PnL per channel/ per product category/ per supplier), as well as better management of retail complexities such as several customer payment methods, the peculiarity and uniqueness of Vendor's Condition Contracts, the complexity of Daily Stock Valuation and two closings – a Period and a Monthly.

Solution

Having studied thoroughly the client's functional and technical requirements, we have decided to propose a solution using SAP S/4HANA Retail for merchandise management, 1610 edition for on-premise platform alongside the utilization of PwC's **Retail Best Practices**. Based on Dixons needs and priorities we have decided to take a two wave approach in the implementation process. The main modules that were implemented in SAP ERP are in the areas of: Product Sourcing, Buying Goods for Resale, Inventory Management, Procurement of goods not for resale (GNFR), Receiving Payments, Asset Management, Financial Management, Credit Operations, Loan Management, Pricing, Forecasting, Buying Goods for Resale Distribution/ Transportation, Inventory Management, Store Operations, Packing & Shipping Service Delivery

Outcome

With SAP S/4 Hana Implementation Dixons eliminated the need for storing redundant data in multiple spreadsheets by transforming to a single source of truth. Dixons managed to streamline repetitive processes and greatly reduced the need for manual data entry.

100% improvement in
accuracy of Data

Variants in Margin have been
reduced 30% comparing to
variants with the old ERP
System

Saving > 20% man hours per
month with S/4HANA for
manual entries reconciliation
and preparation reports on
spreadsheets



Partner Information

Pricewaterhouse Coopers Business Solutions Consulting Services regarding “Business Blueprint Design & ERP Implementation”



Following the recent launch of the new e-commerce platform, the next step towards technology modernization was to implement a robust ERP System. At the same time, there was an opportunity to implement SAP S/4HANA Retail for merchandise management, 1610 edition for on-premise as Dixons maintains a Global contract with SAP for SAP ERP (Simple Finance For HANA). As Dixons' fiscal year ended on 30/04, it was preferred for the new system to be live at 01/05/2018 at least for the major Financial processes. Given the tight project schedule, a decision on a phased project approach and close project monitoring in terms of timing, tasks, risks and budget, was imperative.



Business Challenge & Objectives

The Digital Transformation Journey:

According to Dixons Business Strategy (3y plan), Digital Transformation has been appointed as the No1 pillar for growth. Digital Transformation will have an impact on Dixons Business Model and will help build capabilities required to compete in a rapidly changing market. Business Strategy is also pinpointing a number of internal risks related to current IT ecosystem, it is aging, pushed beyond its limits and cannot meet future demand. The “Digital Transformation Program” is a fragment of the overall IT/Digital portfolio, although its most critical one. It focuses on building 3 distinct capabilities: “Omni-channel commerce”, “customer focus” and “Back-Office & Supply Chain Efficiency”. The program deals explicitly with Business Applications and introduces all major new IT platforms, while phasing out old ones.

• **Legacy ERP Solution** lacks critical functionality of contemporary ERP platforms • **Vendor’s risk** (due to custom solutions / limited installations / no future roadmap) • Cannot support many of **back office/ supporting processes** which in turn has a negative impact in front-end operations as well. • **Custom/local Pricing Solution** lacks standardization • Cannot handle **back-orders** efficiently • Cannot have a **universal order status** information •

Main Objectives Project: ERP-Phase A (Back-Office Transformation) :

- Utilize Group’s SAP Licensing and move to SAP platform.
- Cover as much back-office processes as possible through SAP. (• Master Data Management • Sourcing, Purchasing, and Vendor Management • Financial budgeting • Financial Services (GL, A/R, A/P), • Asset Management • Financial reporting • Indirect Procurement • Credit Operations • Merchandise Invoice Verification)
- Differentiate only in cases we need a more specialized/niche solution (e.g. in case of demand forecasting)
- Design a back-office process to orchestrate the subsequent steps from order capturing until final delivery.



Project / Use Case Details

Transform is PwC's methodology that helps organisations address all aspects of a transformation programme including strategy, structure, process, people and technology. Moreover, PwC has integrated our Transform methodology with SAP ASAP methodology to enable the delivery of business value versus delivering a system implementation. Our transform approach differs from traditional methods in three fundamental ways:

It goes beyond programme management and systems implementation. Incorporating strategy, people and change management and organisational implications. It links sustainable business value to the assessment, design and implementation phases of your programme. It drives towards sustainability and continuous improvement .

2.

Design the "To-Be" Processes

- Define desired end state and process re-design principles
- Define the desired future state in terms of processes and Information Systems landscape, taking into consideration:
 - Experience of Dixons stakeholders
 - Global best practices
 - SAP Retail Solution
 - Dixon's Operating Model
- Perform a high-level fit-for-purpose software analysis (SAP IS Retail on HANA vs IS Retail for HANA)

1.

Assess the "As-Is" Processes

- Gather process information such as process controls, ownership and accountabilities, volumes, systems, metrics and business rules
- Map business processes to systems and identify systems to be replaced by the new ERP System
- Conduct workshops and targeted process walkthroughs to confirm as-is and identify pain points and/or current weaknesses

3.

ERP Implementation

- Compose the Technical Blueprint
- Establish Development Environment (DEV)
- Baseline Configuration and Confirmation
- Prototype Presentation
- Establish user roles and authorization concept
- Prepare and coordinate development (Reports, Interfaces, Conversions, Enhancements & Forms)
- Final Configuration and confirmation
- Support in the Development of UAT scenarios
 - Establish Quality assurance environment (QAS)
 - Prepare Training Plan
 - Prepare Migration & Cut Over Plan
 - Perform Integration Test
 - Prepare Key Users' Training material
 - Perform Key User Training (Training of the Trainers)
 - Support User Acceptance Test
- Establish Production Environment (PRD)
- Support End Users' Training
- Perform Migration
- Go Live Readiness Assessment
- User Support after Go Live

PMO - Control and coordinate all work for all project phase (Output: Monthly Project Report)



Benefits and Outcomes

Business / Social

- The Daily stock valuation is a big success since now all future rebates are reflected in the daily cost. This is vital for the retail business and products pricing are dependent on this as well as supplier's profitability and long term relationship. The reporting of real cost of sales has been improved since it includes provision of rebates
- The effective management of several customers' payments from different locations has been also improved significantly. The company offers up to 15 different payments methods (cash, credit cards, credit cards with installments etc) which require accounting treatment until money reach the bank account. Through accounts structure and system functionality it is now visible where the money are on their way to bank account.
- The management of suppliers Condition Contracts – 350 year contracts with different terms and more than 1.500 Ad Hoc – is more accurate and transparent and gave confidence to the company and to suppliers for the different rebates types
- The produced data and Accounts Control with Open Items, Special GL, Accrual engine are improved. This complete visibility provided workflows which are more coherent and allowed inter-departmental processes to be easily tracked with maximum efficiency. This provided the opportunity to give identity to every manual or automatic transactions, while accounts reconciliation and documentation process and payments improved dramatically since now every account balance analysis is provided easily and in several dimensions.

IT

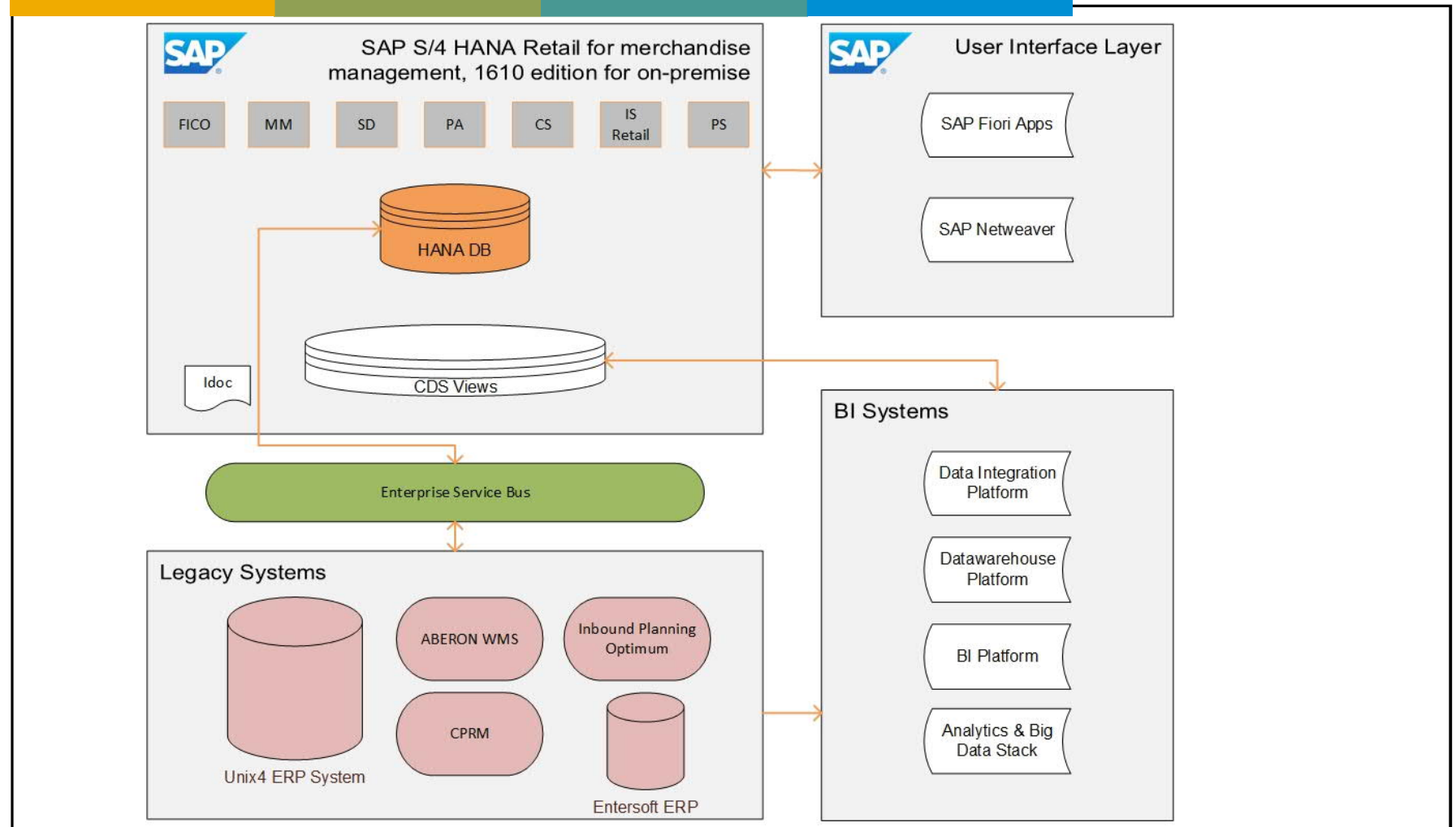
- With ERP S/4 Hana Implementation Dixons eliminated the need for storing redundant data in multiple spreadsheets by transforming to a single source of truth.
- Dixons managed to streamline repetitive processes and greatly reduced the need for manual data entry.
- Data are accurate and transparent and gave confidence to the company and to suppliers

Human Empowerment

- Productivity improved significantly with Reports in almost real time with high detail and drill-down ability up to the original document.
- Through accounts structure and system functionality it is now visible where the money are on their way to bank account with significant reduce of man effort
- Accounting department has a very clear view of Cash Management per store having significant eliminate the Write Offs
- Full Fiori user interface, user friendly environment
- Reducing number of accounts in Chart of Accounts has improve accounting department day to day life



Architecture





Deployment

Date of Deployment or POC: SAP Retail S/4 Hana live at 01/05/2018, IFRS 16 planned Go Live at 15/03/2019

Number of live users: 425 Users

SAP Technologies Used:

Live	
SAP Retail S/4 HANA	✓
SAP RE-FX on Hana	Planned at 15/03/2019
HANA Production	✓
SAP gateway	✓
Solution manager	✓

Server Processor: **SAP S/4 Hana** 2xIntel(R) Xeon (P) Silver 4116, **HANA Production** 24x Intel(R) Xeon(R) Silver 4116 CPU @ 2.10GHz x86_64, Little Endian, **SAP gateway production** 2x Intel(R) Xeon (P) Silver 4116 @ 2.10GHz

Linux Distribution: **SAP S/4 Hana** Windows Server 2012 R2, **HANA Production** SUSE Linux Enterprise Server for SAP Applications 12 SP2, **SAP gateway production** Windows Server 2012 R2



Emerging Technologies and Use Cases

The following Emerging Technologies and use-cases are part of the project and describe the contribution

	Technology or Use Case	Yes/No	Contribution to Project
1.	Machine Learning / Artificial Intelligence	No	
2.	IoT	No	
3.	3D printing	No	
4.	Blockchain	No	
5.	API Economy / Integrate the Intelligent Enterprise	No	
6.	Cloud Native / Event Based Architectures	No	
7.	Extending the digital core with SAP CP / ABAP in SAP CP	No	
8.	SAP Leonardo Application (extending SAP application, using Industry Innovation Kits or result of Design Thinking workshop)	No	