Dixons Carphone

# Oracle Retail Cross Talk 2019

14/06/2019

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# Agenda

- We Are Dixons Carphone
- Our Commercial Transformation Programme
- Benefits Linked to Improved Demand Planning Capability
- Landing Change & Benefits
- Take Outs

# We Are Dixons Carphone

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# Dixons Carphone plc is a leading multinational consumer electrical and mobile retailer and services company

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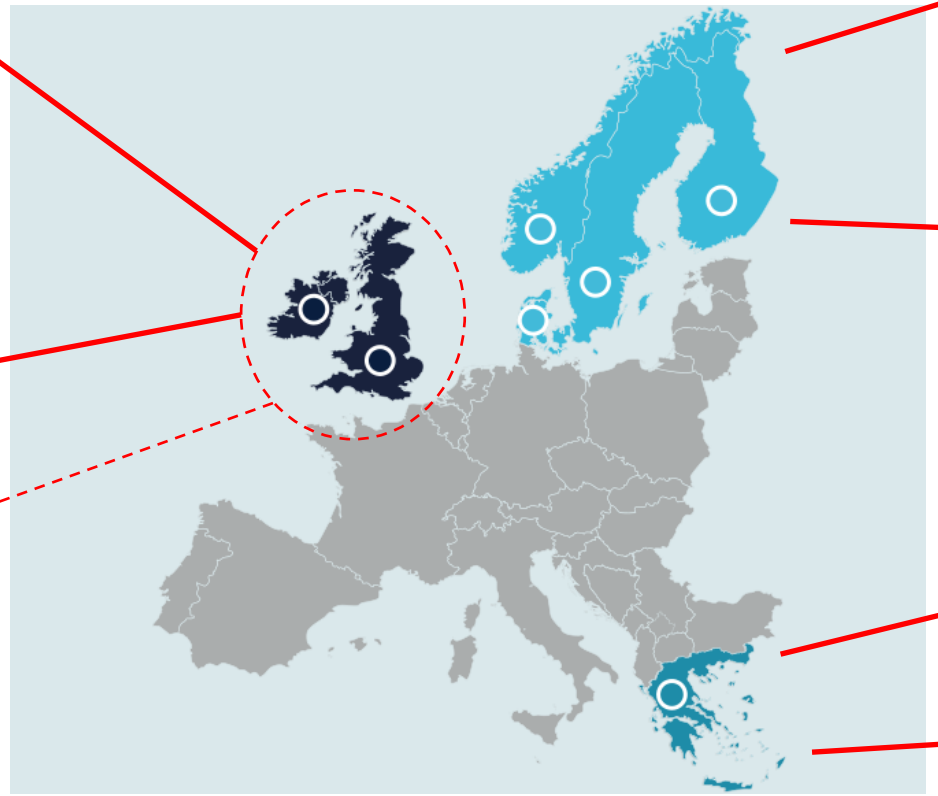
Carphone Warehouse

Team Knowhow
Help with all life's kit

Dixons travel

Currys PC World

Currys PC World BUSINESS



ELKJOP

ELKJOP PHONEHOUSE

ELGIGANTEN

GIGANTTI

Stores ~ 401

ΚΩΤΣΟΒΟΛΟΣ

Stores ~ 95

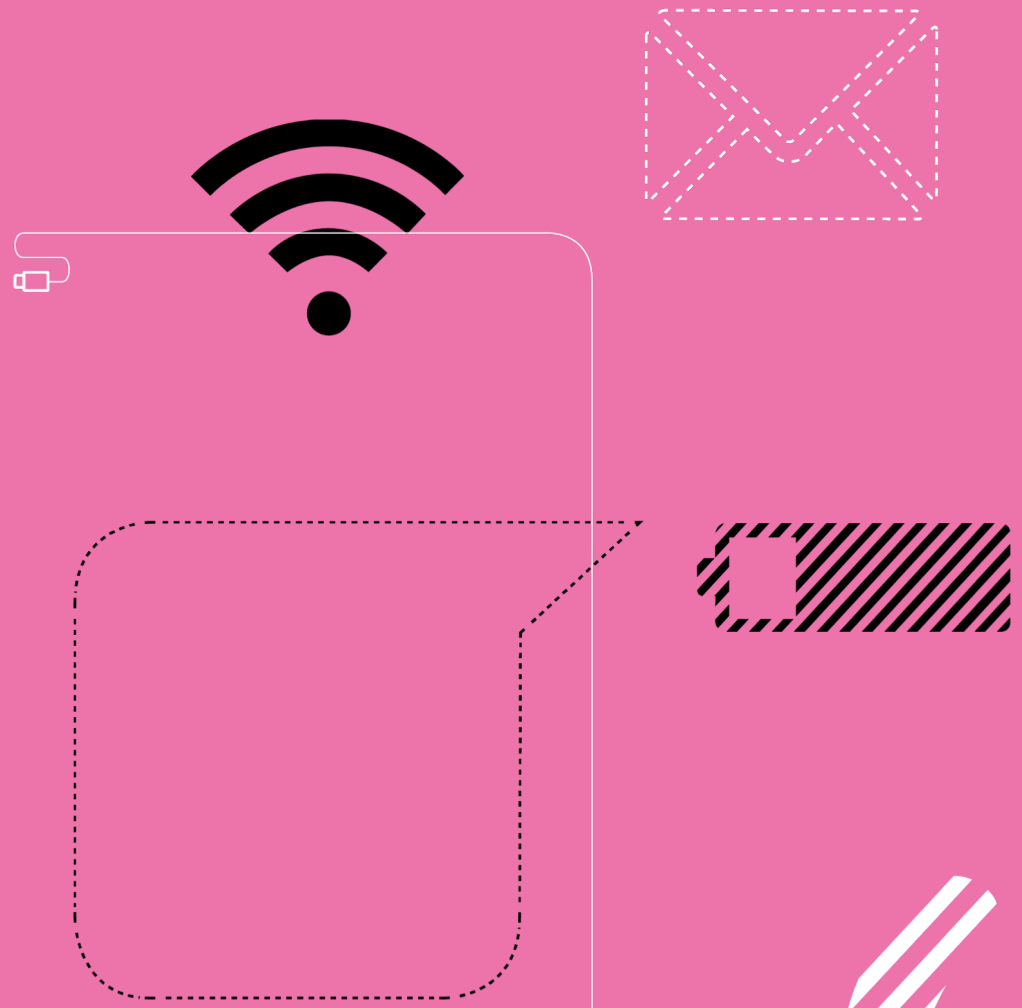
Products ~ 10,000

Stores ~ 1,100

Stocking Points ~ 1,000,000

Employing over 42,000 people in nine countries.
**We Help Everyone Enjoy Amazing Technology, however they choose to shop with us.**

# Our Commercial Systems Transformation Programme



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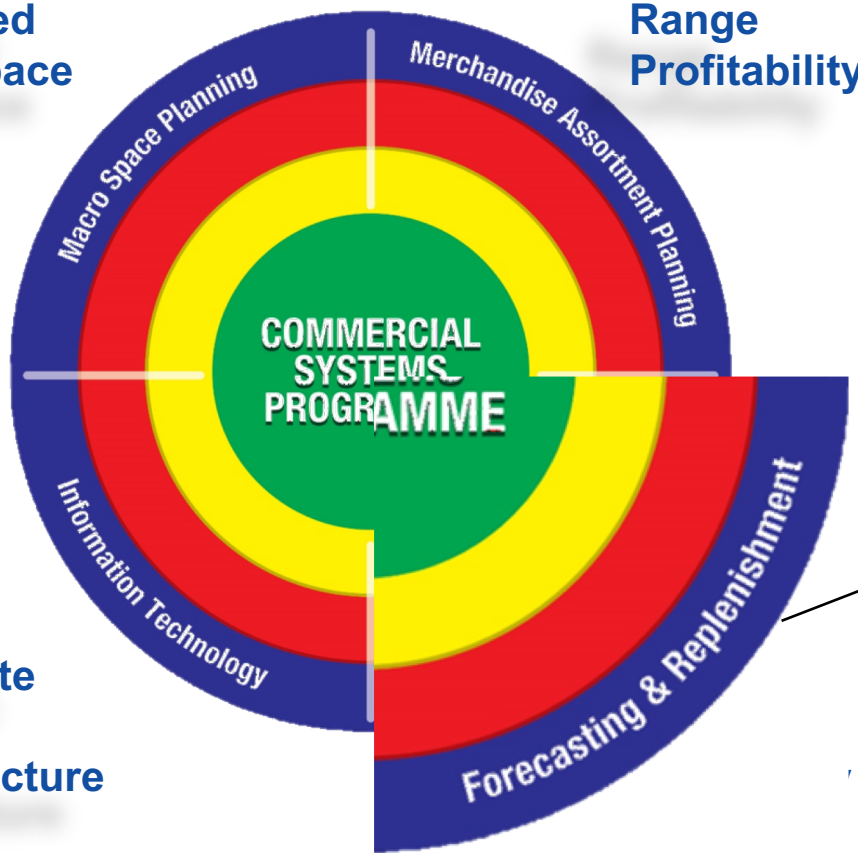
# Our Commercial Transformation Programme allows a more agile response to the ever evolving retail landscape

Optimised Store Space

Range Profitability




Up to date IT and Infrastructure

Getting this right means that we have the best mix of products, readily available wherever and whenever our Customers choose to shop with us

**Oracle applications (RDF & AIP, v.14) are the back bone of the Forecasting & Replenishment Planning transformation:**

- **Demand forecasting**
- **Store allocations**
- **Supplier ordering**

# Programme Benefits Linked to Improved Demand Planning Capability

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# Benefits are aligned to how we can help even more customers enjoy amazing technology

Systems that can adapt to the changing retail environment

A Focus on demand forecasting

Modern systems Vanilla Implementation allowing easier version upgrades

Getting the right amount of promotional stock in the right place at the right time

Future changes visible in our stock plans

Useful data in the system to inform the right decision

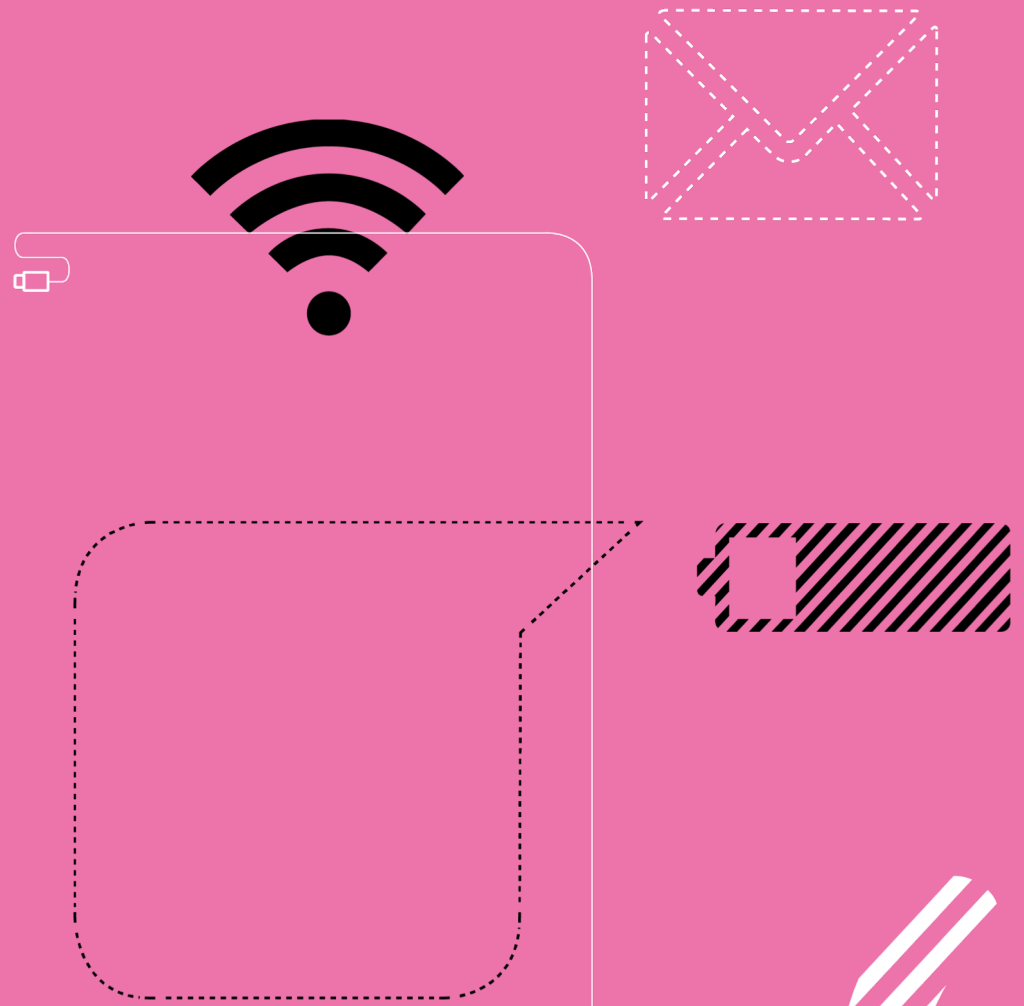
Managing stock through unplanned stock shortages

Collaboration with suppliers

We took Several months to socialise legacy functionality and benefits with our Group Board members and Non-Executive Directors

All focussed on how this helps our customers, employees and shareholders

# The Programme



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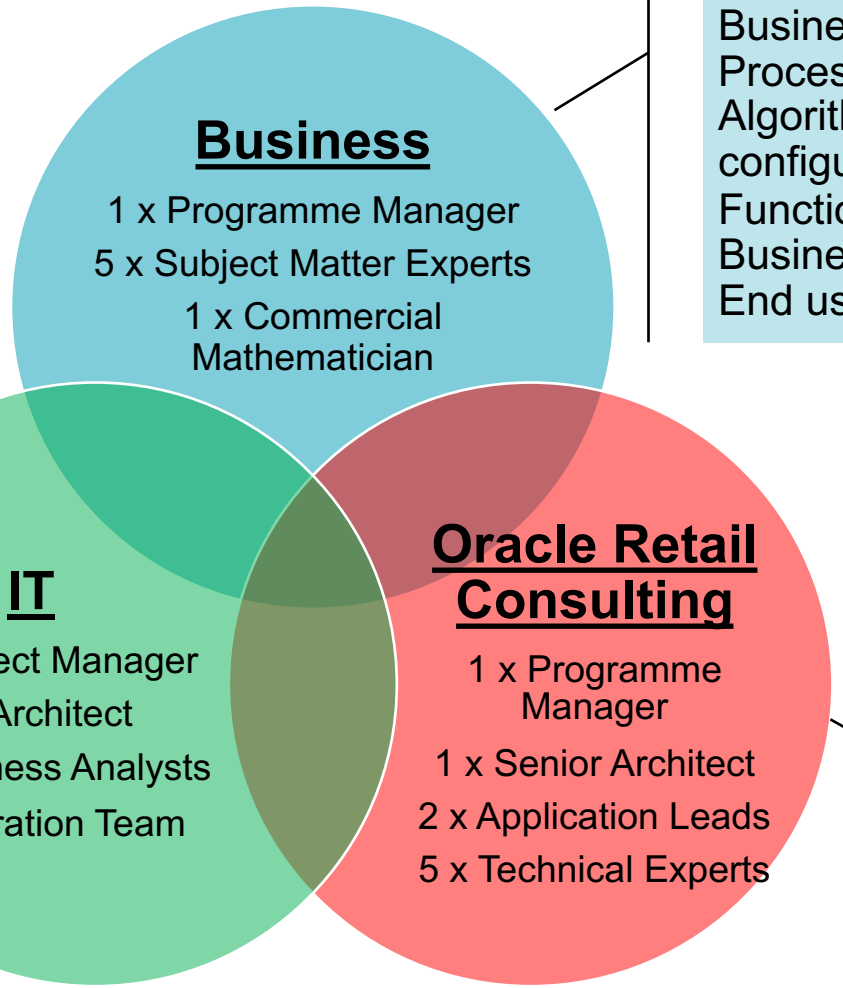
# The Forecasting & Replenishment Team was made up of 3 key teams, IT, Business & Oracle Retail Consulting




Business Requirements
Process definition / alignment
Algorithm decisions and configuration
Functional Sign off
Business Change Management
End user training

Integration to Legacy systems
Integration to CSP systems
Non-Oracle batch design
Alignment to overall company architecture
Reporting design and delivery

Functional Design and configuration
Algorithm decisions and configuration
RDF-AIP batch design

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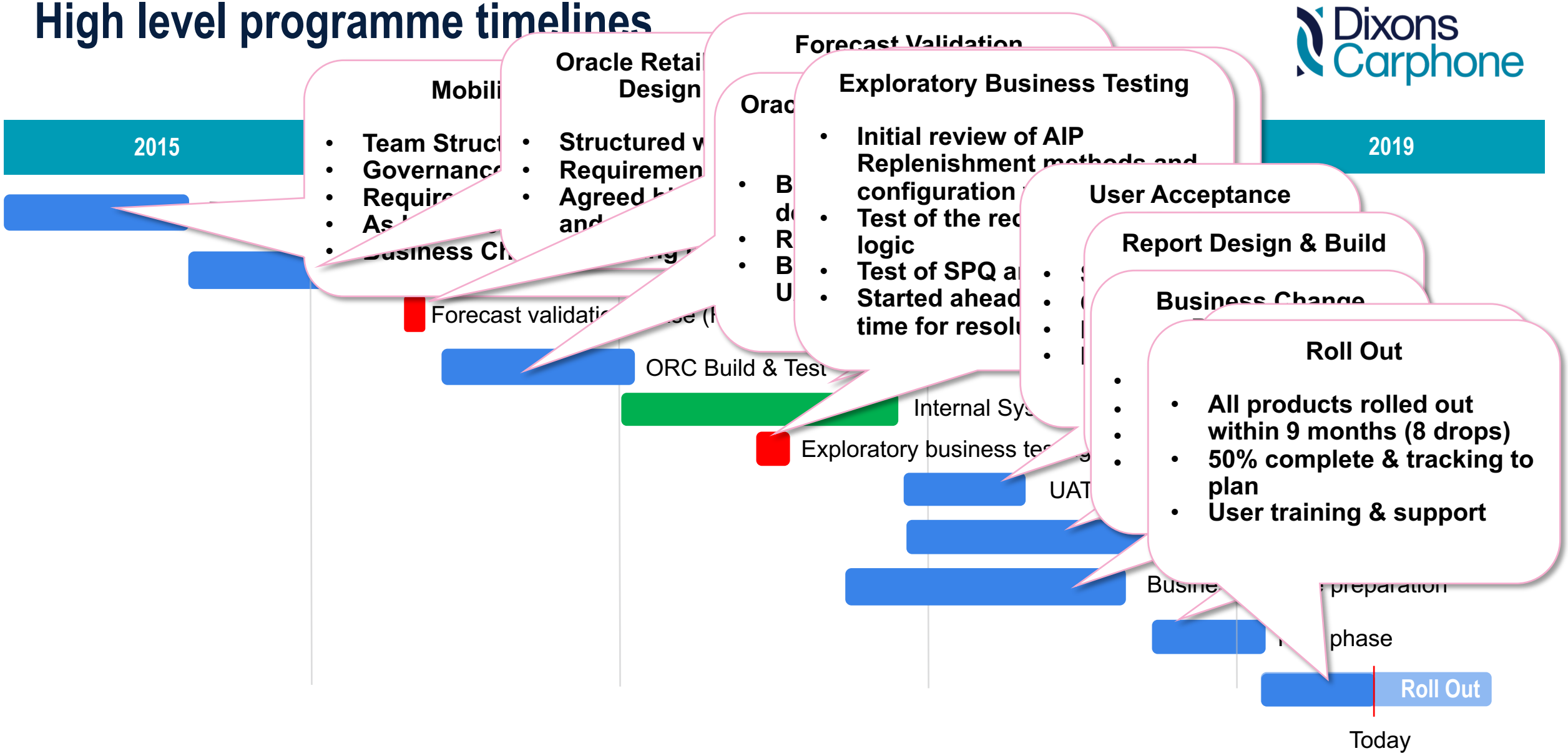
# High level programme timelines

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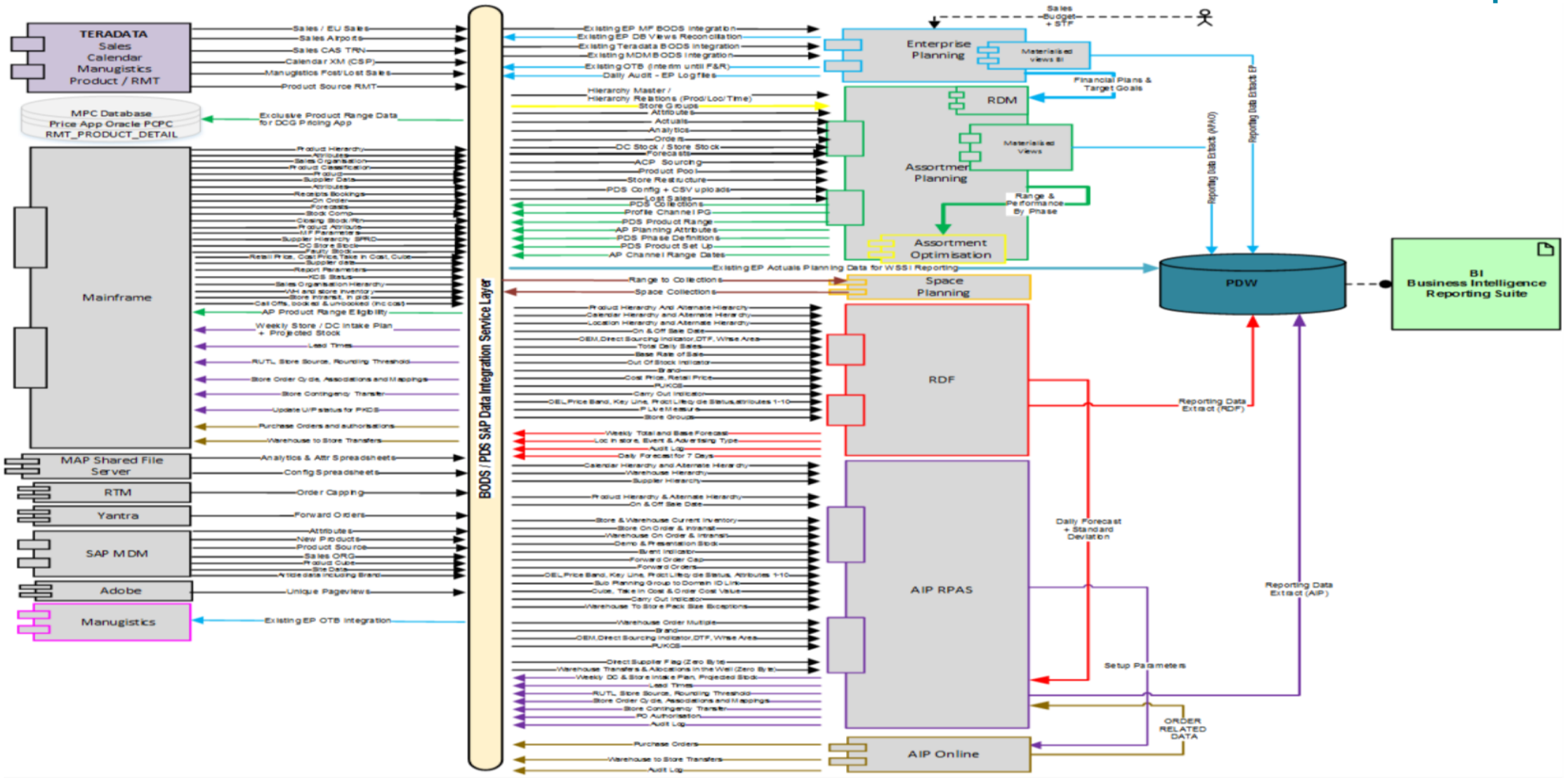
# Internal data integration was complex

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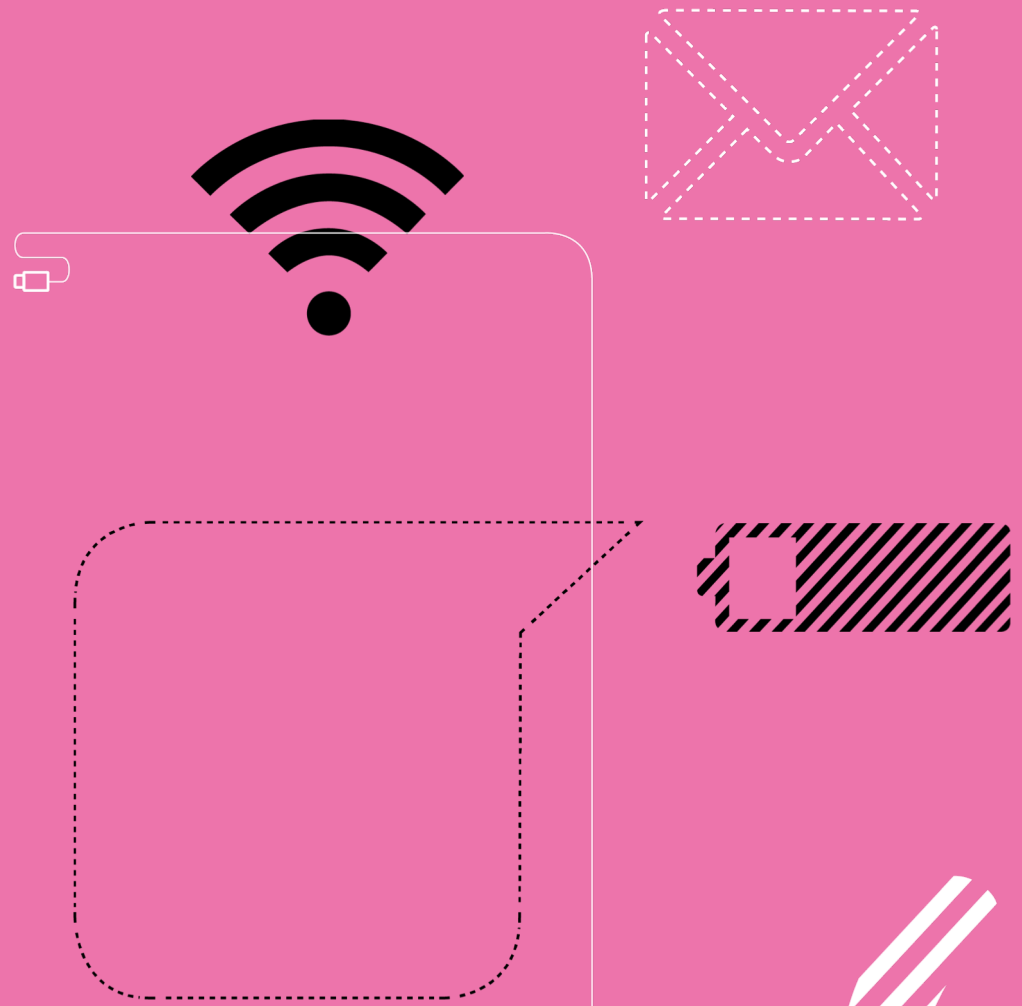
# Landing Change & Benefits



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# Change management begins during mobilisation

Business Champions were identified during mobilisation:

- Ratify design decisions
- End User Testing
- Be advocates and support the roll out
- Business need to feel that ‘they’ are delivering ‘their’ system

- Utilised experienced Merchandise planners in the programme team to lead training
- Created dedicated training environment with our own data with approx. 30 exercises to mimic day to day work

# We've struck a balance between managing change and delivering benefits

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Optimisation of replenishment settings planned post roll-out

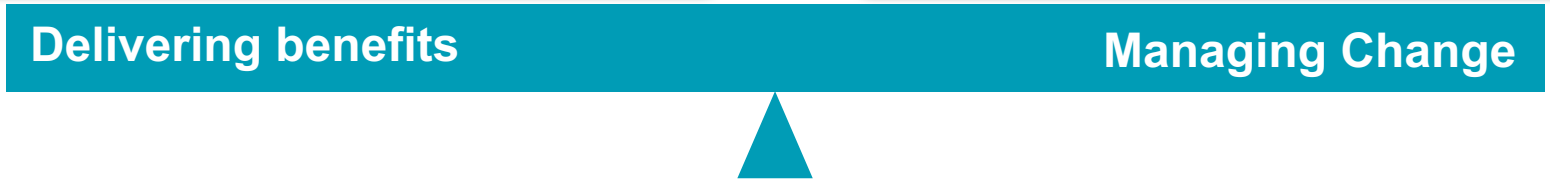
Go Live phased by product area ensuring no detrimental impact to company KPIs

Significant Focus on data cleansing / accuracy ahead of each Go Live

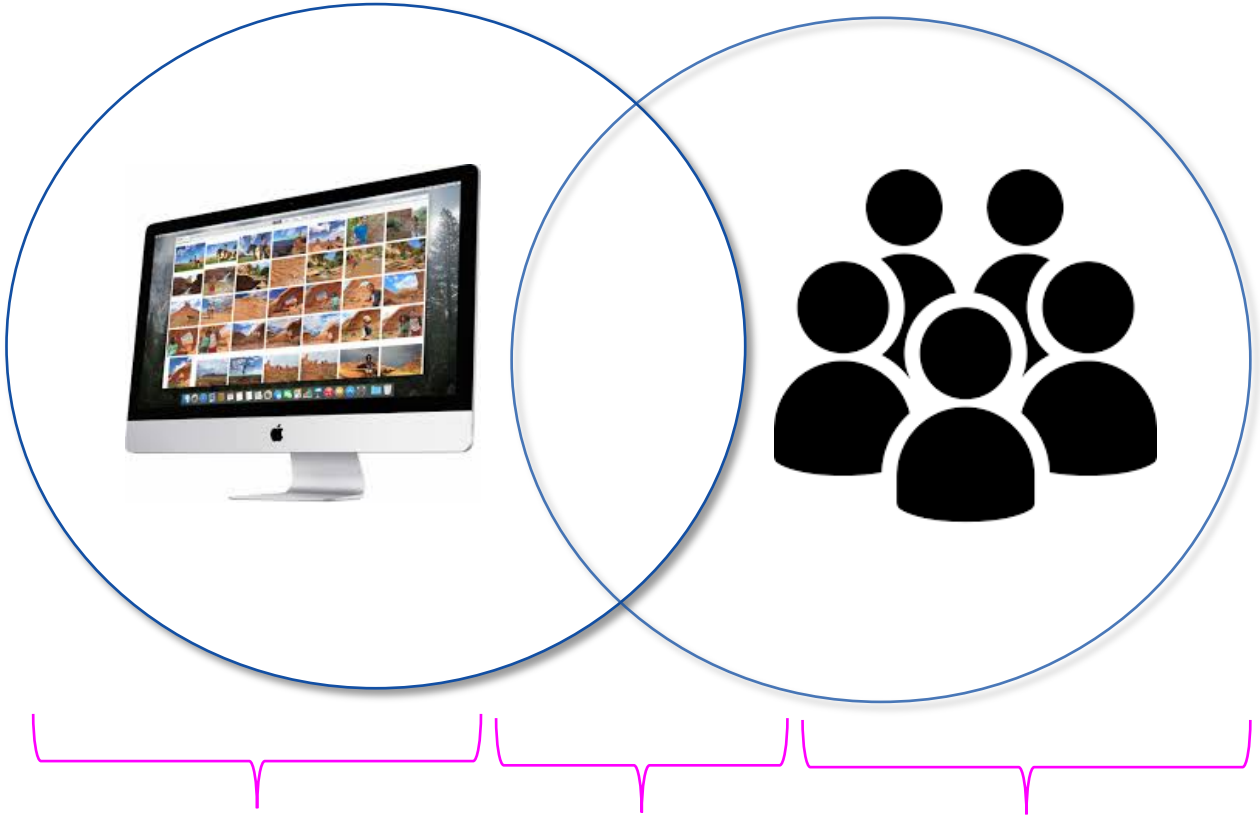
Rapid deployment based on standardised initial system settings, allowed for easy user adoption and issue resolution

Team structure allows for business delivery team to be kept on for up to 2 years after start of pilot to allow for optimisation of initial settings

Expectations set up front with regard time to realise full benefits (up to 2 years after start of Pilot)

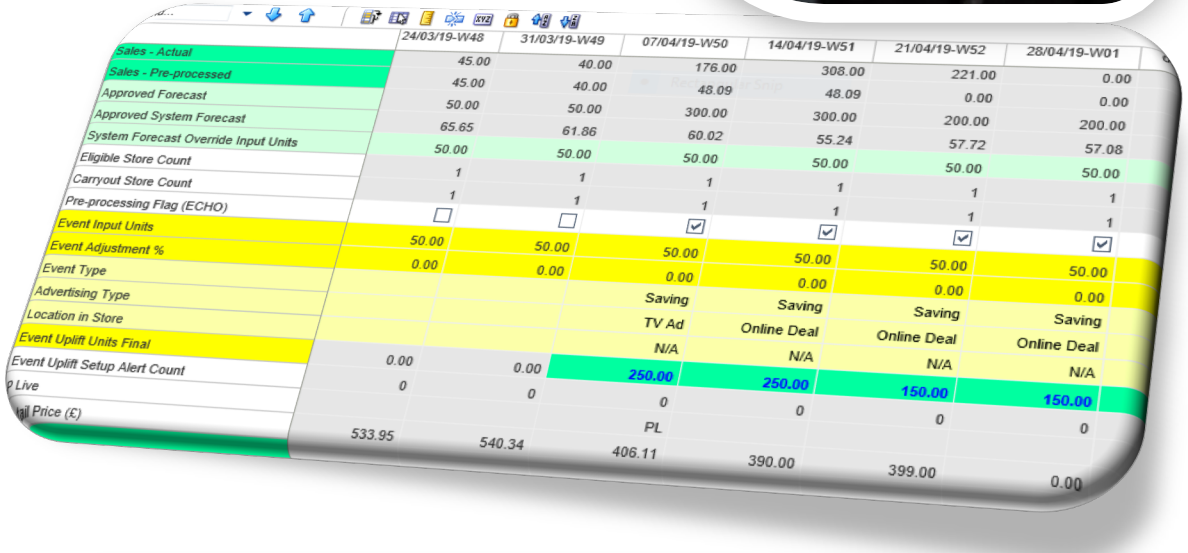


# Understanding the best intersection between systems and people have helped drive benefit realisation



**Which element is driving your benefit?**

# Information at our fingertips – Planning teams can make better decisions more easily



| | 24/03/19-W48 | 31/03/19-W49 | 07/04/19-W50 | 14/04/19-W51 | 21/04/19-W52 | 28/04/19-W01 |
|---|---|---|---|---|---|---|
| Sales - Actual | 45.00 | 40.00 | 176.00 | 308.00 | 221.00 | 0.00 |
| Sales - Pre-processed | 45.00 | 40.00 | 48.09 | 48.09 | 0.00 | 0.00 |
| Approved Forecast | 50.00 | 50.00 | 300.00 | 300.00 | 200.00 | 200.00 |
| Approved System Forecast | 65.65 | 61.86 | 60.02 | 55.24 | 57.72 | 57.08 |
| System Forecast Override Input Units | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Eligible Store Count | 1 | 1 | 1 | 1 | 1 | 1 |
| Carryout Store Count | 1 | 1 | 1 | 1 | 1 | 1 |
| Pre-processing Flag (ECHO) | ☐ | ☐ | ☑ | ☑ | ☑ | ☑ |
| Event Input Units | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Event Adjustment % | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Event Type | | | Saving | Saving | Saving | Saving |
| Advertising Type | | | TV Ad | Online Deal | Online Deal | Online Deal |
| Location in Store | | | N/A | N/A | N/A | N/A |
| Event Uplift Units Final | 0.00 | 0.00 | 250.00 | 250.00 | 150.00 | 150.00 |
| Event Uplift Setup Alert Count | 0 | 0 | 0 | 0 | 0 | 0 |
| Live | | | PL | | | |
| Price (£) | 533.95 | 540.34 | 406.11 | 390.00 | 399.00 | 0.00 |

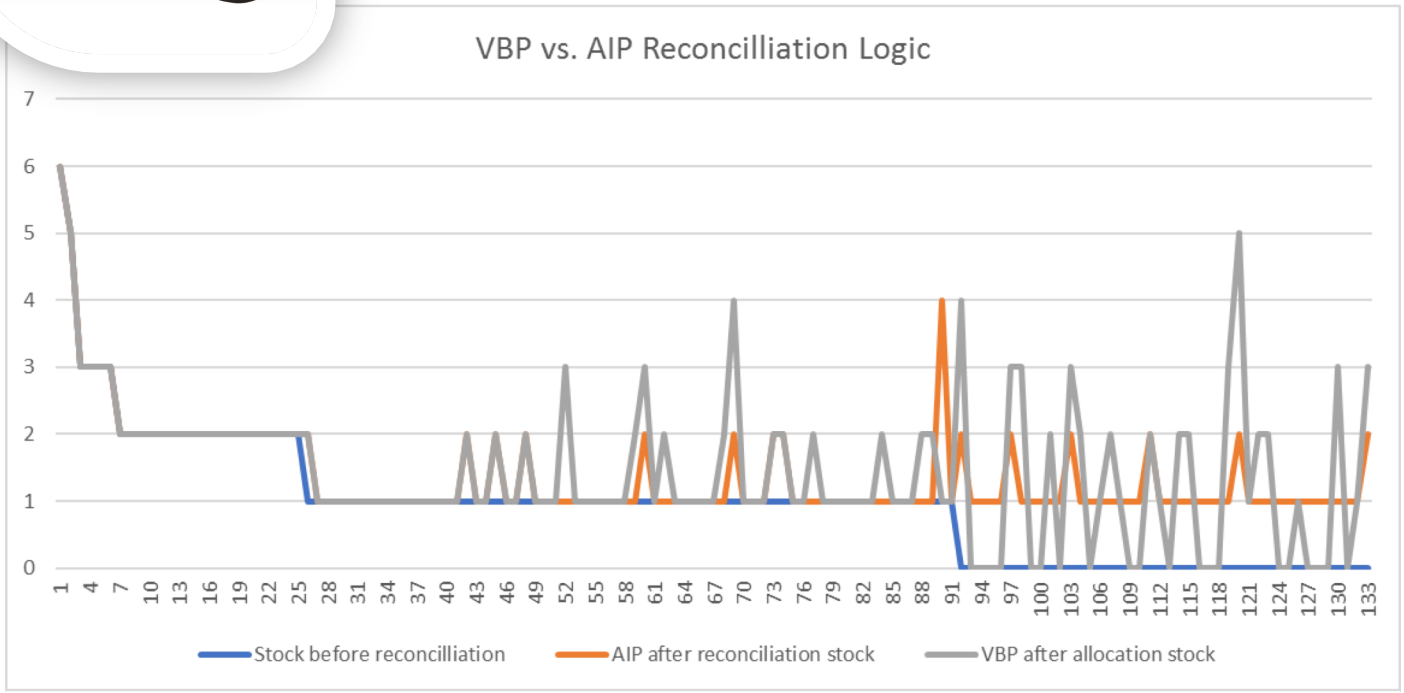
Ensuring as much information as possible is at the user's fingertips:

- Sales
- Promotion details
- Display & Carry out eligibility
- Achieved Retail Price
- Product ranging attributes (Screen size, price point etc.)
- LY & LLY sales
- Aggregate views @ £cost and cube

**This has removed a mountain of additional reports and time required to access & analyse this kind of data**

# Constrained stock allocation (reconciliation) is Improved

## Mekotron Hover Board




Through comparisons with legacy constrained stock allocations. We could see an improvement in store availability.

This real world example demonstrates a 15% availability improvement in stores with less overall stock being allocated to stores.

**Not only do we manage the allocations better but the planning team can see the impact of a short supply in stock before it happens and take action**

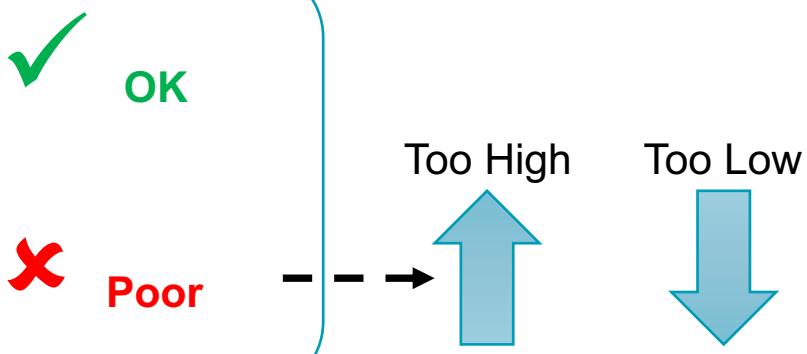
# Improved Exception Management

Use of In – Application exception alerts

- Short term forecast Issues
- Forecast requires user approval
- Low Stock
- High Stock

- Highly configurable alerts
- Focussed on minimal & Useful alerts

Moved away from Forecast Accuracy % measures and introduced a Forecast Quality ‘Binary’ Indicator

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# Promotional stock planning is joined up and more streamlined

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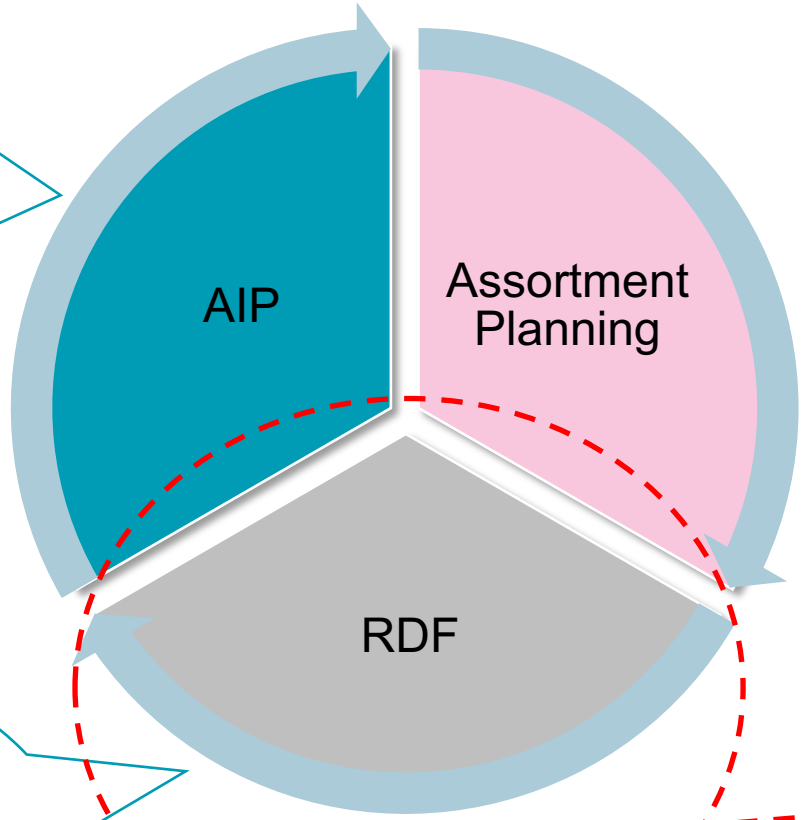
**Promotional forecasts feed in from RDF**

**Review Promotional Stock plans**

**What-if & commit changes to the stock plan**




**Updated stock plans from AIP fed in**

**Allows for initial Margin Modelling**

**Input of Range attributes**

**Input Promotional Forecasts**

**Input Promotional Attributes**

**Use Range attributes to manage halo & cannibalisation forecasts**

**Reporting used to analyse historic promotion, informing future promotional uplifts**

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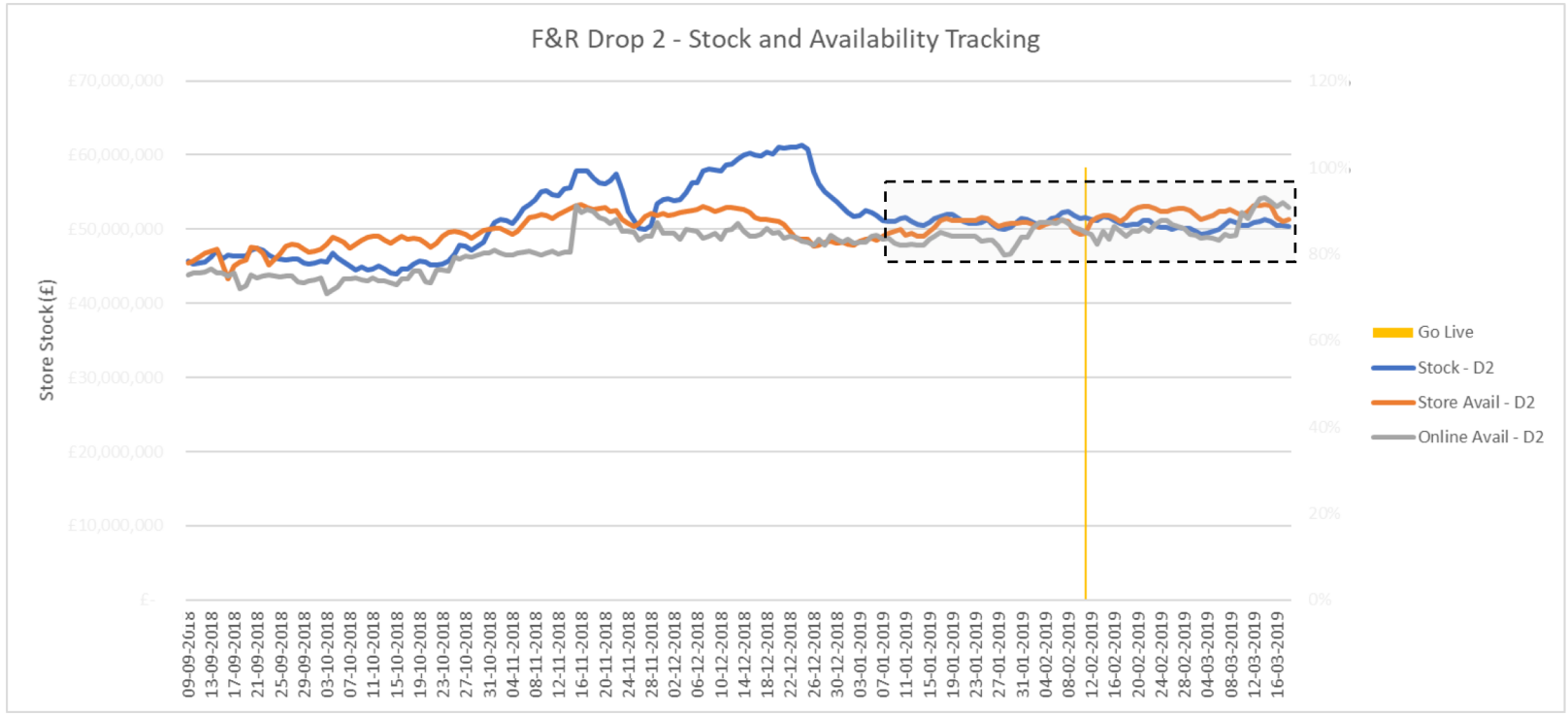
# Early indications show steady stock and availability levels with an improving trend emerging



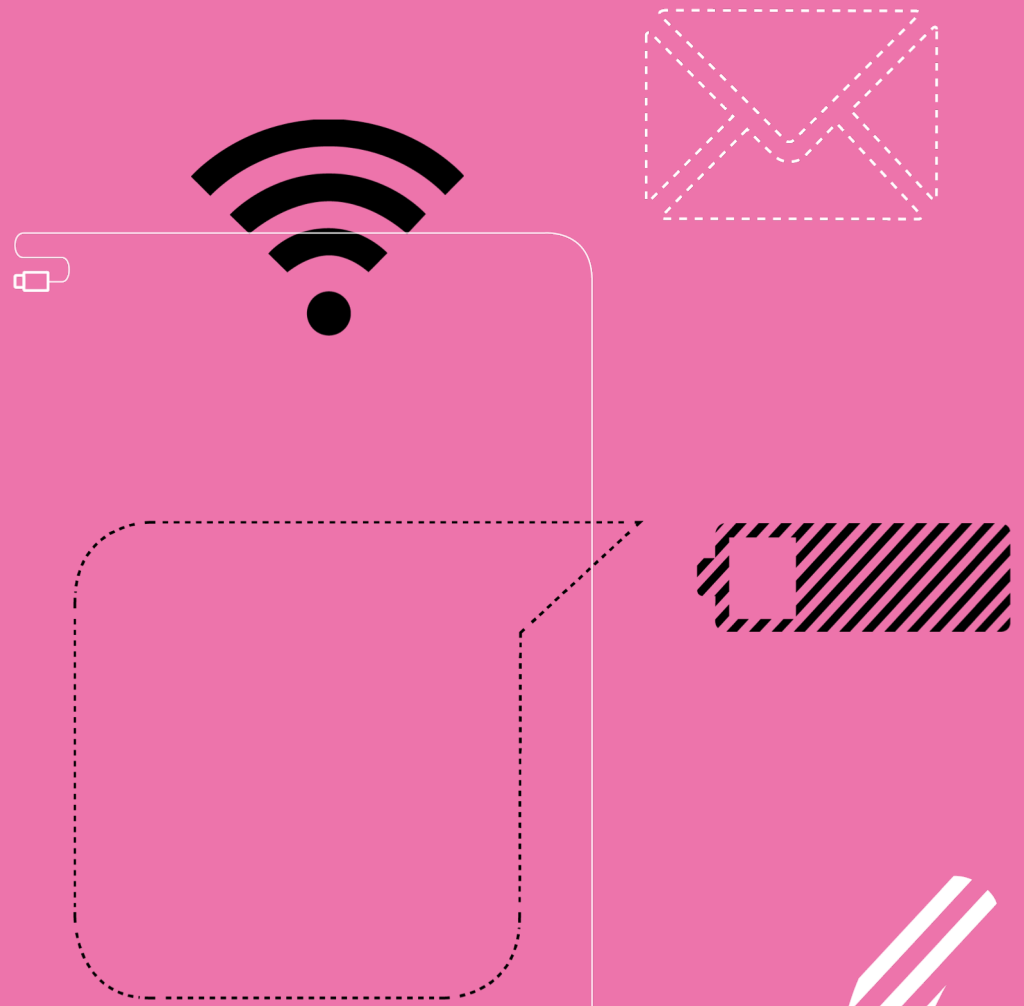

Zero disruption at go live ✓

Product Availability Improving ✓

Stock Levels Reducing ✓

**These initial results are the foundations we need to further optimise the financial benefits**

# Take Outs



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# There have been a number of elements that have made a difference through the life of the programme

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**Mobilisation**

- Board Level Executive Sponsorship
- Bringing in experienced senior planners into the programme team (~ 20 yrs experience)
- Identifying business champions in the operational planning team to help validate design decisions and be part of the change management approach
- Being prepared with extensive ‘as-is’ process maps and business requirements (~280 requirements)

**Sand Box**

- We struggled through the design stage to understand exactly how the planners would interact with the applications
- Our own environment was introduced towards the end of the design phase (with our own data)
- Ability to ratify design decisions before sign off
- Confirm impact on ‘To Be’ process maps before signing off the design

**Pre - UAT Testing**

- A specific ‘Forecast Validation’ phase was introduced towards the end of the design phase
- The exploratory business testing identified key issues for us with the application