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Microsoft Dynamics NAV

Ensitel supports business growth in the integration of systems with Microsoft Dynamics NAV e LS Retail

COUNTRY: Portugal

SECTOR: Communications

CUSTOMER PROFILE: Ensitel, part of Avenir Telecom, operates in communications sector, with three business areas: retail, distribution, and corporate sales. It employs about 520 people. Business Situation: Ensitel needed of an integrated, retail orientated system with the capacity to monitor the business, carry out analyses and support the company's evolution.

SOLUTION: Microsoft Dynamics NAV (with LS Retail)

BENEFITS
. Integration of information in all processes and business areas.
. Possibility of permanent monitoring of shop activities
. Ability of obtain multiple decision support analyses
. Guarantee business evolution with secure support

" We opted for a model of Microsoft Dynamics NAV going into production with LS Retail in all stores at the same time, of which there were already more than 60. We were able to do it without maintaining the previous systems in parallel and without operational downtime. "

— Nuno Lopes, Ensitel's Information System Director

Ensitel, which is a part of Avenir Telecom group, operates in the telecommunications sector with three segments: retail, distribution and corporate. The integrations in terms of information systems, in an activity characterised by the high complexity and dynamic, is essential for operational efficiency. In 2006, Ensitel had a one back-office system and four front-office systems. The existing challenges were compounded by difficulties in analysing data and high costs of application development and maintenance. Deciding to renew its information system, Ensitel opted to invest in the Microsoft Dynamics NAV with LS Retail, supported by Arquiconsult in the implementation. Changing the present, preparing for the future.

SITUATION

Ensitel, whose majority shareholder is the Avenir Telecom group, develops its business in the communications sector, focused in the main areas: distribution, corporate and retail. The latter one is the area with the greatest weight in overall turnover, in which currently has around 80 shops. As one of the most important retailers in this area, it is maintaining a growth strategy, with the plan to have around 100 shops by 2009. In a market like Portugal, where the penetration rate of mobile phones exceeds 110%, the ability of differentiation is an essential element in competitiveness. Therefore, as well as selling equipment and accessories, Ensitel has been developing various services. In addition to multi brand shops, typically locates in shopping centres, it has agreements with operators, under which it manages shops of these brands, including TMN. "Ensitel's business currently is very service-orientated.

The competitiveness and dynamism of the communications sector means that we have to continually think of new way to win over customers and keep them with us. On the other hand, it's a business that relies heavily on the ability to have the right products available, which makes high demands in terms of logistics, in a context that involve dozen of shops that need to be supplied and monitored, and which goes beyond receiving the product in a central warehouse, unpacking it and taking it to the sale points", confirms Nuno Lopes, Ensitel's Information System Director. For the company, the complexity of operational management is also associated with the fact that it develops three areas with different profiles and different management needs, which have diverse demands in terms of information systems.

Regarding this aspect, Nuno Lopes specifies that the fact that Ensitel has become a part of a multinational has an influence on the strategy, but only indirectly.

If, in one hand, the group logic influences the decision making, on the other hand, there is local autonomy. The choice of the new information system illustrates this. Although the decision to invest was made before the integration into Avenir Telecom, the strategic view of a possible standardisation of systems within the multinational was considered. Even so, the biggest influence on the path followed, which involved implementing Microsoft Dynamics NAV associated to LS Retail, lay in the ability of this software, which work in an integrated way, to respond to the business challenges.

And integration was precisely one of those challenges. "When we decided to analyse potential alternatives, one of our focuses was to invest in a solution geared towards retail, without losing sight of the back-office component and the ability to integrate with other systems", refers Nuno Lopes. But the needs identified were broader and included, for example, the ease in obtaining information, associated with the reporting component, in a context where with previous systems the ability to analyse was limited. And the flexibility of users to extract data was almost non-existing. In addition, Ensitel wanted to move away from a scenario where operating costs of maintaining applications were very high and it was both difficult and expensive to carry out developments. It's easy to realise the constraints that these difficulties brought on a daily basis, in a business that was constantly evolving. "The possibility of adaptation and customization was important", underlines. But he also mentions the ease of replicating the system to respond to the expansion of shops, ease of use (to maximise the autonomy of shops and not have high training demands, as there is a high turnover of employees), as well as ease of administration so as not to depend entirely on the service provider. "On the other hand, we looked for a system that had behind a software manufacturer that gave us security of continuity and expandability," emphasis Nuno Lopes. The same manager emphasises the importance of the implementer. "In addition to the position taken by Microsoft itself, the solution's response to our requirements and Arquiconsult's technical and business experience, particularly in the retail area, were essential in our decision," he explains.

SOLUTION

The implementor's experience and demonstrated project management skills are two factors that, in Nuno Lopes' opinion, underpin a successful implementation. "We met the deadline and completed the project within the budget", he says. In his view, the good understanding between Arquiconsult and Ensitel contributed to this. "There wasn't distinction between teams, everyone was working towards the same goal, with a big team spirit", he emphasises. The concern to involve the users, together with the definition of two profiles, one with a high level of knowledge processes and business (key users) and the other with a high level of ability to exploit the system (power users), also contributed to achieving the goals. Nuno Lopes emphasises that it wasn't imperative to start production at the beginning of 2007, but the target was met, following an implementation project that began in May 2006.
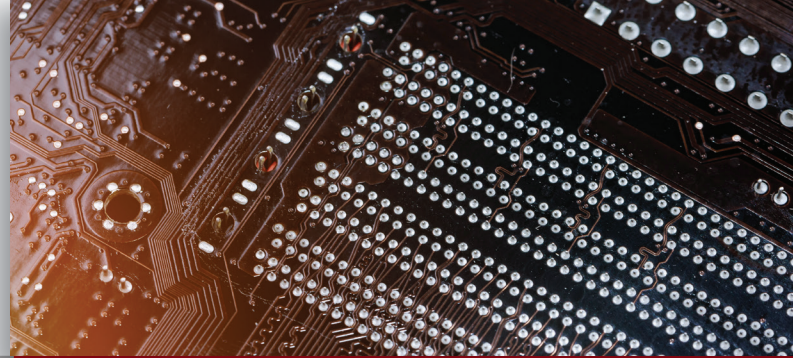
The shops were launched in February, about a month after the back-office component. At stake are the areas of accounting (overall and analytic), financial, logistic, CRM and commercial, among other, in what constitutes a truly integrated back-office and front-office system (in terms of the retail area), that covers the three business segments of Ensitel.

Parameterisation was required in all of them, especially in the retail area due to its weight in the organization and its notoriety in the market. The launch of Microsoft Dynamics NAV with LS Retail occurred in 65 shops that the company owned in the beginning of 2007. "The old system was highly deficient in terms of integration with other systems, so following a strategic of coexisting between the new system and the previous ones was not an option", he says. In reality, it would have been a coexisting between the new system and the previous ones, given that Ensitel had four front-office systems, with no communication between them (invoicing, provisional sales, booking system and cash sheets) or integration with the back-office.

In order for all the shops to open in the same day with the new application, without stoppages and compromising the customer services, there were two concerns. Firstly: training users. "We set up training rooms based on real situations rather than Power-Point, with a maximum of 15 people per session. Each session took two days, and we had 20 days in total," he recalls. Secondly, what Nuno Lopes calls the start-up database was defined and installed in all the shops. In fact, the work of installing it in the points of sale, configuring the software and testing (including communications) was done by two Ensitel employees. "It was possible to set up 3 to 4 shops a day. Setting up the application base in the shops was being done in parallel with the development of the system itself, and the changes made to the system were then replicated to the shops, because LS Retail allows not only data to be passed on but also the objects that make it up," emphasises Nuno Lopes. In terms of maintenance, some facilitating mechanisms have also been introduced. Thus, when information about incidents in a shop is sent by email, Ensitel employees with permission to use the ticketing system filter the incident and can provide the first level of assistance. Depending on the availability or capacity for in-house resolution, they can then be passed on to Arquiconsult, which provides second-line assistance.

In a company with around 520 employees, around 300 are users of Microsoft Dynamics NAV with LS Retail, in a project involving 200 POS (point-of-sale), which means that Ensitel has one of the largest installations of Dynamics NAV in Portugal. But it wasn't the size of the project that contributed most to its complexity; it was above all the need to respond to the specificities of the company's sector. One of these relates to stock protection which, although not specific to telecoms retail, is very important in this business due to constant innovation. The idea is that it can automatically reflect compliance with price agreements.

In terms of shop replenishment, developments have also been made. In the shops that have two warehouses, one of them is virtual, to respond to the DOA (dead on arrival) concept. "If the customer buys a mobile phone, leaves the shop and it doesn't work, they return it to the place of purchase and the equipment is sent to the DOA warehouse. All this is controlled by the system and the phones are then sent to the central warehouse," explains Nuno Lopes. Thus, the central warehouse, which is physically unique, involves 10 virtual warehouses to address as many other areas as possible. If warehouse management is innovative in Ensitel's project, so is the ability to control the IMEI (International Mobile Equipment Identity) of mobile phones "If the customer buys a mobile phone, leaves the shop and it doesn't work, they return it to the place of purchase and the equipment is sent to the DOA warehouse. All this is controlled by the system and the phones are then sent to the central warehouse," explains Nuno Lopes. Thus, the central warehouse, which is physically unique, involves 10 virtual warehouses to address as many other areas as possible.

 If warehouse management is innovative in Ensitel's project, the same applies to the ability to control the IMEI (International Mobile Equipment Identity) of mobile phones. "It's possible to know exactly which shop that equipment, which has a unique number associated with it, went to and who it was sold to. While this is easy to do with so-called free phones, it's more complex with operator phones, but you can still control it through the system," he says. When a mobile phone is sold as a "bundle", its IMEI is associated with a mobile phone number, as well as other data. And everything has to be recorded at logistics level when the equipment is received. When it is sent to the shops, the information is already in the system. At the time of sale, there has to be a complete match. If there isn't a complete match between what is registered on the label (and therefore in Dynamics NAV) and the equipment (with the package being opened and checked by the salesperson), the system won't allow the sale to be made.

 The analyses component is also different from the previous situation. "Microsoft Dynamics NAV has a lot of reporting and analysis functions. We have a wide range of analyses, having defined around 400 reports," says Nuno Lopes. To further develop the analysis component and boost user autonomy, Ensitel is considering integration with Reporting Services and migration to SQL 2005.

BENEFITS

By investing in Microsoft Dynamics NAV with LS Retail, Ensitel was able to respond to one of the main challenges it was trying to meet, that of having a system geared towards retail, integrated and capable of addressing the multiple specificities of its business. It had to be flexible to allow it to evolve, while staying away from the costs and complexity involved in the previous system in order to take that step.

It is integration that allows, for example, the synchronisation of prices in all shops not only to exist, but also to be a peaceful process, because it is automatic. "We have the store-information concept available via the intranet, which is based on data generated by Microsoft Dynamics NAV. Product prices are updated in the system centrally and are reflected in all the points of sale.

However, the shops must be notified in advance (typically a day before the change) so that the appropriate action can be taken," explains Nuno Lopes. He adds that another major benefit is the possibility for shops to work offline. If there is no communication, they continue to operate as if they were online, and data is synchronised when the connection is established. "At Ensitel we have redundancy in all the systems, from the electrical plug to communications, but even so we are not exempt from problems, and it brings added security that we work with a system that allows our units that are in direct contact with customers to continue operating even if communications with the head office are down," he emphasises.

There are many functionalities available for the operational management of the business in the shops, from the reception of goods to the sale to the customer, including the ability to manage promotions with defined deadlines, quantity discounts or multiple prices in each shop. But it also means being able to keep track of what is happening at all the online points of sale, as well as being able to have a wide range of indicators according to a multitude of factors. And, of course, the ability to obtain information about customers is another area where added value has been realised. If the strategy is one of continuous improvement, following the logic that systems such as Microsoft Dynamics NAV should be able to keep up with the development of the business, there are plans to make a significant leap forward in terms of customer information, in particular by exploiting CRM functionalities more intensively. "We considered introducing the loyalty card at the same time as we implemented the new information system, but I decided not to do so until it had stabilised, to ensure that we could maximise the advantages it can bring. Now the conditions are right to take that step," he says. And as historical customer information is obtained, the potential that opens up in terms of analysis to support decision-making is enormous.

With the implementation of Microsoft Dynamics NAV in its three major business areas, Ensitel was able to respond to the more specific needs of each area, exploiting the flexibility of the application, as well as introducing a high level of integration, responding to the challenge of automating processes, improving information flows, and making data available (reliable, with quality and up to date) at the right time. The security they now have over the evolution of their own business has also increased, as have productivity rates. For this reason, Ensitel sees the further expansion of its shop network as a natural step.

"The end result was successful, and several factors contributed to this, including Arquiconsult's ability to work as a team," says Nuno Lopes. In this context, doors have been opened for Portugal to become a benchmark for the implementation of Microsoft Dynamics NAV (with LS Retail) within Avenir Telecom.

ABOUT
ARQUICONSULT

Arquiconsult is an information systems consulting company, based on Microsoft Dynamics technologies, with offices in Barcelona, Bilbao, Lisbon, Luanda, Madrid, OPorto, Ryiadh, Salamanca, Seville and Vila Real.

Composed by the largest and most experienced team of consultants, having already implemented some of the most complex Microsoft Dynamics Business Solutions and being frequently referred to international clients for their implementations in our country.

Arquiconsult is constantly innovating its offer and has several verticals available, for several activity sectors, which add value to Microsoft Dynamics 365. Microsoft Dynamics AX is a clear example that allows us to make available to Portuguese and international companies the best and most complete integrated Management solution.

Some reference clients in the various sectors of activity:

- Polopique
- Dunlop Protective Footwear
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- Klaveness
- Farfetch
- Stericycle
- SAPA
- Gunnebo
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