



# Manthan's actionable BI a boon to retailers



## ARC spurs a BI revolution among leading retailers

Australia	A\$10.00	India	Rs230	Malaysia	M\$18.00	Philippines	P250	Thailand	B220
Brunei	B\$8.00	Indonesia	Rp45,000	New Zealand	NZ\$12.00	S. Korea	KRW6,500	Singapore	S\$8.00
Hong Kong	HK\$38.00	Japan	¥580	N. Korea	KPW11.00	Taiwan	NT\$180.00	Others	US\$5.00



# Manthan Systems

## Actionable BI solutions a boon to retailers

Retailers have been harnessing the power of technology to interpret disparate sets of data into comprehensible and useful information. In South-east Asia, retailers have identified ARC, a solution created by Manthan Systems, as their retail business intelligence solution of choice.

RETAIL ASIA finds out why.



Many retailers in Asia have a multitude of disparate operational systems churning out information that need to be pieced together and analysed before they become useful business intelligence (BI) reports that can aid timely decision-making.

In a globalised economy and when customers are becoming more demanding, timely business intelligence is mission-critical in running any

retail operation.

One Asian retailer looking for a retail BI solution was Robinsons Retail, a large Philippine retailer that operates more than 300 stores across the country. Two years ago when it needed to upgrade its operational systems, the company decided to go for a system that would provide an overarching view of the operations of its different retail formats — department stores, supermarkets, hardware and home solutions, appliances, toys, fashion boutiques as well as storage solutions.

After looking at different solutions, the company settled on ARC, the retail BI solution of Manthan Software Services Pvt Ltd, whose mantra is:

‘Only retail. Only BI.’

ARC, a retail performance management and merchandise planning solution, allows retailers to track and analyse various facets in the retail business.

Thelma G Roxas, Robinsons Retail’s vice-president and chief information officer, says the company chose the Manthan solution because “our business users unanimously favour ARC’s rich analytical environment, its actionable utilities, and easy-to-use user interfaces to other options”.

She says: “From an enterprise IT standpoint, ARC’s pre-built enterprise connectivity with our ERP platform; Data Warehouse scalability, and its ability to be deployed rapidly have proven

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— Robina Gokongwei-Pe (centre), Senior Vice-President & Group General Manager, Robinsons Retail, with Robinsons’ BI Manager Jenifer A Encomienda (left) and Vice-President and CIO Thelma G Roxas



to be major advantages that align with our IT strategy goals.”

Manthan’s challenge was to streamline Robinsons’ data analysis capability and ensure that the numbers it churned out from the reports were accurate.

According to the software vendor, the time wasted in preparing the reports using the old system had resulted in Robinsons losing out “on short-term and medium-term market opportunities”.

Robina Gokongwei-Pe, Robinsons Retail’s senior vice-president and group general manager, says that following the roll-out of ARC, the company has seen visible results in its processes.

“ARC has helped the company, more specifically our Merchandising and Operations groups, in monitoring the performance of our categories and our stores more closely. With the reports readily available and on time, the business heads are able to make quick business decisions,” says Jenifer A Encomienda, BI Manager, Robinsons.

“Sales and margins have improved during the past two years. We have likewise noted significant gains in managing the inventory levels and minimising out-of-stock situations,” she adds.

Report generation has also become more efficient, allowing Robinsons to redirect manpower “towards more productive efforts in terms of analysing the business”.

“With the timely reporting of sales and other key metrics, the business users have become more proactive,” says Gokongwei, adding that Robinsons has gained the ability to analyse categories more effectively, with focus on key areas like sales growth, days supply and gross margins.

As proof of satisfaction, Robinsons has deployed the ARC to all its other retail formats, she reveals.

Following Robinsons, many more retailers have deployed Manthan’s ARC solution. Since then, the food retail business of the Philippines’ largest retailer, the SM Group, has also engaged Manthan to improve its management reporting and allow for the timely generation of key performance indicators (KPIs) that would help the company make better-informed decisions.

The company had also required a system that would give it the flexibility to respond to business issues and take proactive steps in addressing these as well as one that would “institutionalise” performance analysis across multiple business



Philippine multi-format retailer Robinsons Retail, Manthan’s client in the Asia-Pacific.



The food retail segment of the Philippines’ SM Group uses ARC to improve the company’s management reporting and the timely generation of key performance indices.



“Before, it took us more time to generate reports, which forced users to allocate more time for analyses, monitoring and control. The timely generation of KPIs, minus the tedious scripting and consolidation work, is now enabling users to plan and execute more value-added work or processes.”

— Robert Kwee, Executive Vice-President, SM Food Retail Group

## Snapshot: Haggen Inc

When Haggen Inc, a US-based food and pharmacy retailer that operates 32 supermarkets throughout Washington and Oregon states, needed a solution that would allow it to analyse data and get periodic reports faster, it decided to search the world for a solution that would fulfil its needs.

The company, which operates Haggen Food and Pharmacy stores as well as the TOP Food and Drug outlets, was hampered by its ability to analyse data, with reports, databases and tables coming in days — sometimes weeks — after requests were made by management.

Haggen needed a better solution and one that would not take much time to deploy — so it decided to go for Manthan Systems' ARC Suite.

Harrison Lewis, CIO of Haggen, reveals: "Being on a

high-growth curve, Haggen did not have the time to deploy and customise generic business intelligence (BI) toolkits. At the same time, our business users needed a headstart in their analytic capabilities and accelerate their BI learning curve.

"As a best-of-breed, pre-built solution for retail decision-making, ARC was the only comprehensive solution that met the needs of all departments."

By using ARC, the company estimated savings of 10 months in deployment time and US\$250,000 on costs, vis-à-vis using other BI options in the market.

And Haggen is happy with the results. Reports now arrive in less than 30 seconds for those at the non-SKU level and just under a minute for those at the SKU level, according to Manthan.

Today, Haggen needs only

two people to man the BI solution that is being used by 200 people in the organisation.

"This gives a potential savings of over US\$100,000 annually by allowing them to re-deploy labour to address more pressing business opportunities," says Lewis.

Lewis, confirming that ARC has allowed the company to achieve its objectives, says: "It facilitates making better business decisions to improve profitability, customer service and sales through better management of business areas such as merchandising, marketing and promotions, inventory, customer loyalty, vendor/supplier, human resources and store operations.

"These objectives were achieved through deeper business insights, strong analytic capability, faster reaction to opportunities and at an enterprise level, promote a greater adoption/usage of retail BI across a wide set of employees in Haggen."

ARC, once again, proved to be a boon to retailers not only in Asia but also around the world. **ra**



**Haggen's Harrison Lewis: "As a best-of-breed, pre-built solution for retail decision-making, ARC was the only comprehensive solution that met the needs of all departments."**

functions in the organisation. Happy with its performance, the company has rolled out ARC to its other business units.

Following the roll-out, SM was able to meet its objectives. "The processing of reports was hastened and the generation of KPIs was done in a timely manner," says Robert Kwee, SM Food Retail Group's executive vice-president.

He continues: "Before, it took us more time to generate reports, which forced users to allocate more time for analyses, monitoring and control. The timely generation of KPIs, minus the tedious scripting and consolidation work, is now enabling users to plan and execute more value-added work or processes."

ARC has also improved SM's sales

and margins; optimised stock levels; enhanced work collaboration among functional teams; and introduced a paradigm shift among employees, moving them to a more KPI-driven work environment.

"People are more conscious about processes as they are mindful about financial targets," remarks Kwee, adding that emerging benefits have been triggered by the availability of business information to key user groups.

"The KPIs in ARC are further analysed in order to drive more informed decision-making and make headroom for the business to fine-tune our strategies. The more popular KPIs are sales/margin/inventory and KPIs under the item analysis group."

BI, also known as analytics, has been gaining popularity in the retail space over the years because of its ability to translate masses of data into useful information.

Manthan's BI solution, ARC, is composed of ARC Merchandising Analytics, ARC Customer and Marketing Analytics, and ARC Finance Analytics.

ARC Merchandise Analytics helps retailers analyse the performance of their business from store to supply chain,



**"We philosophically believe that analytics has to result in optimisation and/or automation of key business processes and business decisions. And to do so, we have developed an insight into the key decisions that are driven by different people in retail organisations. Manthan's product addresses the analytical need of all retail roles, like those of merchandisers, marketers, finance managers, store managers, operations executives, planners and so on."**

— Atul Jalan, Chief Executive and Managing Director, Manthan Systems

unearthing relationships between products, customers, promotions and multi-channels.

ARC Customer and Marketing Analytics, on the other hand, helps retailers implement consumer-centric merchandising, store-specific assortments and micro-merchandising, while ARC Finance Analytics has all the analytic capabilities that finance managers need to make effective decisions.

Research company Gartner Inc, in a 2006 report entitled *New Retail Dashboards Promise to be more Action-Focused but Old Challenges Linger*, highlighted the benefits of using retail dashboards, or solutions that deliver critical information from disparate sources into a single view for retailers.

Noting that the solutions are now more “action-focused” and operational due to better data integration technology, Gartner research vice-president Hung Le Hong, who wrote the report, states: “Role-based design and access to operational data have evolved the dashboard into something employees can use in day-to-day operations.”

He also notes that the new solutions are operational and not just high-level snapshots of the business; beget better industry knowledge out-of-the-box; are easier to access, create and use; and have better data integration technology and real-time data.

At the same time, however, Hung warns that challenges still exist. For instance, while technology has removed some hurdles, process and organisational challenges are still there. He also points out that the use of predictive analysis is still “in the very early stages of dashboard adoption”.

Given these circumstances, Hung maintains that retailers should plan on supporting dashboard implementation with process redesign and training. They should also select vendors on the basis of the solution provider’s knowledge of retail processes, metrics and change management.

“Business design and implementation tasks are critical path activities that are more likely to delay a dashboard project. Dashboard implementations require equal doses of technology and business savvy,” Hung says.

**BI solution of choice**

Manthan believes that it has what it takes to be the BI solution of choice among retailers.

Providing BI solutions to retail com-

The ARC retail performance management solution and merchandise planning system allows retailers to track and analyse various facets in the retail business. The benefits to retailers who adopt ARC are enormous, says Manthan Systems.



**innovations:** Armed with new analytic capabilities, retailers are able to explore deeper into problems and their root causes,

discovering new business opportunities like micro-segment merchandising, psychographic marketing

opportunities, etc, which traditionally needed expertise and time.

**Analytics-driven business process automations:** With abilities such as identifying problems early and predicting outcomes in advance, Manthan Systems’ customers in the industry are for the first time starting to apply analytics to drive business process automations in areas such as price management, customer service and replenishments. **ra**

■ **Industry’s first enterprise-wide retail data model:**

The breakthrough data warehouse model of ARC understands and anticipates retail data structures, decision-making nuances, and the analytic expectations retailers have from their performance management environment.

■ **Industry’s first and only complete and pre-packaged product:**

ARC is the only solution that provides a single platform for enterprise-wide performance management needs. ARC caters to both the need of different kind of users — cross-functional and hierarchical — as well as usage across operational, tactical and strategic needs.

■ **Instantaneous reaction to market opportunities:**

Moving from decision-support to decision-making, retailers can now capitalise on transient opportunities which need faster reaction, from opportunity identification to analysis, collaboration and finally action/reaction.

■ **Comprehensive retail analytic applications:**

ARC offers the industry’s most comprehensive range of role-based and prescriptive analytic applications for various functional areas like merchandise & assortment planning, store life-cycle management, promotion evaluation, category management and so on, to name a few.

■ **Statistical models and algorithms:**

ARC is the only solution offering a broad range of statistical models for retail analytics. Models for customer segmentation, market basket analysis, price optimisation and customer behaviour prediction are significant in their effectiveness in retail decision-making.

■ **Discovery of business process**



ARC dashboards.

panies in its home market as well as in North America, Europe and the Asia-Pacific, the company, which is backed by investors such as the International Data Group — one of the biggest technology media, events and research companies in the world — and venture capitalist Draper Fisher Jurvetson, has a client base encompassing the entire spectrum of the retail business, from food and grocery, fashion, lifestyle retail to mass merchandising formats.

Atul Jalan, Manthan’s CEO, says the company aims to “bring about a fundamental change in the way a retailer buys,

uses, adopts and therefore benefits from the powers and science of analytics”.

He says: “We philosophically believe that analytics has to result in optimisation and/or automation of key business processes and business decisions. And to do so, we have developed an insight into the key decisions that are driven by different people in retail organisations. Manthan’s product addresses the analytical need of all retail roles, like those of merchandisers, marketers, finance managers, store managers, operations executives, planners and so on.

“To effect a shift in how people use

## ANSWERING KEY BUSINESS QUESTIONS IN RETAIL

ARC does not provide only data. It engages a decision-maker from data visibility to the investigation of a problem, or a discovery of insight and all the way to finding answers and the following action that is to be taken. It answers questions in key business areas like:

**Assortment Performance**

■ What should be the right assortment mix? Do I continue to have a good mix of products? Is the assortment addressing the right consumer choice set?

**Allocation Optimisation**

■ How are various pack sizes, colours and flavours selling in my stores? Do the stores have the right inventory levels to support the demand variability?

**Promotion Effectiveness**

■ What products do I promote to improve the category sales? What level of promotions do my new products need to achieve its projected sales levels?

**Customer Loyalty**

■ What do my customers buy? What items

do they buy together? How loyal are they? Who are likely to churn? How effective is my campaign?

**Customer Segmentation**

■ How do differences in consumer demographics and lifestyle affect the buying behaviour for this category?

**Merchandise Planning**

■ Does my assortment grading determine the same differential mix of products and same number of options to be available in a similar store profile?

**Inventory Management**

■ How do I optimise product sell-through in order to reduce my average mark-down inventory?

**Financial Performance**

■ What is the status on my cash management performance with respect to reconciliation, cheque details analysis, cash details analysis, and principal and interest analysis? **ra**

technology, we need to first shift the perspective with which we start thinking about the product. To quote an example, while the rest of the world was thinking music, Sony was looking at the listener ... and so we got the Walkman.”

Manthan prides itself for having solutions that are “actionable” and “role-based”, and offers products that address “the specific, daily, weekly, monthly, quarterly and yearly needs of retailers”.

Jalan says: “Decisions are driven by people. And if BI is to optimise business processes and enable decision-making, BI has to address the specific, daily needs of the people making the decisions.

“This philosophy is what led us to define the two perspectives that give Manthan its competitive edge. And these two perspectives that differentiate Manthan are that our products are ‘role-based’ and ‘actionable’.”

To create role-based guided BI solutions, Manthan identified issues faced by specific functions within the retail organisation. This meant that Manthan has shifted its focus from the retailers to the merchandisers, finance managers, marketers and the other decision-makers.

“While other BI solutions providers were looking at the business, we were looking at the roles within the business. And that’s what makes us a key constituent in the decision-making process,” Jalan elaborates.

To make BI solutions actionable, meanwhile, requires analytics that “tell the user what he needs to do now, and how”, says Jalan, adding that with the company’s products, “user gets predictive reports on a daily basis, which help him implement relevant decisions immediately”.

Paul Gaddes, senior vice-president of Manthan, explains: “With capabilities like analysing concession-based busi-

ness models, analysing multiple retail formats across a retail group, and allowing for multi-language support, our solution perfectly fits the Asian retail scene, giving retailers the best in BI.”

Manthan’s systems take into consideration the daily, weekly, monthly, quarterly and yearly life of a retail establishment for the intelligent allocation of store merchandise.

“For example, the whole process of correctly allocating the right stock for the right store is an analytical process, in a sense that, to do so, one would look at the store profile, including the catchment areas, demographic and psychographic profile, empirical evidence of what has worked and what has not in that store, and other similar criteria to arrive at the decision of stock allocation,” Gaddes elaborates.

“Our solutions are designed to explicitly address the business processes, business practices and technology nuances of retail. And, by doing so, we are enabling our customers to become successful businesses.”

Says Vikas Gupta, Manthan’s CTO: “When you are watching the door for customers to come in is when you need to make doubly sure that you have what he’s coming for. And for that, you need actionable BI,” he says.

According to Janet Suleski of research firm AMR, the ARC Suite appeals to companies that want to avoid starting BI modelling activities from scratch. Suleski cites ARC’s deployment in a mid-sized grocery and pharmacy chain, which resulted in the retailer’s “early wins” from using the solution.

One of these wins was the finding that disproved initial assumptions that its steak was a crowd-drawer and revealed that it was ground beef and chicken friers that brought shoppers to the stores.

The grocer also saw, through improved analysis of transaction data, that there were more sushi buyers in the afternoon than there were during lunchtime. With this finding, the grocer changed the schedule for preparing sushi from the morning to later in the day “so that sushi was being made fresh for dinner”.

“The grocer and Manthan continue to collaborate on next steps and how the grocer’s initiatives align with Manthan’s development roadmap,” Suleski says.

Jalan also explains that ARC is designed to be “customer-centric”.

“We constantly see our business

**“When you are watching the door for customers to come in is when you need to make doubly sure that you have what he’s coming for. And for that, you need actionable BI.”**

— Vikas Gupta, CTO, Manthan Systems



through a customer's eyes, and not through a product lens. This has resulted in products and synergistic services that cater to the entire spectrum of analytical needs of a customer that exceeds expectations on all dimensions of value."

It takes Manthan between 12 and 18 weeks to deploy the ARC solution, a time-frame that it considers "superior" over that of other companies.

The superior deployment time is achieved because of the exhaustive data model, pre-built analysis and its inherent capability to understand the underlying data structures and systems, according to Manthan.

In cases where retailers are using known retail systems such as JDA, SAP and Retek, ARC can be deployed in 12-14 weeks, it adds.

And while other BI vendors have complex pricing modes which are based on different parameters such as the number of users, technology components, modules, processors and servers, Manthan promises a "simple pricing model which results in enormous cost benefits" for ARC customers.

ARC is reputed to be flexible enough to cater to all the needs of retailers. "During deployment, the product is configured or 'parameterised' to meet specific business practices — the way a retailer calculates GMROI (gross margin return on investment) could be configured based on the business practices followed by the customer," Jalan says.

"The product has been architected as a future-proof solution, keeping in mind all diverse performance management requirements, growth of the retailer in terms of size, and any new formats/segments that the retailer enters," he assures.

Philippine appliance chain Abensons strongly believes in Manthan's retail BI suite.

"We like ARC because of three factors: It has KPIs built by retail



**Abensons, the Philippines' biggest appliance chain, lauds the speed at which ARC solutions allows it to come up with a decision.**

experience — it is the retail experience that built these KPIs; it can be linked easily with our JDA system; and we can rapidly make and deploy new KPIs," says Michael Alcantara, BI manager for Abensons.

Game Group, a UK-based retailer of PCs, video games, video consoles and related accessories, also saw an "immediate fit" between ARC and its need for flexibility in BI solutions to accommodate its rapid expansion strategy, short product lifecycles and rapid product introduction initiatives.

"The need to react faster to market opportunities was being restricted by our reporting infrastructure. The absence of an enterprise data warehouse limited our ability to get an integrated view of information across various operational systems," says Peter Crowne, UK finance director of Game Group plc.

He notes that the company's commercial team had to manually query several databases and spreadsheets to extract management reports while the then existing BI infrastructure "experienced frequent data loading failures especially during peak periods" like Christmas, when the company's data volumes increases threefold.

Another challenge that the company faced, he says, was managing the ana-

lytical requirements of operations that spanned eight countries.

ARC's data warehousing architecture, pre-configured retail key performance indicators and rapid deployment proposition, Crowne said, "fulfilled our current and future analytics needs".

He notes that ARC needs to work on a "true multi-currency" functionality, which is important for Game, which conducts business in euros, pounds and kroner, but added that the company plans to expand its use of ARC to cover all its stores.

### Poised for growth

Buoyed by customer satisfaction, Manthan plans to rapidly rise in the retail BI space ladder.

Under its '8Q21' mission, the company has charted a two-year course to conquer the global retail BI space.

To do this, the company is, for one, planning to open up its products to the consumer packaged good segment, "with a primary offering centred on demand-style analytics".

"These would also establish new revenue opportunities for the organisation," Jalan adds.

He also reveals that the company plans to expand in the market it is currently in.

"We are pursuing an aggressive strategy which would include deeper presence in all the markets we operate in. South-east Asia is a strategic market for Manthan and, as such, we are increasing our investments in this region to serve customers better," he says.

"We are also continuously looking at expanding our reach in newer markets. Some of the newer markets that we are currently exploring are China, Japan and Latin America," he adds. **ra**



**“With capabilities like analysing concession-based trade models, analysing multiple retail formats across a retail group, and allowing multiple language support, our solution perfectly fits the Asian retail scene, giving retailers the best in BI.”**

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