



CASE STUDY

CipherLab Customer Spotlight: Denner Supermarket

Breakthrough for In-Store Retail Technology! Swiss Discounter

Profile

Denner is one of the leading retailers in Switzerland. The company sells in about 600 mid-size outlets brand products (75%) and own labels (25%) at discount prices. In 2002 Denner launches a new strategy "New Denner". From the review of business process, In-Store technology to the new design of outlet, everything was changed to a modern, state of art retail business structure. One of the major goals was to achieve the most efficient store processes that suit a discount environment. All business activities had to be faster, transportation and cost effective. IT systems had to meet the following requirements:

- Easy structure, ease of use
- Sustain high productive store processes
- Reflect full flexibility, specially for dynamic price changes
- Support cost leadership for discount business

At the same time customer service and customer support had to be improved and centralized logistics structures integrated. The project started therefore where it was most visible for the customer: From a complete New POS system, In-Store scanning projects to a new merchandize management system.

Innovation for Scanning Processes

The goals of the concept "New Denner" were so challenging that the realization had to be done with innovation. Dataphone suggested a system with following benefits:

- All employees to the shop floor! All processes for till, administration and Merchandise Management tasks have to be executed interactively on the shop floor. The separate back office with its entire infrastructure is eliminated. All employees work directly with the customers or where the task is happening. No more time is used for unproductive jobs.
- Shop floor compatible back office: The "easy to use" touch screens of the tills are used for all back office tasks.
- Radical minimization of Total Cost of Ownership: Universal use of hardware minimizes amount of boxes, limits interfaces, cables and connectors, and has the lowest rate of failure.
- Store solution Autonomous and highly integrated: Application and Data are in a highly integrated and autonomous systems. The store solution is implemented fast and has no restriction to systems which will be implemented in the future. The risks for the critical replacement of the ERP system are minimized.

About CipherLab

CipherLab is a global leader in the design, manufacture, and marketing of Automatic Identification and Data Capture/Collection products and systems. The company's mobile computers and scanners are integrated into the networks of some of the world's best known logistics, retail, distribution, government installations, and healthcare companies, helping them run more efficiently and effectively onsite and on the road. Headquartered in Taipei, Taiwan with offices in China, Germany, UK, and USA with operations worldwide, CipherLab is publicly traded on the Taiwan stock exchange (Taiwan OTC: 6160). For more information, please visit <http://cipherlab.com>.

Infopos and Store Online

Dataphone provides 2 products for retail stores: Infopos, a touch screen based till solution and Store Online, a mobile data collection solution for all store processes. In the new generation these products were combined and extended with the back office functionality:

- One of the tills has an extended functionality and replaces the back office server. This till runs the back office software, Store Online for the mobile clients which are addressed over Telnet and the till software itself.
- A second till serves besides its regular till function also as back up for the master till with the complete functionality.
- The mobile clients is used for all merchandise functions at the shelves (ordering, price verification, inventory,..) it was important to use a small, robust and easy to handle radio frequency terminal which allows extensive operating time. After careful evaluations and extensive testing the selected terminal was the CipherLab CPT-8370.
- All forms and labels are printed on decentralized printers. A4 forms are printed on laser printers, labels on Zebra LP2844.
- Head office is responsible for the automated data and application distribution to the stores on on side and for the host communication on the other side.
- Thanks to the browser based software technology remote access over the internet is possible from all authorized work stations. Scripts, alters, electronic journals,..can be investigated at any place and at anytime.

Why did Denner choose CIPHERLAB?

The tasks that needed to be performed at floor level included picking, stacking shelves, printing labels besides the price verification requirement. Therefore, the criteria for selecting a portable terminal was pre-determined by the tasks at hand. The successful terminal must have the following features:

- It must be a lightweight device
- It must be a one handed operation
- It must be rugged
- It must have long operating hours
- It must have long wireless range
- It must be reasonably priced

The CiperLAB CPT-8370 was selected over many competitors as it was the only terminal that delivered ALL of the requirements that Denner needed. The CPT-8370 weighs only 280gm (10oz), it can be operated with one hand, left or right, it has an IP rating of IP65, it can be operate for over 16 hours on a single charge, it has a wireless range of over 250 mtrs (800 feet) and it delivered the price price performance of all terminals tested.

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Barcode is scanned and sent to the host, data from the host is displayed on the terminal enabling the checking of price and other information that needs to be updated at the floor level. Should a new price label be needed the store person can instigate a new label to be printed on one of the printer on the system from the CPT-8370 with the press of a key.

Realization

The project was realized with 3 project partners: Denner, IBM and Dataphone. Denner provided internal resources, planning, interface to ERP system and skill of internal processes. The other tasks were carried through from:

Innovation-Concept, Software Specifications, Software Development, Integration Mobile Clients, Label Printer, 3. Level Support

Hardware (Tills, Cisco Radio Frequency Network), Project Management, Rollout, 2. Level Support, Escrow Service

The project milestones were met within extremely short intervals:

- August 2002: Project launch
- October 2002: First pilot store installation
- March / April 2003: Rollout pilot installations
- May - Oct. 2003: Rollout first 300 stores
- Up to April 2004: Rollout finalized

Results

The carefully and fast piloted software enabled a stable and short term realization within around 6 months. The detailed planned rollout was responsible for an efficient installation in 300 stores again within the next 6 months. All together the ambitious goals could be met to the satisfaction of all project partners:

- The simple and highly integrative system approach enabled minimum training time, low risks for implementation, high system stability and performance, very low implementation and maintenance cost.
- Elimination of price labels on goods and at the same time high price accuracy because of online communication through the whole system.
- Optimization and automation of merchandise management and administration processes in the stores
- Benefits of a highly price dynamic store system to meet the market needs of a retail discounter