



## COOP

# IMPROVING CUSTOMER LOYALTY AND COMPETITIVENESS WITH SOA

### QUICK FACTS

**Industry**

Retail

**Revenue**

SFr 15.8 billion (€10 billion)

**Employees**

48,200

**Headquarters**

Basel, Switzerland

**Web Site**

www.coop.ch

**SAP® Solutions and Services**

Service-oriented architecture (SOA) enabled by the SAP® NetWeaver® technology platform

**Implementation Partners**

Die erste Geige, retailolutions AG

**Key Challenges**

- Keep customers loyal and stay competitive
- Establish real-time stock visibility
- Establish proof of concept for company-wide service-oriented architecture (SOA) road map
- Close gap between in-store cash systems and the centralized SAP® ERP application
- Enable fast SOA adoption across the company's diverse retail operations
- Integrate SAP and non-SAP software systems

**Implementation Best Practices**

- Followed company's SOA adoption road map
- Established strong governance structure
- Implemented in only 4 months
- Designed and built entirely new business processes
- Established project as SOA proof of concept

**Financial and Strategic Benefits**

- Increased customer loyalty through reduction in error-prone processes
- Improved visibility of stock levels
- Integrated store cash system and centrally deployed SAP ERP application
- Achieved proof of concept enabling company-wide SOA adoption
- Established portable Web services that can link non-SAP software systems to SAP ERP

**Why SAP Was Selected**

- Strong, long-term strategic partner
- Track record for innovation
- Company-wide implementation of SAP ERP
- Scalability and usability
- SAP NetWeaver® technology platform best fit for SOA adoption

**Low Total Cost of Ownership**

- Eliminated duplicate entries and errors through centralized collection of data
- Reduced maintenance by replacing legacy system with efficient, reusable Web services
- Improved scalability with services that can span diverse retail operations
- Created path for efficient deployment of services across business units and formats

**Operational Benefits**

- Established processes to move goods out of inventory as soon as they are purchased
- Enabled higher product availability
- Created accurate, real-time reporting
- Increased visibility of inventory of nearby stores
- Eliminated pricing errors between order and receipts
- Reduced double sales of the same product due to inaccurate data

Facing competition and high customer expectations for service, Coop, the second largest retailer in Switzerland, sought to integrate its diverse retail operations through Web services enabled by service-oriented architecture (SOA). To get there, Coop created new processes that allow real-time integration between its furniture stores and its centralized SAP® ERP application. The result: higher customer loyalty, improved efficiency, and a solid foundation for SOA engineering benefits company-wide.



“For the first time we have established a process that links our store cash systems to our SAP back end, and it updates everything in real time while we’re open for business.”

Dr. Markus Lienhard, Head of ERP Process Management, Coop

[www.sap.com/contactsap](http://www.sap.com/contactsap)

## Coop Road Tests SOA for Its Diverse Retail Operations

Swiss retailer Coop is best known for offering healthy, sustainably produced goods in more than 1,700 stores. The company’s dedication to quality and value has made it the second largest retailer in Switzerland. With success, Coop has acquired additional brands.

But each brand, with its own unique systems, is not always compatible with Coop’s deployment of SAP® software. The challenge for the retailer – driven by fierce competition and the need for extraordinary customer service – is to establish process excellence across all of its operations while supporting the distinct systems that help each operation succeed.

## The Right Project to Prove the Effectiveness of SOA

Working with SAP implementation partners Die erste Geige and retail solutions AG, Coop developed a comprehensive road map for adoption of service-oriented architecture (SOA). Through the SAP NetWeaver® technology platform, Coop could establish real-time integration between its centrally deployed SAP ERP application and its diverse retail operations.

To test the feasibility of SOA, the road map included a proof-of-concept project using Tiptip, Coop’s retail furniture brand. Because Tiptip’s inventory and cash system were markedly different from

Coop’s food business, the project would help Coop gauge how well SOA and SAP software could support different retail systems.

In addition, the furniture retailer’s point-of-sale (POS) and service-desk systems were disconnected from Coop’s SAP ERP. Because only two daily feeds connected the systems, there was a lack of visibility into available stock and order status. Staff would encounter errors in determining inventory, pricing, and order status, significantly affecting customer sales and loyalty.

## Building New Web Services That Are Portable and Powerful

To bridge the gap between the Tiptip cash system and SAP ERP, Coop created Web services that incorporated the SOA principles of reusability and process focus. In just four months, Coop designed and built entirely new business processes including checking inventory availability, moving goods out of inventory, and processing partial payments. The fast implementation resulted directly from a disciplined and effective governance structure guiding all aspects of the SOA road map.

So far, Coop has implemented the new processes in three Tiptip stores to good effect. Store staff now has clear visibility into inventory, as well as order and receipt status. They can view obtainable inventory in real time, so customers experience high product availability.

Real-time integration is also improving efficiencies. Tiptip can now focus on optimizing its stock levels based on demand. Also, customer payments are now recognized instantly, eliminating errors between orders and receipts. Customers appreciate the improvements, experiencing a higher level of service that keeps them coming back.

## The Road Ahead Looks Good for Coop

Eager for additional process improvements and innovation, Coop is completing the integration to all 60 Tiptip retail stores. And because the new Web services are process-specific and not solution-specific, Coop can use the same services across virtually all of its operations.

## Implementation Partners

Through their unique consulting and coaching approach, consultants at Die erste Geige help clients conceptualize and implement new ideas fast as well as get excited and involved with the new solution to create lasting results.

retail solutions AG offers template-based approaches for companies of all sizes in retail and consumer products. Founded in 2005 mostly by former SAP employees, the consultancy has deep expertise in trading industries and a close relationship with SAP.



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