IBM

Mark's Work Wearhouse drives profits with realtime point-of-sale information.

Overview

- **Challenge**

  Costly, inefficient sales information-sharing systems made it difficult for clothing retailer to consistently stock its stores with the right mix of products, causing it to miss sales opportunities

- **Why Become an On Demand Business?**

  Mark's Work Wearhouse needed a flexible, resilient infrastructure to respond more quickly to market trends and customer needs, so that it could drive sales and increase profitability

- **Solution**

  The retailer implemented an integrated, Web-based sales reporting system that enables company executives to make better marketing decisions by quickly sensing changes in customer preferences and responding in realtime

- **Key Benefits**

  Enhanced responsiveness to customers, fostering greater loyalty and helping to increase sales; 30% lower TCO; 50% reduction in training costs; near 100% system availability

Mark's Work Wearhouse has built itself into a household name with its comfortable, easy-care clothes, including specialized lines selling corporate wear, "big and tall" apparel and healthcare industry uniforms.

It never fails: Your morning coffee splashes on your shirt on the day you've decided to wear a white one. However, if your clothes are made with stain-repellent cotton fabrics developed by Mark's Work Wearhouse (Mark's), you can literally brush away the problem without damage.

The Canadian retail giant behind "clothes that work," Mark's (*www.marks.com*) has earned the loyalty of consumers by developing and designing practical, easy-care apparel. Headquartered in Calgary,

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>
> *—Harry Bekkema, Application Team Lead, Mark's Work Wearhouse*

ON DEMAND BUSINESS™

"Our Web-based sales reporting application has transformed Mark's Work Wearhouse into an up-to-the-minute learning organization. By monitoring our business in realtime, we can make better decisions to help drive our business forward."

—Robin Lynas, CIO, Mark's Work Wearhouse

Alberta, the 27-year-old company is today a wholly-owned subsidiary of Canadian Tire Corporation. Nearly 4,000 employees staff more than 300 stores, each stocked with innovative items such as washable suede jackets and footwear cushioned with air bags. Mark's expects more than CA$560 million (US$417 million) in sales this year.

Until recently, the retailer tracked sales across its growing enterprise through a network of point-of-sale (POS) systems. However, the systems required their own in-store processors, making them increasingly costly and time-consuming for the company's small IT staff to maintain. Hardware was also being discontinued, and it was difficult to obtain parts. What's more, getting sales information transferred from each location to headquarters required a nightly batch process. This resulted in a time lag that made it difficult for the company's decision makers to move the right pieces of apparel to the right stores at the right time. "It was particularly challenging to keep the proper items on our racks during sales promotions, because we didn't know how each store was faring until the next day," says Harry Bekkema, application team lead, Mark's. "Whenever you run out of advertised sales items, customers won't be happy and may not return to your store."

What's more, store sales information was routed to Mark's headquarters in batches, preventing executives from having a timely, comprehensive view of the entire business. Says Bekkema, "Without timely information from our stores, we couldn't react to market trends as quickly as we should, and risked missing out on sales opportunities and hurting our profitability as a result."

Operating in a fiercely competitive environment, Mark's needed to find a retail reporting system that would enable it to give employees instant access to enterprise-wide sales information, so it could be more responsive to market demands and customer needs. By doing so, the retailer could drive sales, reduce costs and enhance profitability.

Integrating enterprise-wide POS information in realtime
Working with IBM Business Partners Business Objects, Dog Star Systems and Sandbox Systems, Mark's replaced its legacy POS sales reporting system with an integrated, open, Web-based sales reporting application. The easy-to-use solution provides a consolidated, realtime view of enterprise-wide sales results, allowing decision makers to quickly sense changes in customer preferences and then respond with appropriate merchandise.

Employees can now track sales targets on a moment's notice, balancing products according to customer demand. For example, a Vancouver store that has sold most of its sale-priced rain jackets can pull stock from its Victoria counterpart, knowing that this location is moving the item more slowly. Similarly, when bad weather impacts product delivery schedules, the company is better pre-

pared to make adjustments based on realtime knowledge of product demand at affected stores. Marketing executives who meet Monday mornings can now get up-to-date sales figures from each store, enabling them to launch or adjust targeted promotions that can directly affect that week's sales.

"Our Web-based sales reporting application has transformed Mark's Work Wearhouse into an up-to-the-minute learning organization," says Robin Lynas, the company's CIO. "By monitoring our business in realtime, we can make better decisions to help drive our business forward. We can then respond with better, more timely decisions to help drive our business forward."

Resilient Linux and IBM solution

Mark's has gained significant performance and cost-saving advantages by developing its Web-based sales reporting application with IBM DB2® for iSeries™, IBM @server® systems and Crystal Enterprise from Business Objects. The retailer leveraged the expertise of Calgary-based Dog Star Systems, a specialist in IBM @server iSeries and IBM @server xSeries®, to deploy the Java™ technology-based solution, which was customized by its internal application development team. The solution is powered by IBM SurePOS™ 53X Internet Protocol-based cash registers running Retek Point-of-Sale (RPOS) software, a robust combination that provides cash, inventory, customer and labor management functionality. The application server software resides on resilient xSeries systems running Red Hat Linux at Mark's corporate headquarters.

To leverage its extensive skills in IBM DB2 for iSeries, the company ported RPOS from its native Oracle database to DB2. RPOS data is propagated to a back-end data warehouse, which was developed with DB2 for iSeries, Version 5, and Retail IDEAS business analysis software from Scottsdale, Arizona-based IBM Business Partner JDA Software. Notes Bekkema. "DB2 is incredibly reliable—we haven't needed a full-time database administrator—and it represents a substantial cost saving compared to the Oracle database."

To further generate meaningful insights from the RPOS data, the retailer worked with Business Objects to deploy Crystal Enterprise reporting, analysis and information delivery software, including Crystal Reports for data access on an xSeries. The enterprise reporting solution from Business Objects gives Mark's a fast and efficient way to deliver out-of-the-box, ad-hoc reporting capabilities to all its employees, so they can evaluate information such as store performance by district, end-of-day sales results and sales by product category.

Employees access the Business Objects solution through Mark's corporate intranet, which the retailer built with help from Sandbox Systems, a Calgary developer of customized, mission-critical e-business and e-learning applications.

Key Components

Software

- IBM WebSphere Portal - Express
- IBM DB2 for iSeries, Version 5
- IBM SurePOS 53X
- Crystal Enterprise
- Crystal Reports
- Red Hat Linux

Servers

- IBM @server iSeries
- IBM @server xSeries

IBM Business Partners

- Business Objects
- Dog Star Systems
- JDA Software
- Sandbox Systems

"The combination of WebSphere and DB2 software, Linux and IBM @server systems gives us an affordable, resilient, function-rich IT infrastructure for our mission-critical POS application."

–Harry Bekkema

The portal runs on a single xSeries server, powered by IBM WebSphere Portal - Express. Store employees use an open-source Web browser to access the company's back-end Java applications. Since the stores connect to the iSeries systems at company headquarters rather than maintaining their own hardware installations, the retailer has cut its total cost of IT ownership by an impressive 30 percent.

"The combination of WebSphere and DB2 software, Linux and IBM @**server** systems gives us an affordable, resilient, function-rich IT infrastructure for our mission-critical POS application," says Bekkema. "Integrating Crystal Enterprise into the environment gives us the advantage of faster, more comprehensive and meaningful reporting than was possible with our previous POS system."

Focusing on retail business

In transforming its retail operations, Mark's drew heavily on its longstanding relationship with IBM. "The strength of our connection led us directly to IBM for a solution to our problem," says Bekkema. "In addition to meeting our technology needs, IBM and its Business Partners provide the responsive support that frees us to focus on our retail business." Dog Star professionals staff the sales reporting application help desk, allowing Mark's to assign its own IT professionals to application development and enhancement projects.

The retailer was also attracted by IBM's support for Linux and open standards-based solutions. Because they are based on open standards, Linux, DB2 and WebSphere software were easy to integrate with third-party applications to form a complete solution. "Our confidence in running Linux for a mission-critical application was reinforced during a recent holiday season, when we logged CA$35 to CA$45 million (US$26 to US$34 million) in sales during a 70-store pilot without even a hiccup in our system," says Lynas. The remaining stores were rolled out in spring 2003, and 300 stores were running the software by early summer.

Capturing closet space

The retailer's new sales reporting solution is available nearly 100 percent of the time, enabling business decision makers to quickly sense changes in market trends and respond in realtime. Because the solution is easy to administer, Mark's has been able to maintain its existing IT staffing level. And since it is easy to use, the company is enjoying a 50 percent reduction in both training costs and time.

All told, Mark's has more closely aligned its business operations with market trends. "We've always had a very loyal customer base because we provide good value for quality clothing," says Bekkema. "By enhancing our responsiveness to customer needs through our IBM and Linux sales reporting application, we know our customers will continue to be happy and we will 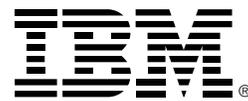be better positioned to increase sales and profitability."