



IBM Case Study

JoAnn Stores

[Retail Industry](#)

[Down to an art for Jo-Ann Stores.](#)

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–Les Duncan, Senior VP and CIO, Jo-Ann Stores

Industry:

Retail

Application:

SAP R/3 modules:
FI, CO and IS-Retail

Hardware:

OS/390
AIX
DB2

Software:

S/390
RS/6000

American fabric and crafts vendor, Jo-Ann Stores, is the largest retail store in the world to implement an SAP solution. Backed by IBM hardware, Jo-Ann Stores expects to enjoy great product-supply management and a much improved financials system.

With headquarters in Hudson, Ohio, Jo-Ann Stores operates in 49 states and is America's largest supplier of materials for crafts, including sewing, needlework and home decorating. Jo-Ann Stores wanted to improve the general functionality of its IT infrastructure, which was antiquated and did not support the company's plans for growth. In particular, Jo-Ann Stores wanted to update its accounting and finance system and improve its customer service through better product-stock management. Jo-Ann Stores first made the decision to implement an SAP solution three years ago and now uses two modules, Finance (FI) and Controlling (CO), which deal with such processes as accounts payable and budgeting, and IS-Retail, which covers functions such as store and warehouse replenishment and inventory management.

Les Duncan, Senior Vice President and Chief Information Officer of Jo-Ann Stores, describes the benefits of using SAP: "SAP has improved the ability to get stock to stores by eliminating the need for store personnel to manually order out of stock products, along with enabling us to plan and post-analyze our promotion activities more efficiently. We predict even bigger benefits to come when we make full use of SAP's planning, forecasting and replenishment capabilities next year."

Accounting and finance

Jo-Ann Stores began the implementation of the SAP FI and CO modules in order to replace its existing financial system. Now, the SAP R/3 modules support accounts payable and receivable, general ledger, fixed assets and budgeting; Jo-Ann Stores' financial system is supported in its entirety by SAP.

Les Duncan explains how this part of the solution has helped Jo-Ann Stores: "One of the reasons we're so impressed with the SAP software on S/390 is the way we have been able to process a large volume of transactions with much greater efficiency. For example, our peak sales volume this year was between three and four million aggregated transactions a day following the Thanksgiving holidays and we processed those at a rate of about 700,000 transactions an hour. Jo-Ann Stores is putting through higher SAP transaction volumes on S/390 than any other retailer in the world and we are hugely impressed by the results we have got so far. The S/390 is the ideal platform for such high volumes, as it is the only server that can handle this load and still leave us room to grow. It supports a database of ten terabytes, which gives us an amazing capacity for storing new information and processing even more transactions in the future. We also have the possibility of adding more applications to the system thanks to the Parallel Sysplex capabilities of S/390."

Keeping stock

Jo-Ann Stores' purchase of the IS-Retail module has, in turn, considerably improved the company's stock control, as Les Duncan explains: "Employees previously had to assess stock and order merchandise manually. The SAP retail module has optimized efficiency in this regard, allowing our staff to pull all the information they need from one centralized system, and giving them the freedom they need to deal with more customers."

Jo-Ann Stores is using the IS-Retail module for purchase order management, pricing promotion, invoice verification and store and warehouse replenishment, enabling the company to transform its business processes with a fully integrated IT architecture. Les Duncan says: "All of our basic retail and merchandising, inventory management and business functionality is now being processed by SAP--the essential day-to-day running of our business has been revolutionized."

Positive outlook

Now the majority of Jo-Ann Stores' SAP systems are running on IBM, in a configuration of one S/390 being used as database server and four RS/6000 S80 application servers, all of which are 24-way processors. Along with this, the company is using a DB2 relational database, essential for storing the vast input it has to process. As the solution involved feeding large volumes of data through the new system, Les Duncan was keen that the process should develop at a steady rate. IBM worked together with Jo-Ann Stores on the SAP solution for a twenty-three month period, practicing vigorous full-volume stress testing at every stage before the project went live.

As Les Duncan illustrates, testing was a vital aspect of the project: "A really big plus of the SAP system is centralized automated replenishment. We fed a year's worth of Stock Keeping Unit (SKU)--specific historical information into SAP to test how well the software dealt with it. We were incredibly impressed with how efficient the system is. It is excellent at processing large volumes of information at an incredibly rapid rate and, what's more, we've experienced no delays since we went live!"

Full support

Les Duncan is greatly impressed with the service the company has received from both IBM and SAP throughout the installation: "Jo-Ann Stores is extremely pleased with its strong business partnership with IBM, which has strengthened considerably during the SAP implementation. The largest challenge we faced during implementation was getting the software and the hardware to process our very large business lives which was larger than anything SAP had seen. The way that was resolved was a real partnership between IBM, SAP and ourselves. IBM helped us in a

much needed data reduction exercise to increase the efficiency of our system. We were provided with the best IBM hardware and database technology to support the solution through a technology swap program. This allowed Jo-Ann Stores to exchange its hardware for the latest and most powerful systems as they became available during the implementation phase. What's more, the integration of our existing hardware with the SAP software was seamless. I couldn't have asked for a better partner; we are extremely pleased with IBM--the willingness to make sure our application and volume processing needs were met were vital to the project's success."

Forecasting the future

Jo-Ann Stores has already benefited from the IBM and SAP solution and expects to profit even more as it takes the capacities of SAP further. Les Duncan illustrates what Jo-Ann Stores looks forward to in the coming year: "We are pleased that along with the improvements we have already enjoyed from SAP, even bigger benefits will come. We are looking forward to implementing the SAP planning, forecasting and replenishment capabilities to the fullest over the next few months: using these facilities will enable us to increase our inventory turns, improve our gross margins and reduce our overall inventory costs. We have had an extremely good implementation and we are eagerly anticipating these further benefits in the year to come."

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