

# Boots transforms information flow to empower staff and strengthen the brand.

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Overview

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■ **Challenge**

*With retail competition intensifying, Boots needed to refocus on its core retail operations, improve the efficiency of store operations and thereby strengthen its brand.*

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

*Large and decentralized, Boots realized that effective and efficient decision-making at the store level was the key to optimal store performance. By empowering its staff with information, Boots could become more responsive to its customers and address operational factors like stock management.*

■ **Solution**

*Boots engaged IBM to design, deploy and manage a new set of in-store systems and processes employing the IBM On Demand Workplace solution. A roles-based employee portal provides store managers with the information tools they need to improve the performance of their stores. In-store sensing capabilities—employing wireless technology—combined with benchmarking tools give managers and staff realtime access to sales and stock data to guide in-store practices.*

■ **Key Benefits**

- *Streamlined information delivery via Boots's On Demand Workplace portal supports more rapid and effective decision-making.*



*The Boots Company has 1,500 retail stores and 55,000 global employees, and also owns, develops and markets consumer healthcare products in 130 countries around the world through Boots Healthcare International.*

Based in Nottingham, Boots Group PLC ([www.boots-plc.com](http://www.boots-plc.com)) is the United Kingdom's largest pharmacy and health and beauty retailer and one of its best known brands. The company's 150-year-old retail pharmacy chain, Boots the Chemists, represents the core of its operations and the foundation of its brand strength. To further strengthen customer loyalty and expand its long-term revenue base, Boots sought to position itself in the marketplace as a chain capable of addressing the full range of its customers' health needs. This included ventures outside its core business designed to

*“Our customer appeal is founded on our heritage of expert service and advice. We’re empowering our store managers and staff with the tools they need to drive our outstanding retail offering. IBM is providing us with a solution to improve customer service and drive revenue by empowering our staff.”*

– Brad Poulson, Director of Store Systems, Boots PLC

### On Demand Business Benefits

- Streamlined information delivery via Boots's On Demand Workplace portal supports more rapid and effective decision-making at the store level.
- Performance benchmarking capability helps managers optimize store performance, reducing costs and increasing sales.
- More efficient access to information enables staff to spend more time with customers, improving satisfaction.
- Wireless stock management provides realtime information on stock levels, reducing stock outs and boosting sales.

diversify its operations.

But while this was happening, the nature of its core retail business was changing. Competition was increasing, driven by an influx of new retail players. Some retailers, such as grocery chains, expanded laterally into pharmacy products, while other traditional pharmacy chains (both new and existing) adopted more targeted competitive strategies centered around low cost or specialization. Underlying these changes was a general trend toward deregulation, which effectively increased the number of licensed pharmacies serving the UK market. These shifts raised the competitive bar among Boots and its rivals. Increasing margin pressures made it harder to consistently grow profits. To adapt, retailers were forced to concentrate more intensively than ever on maximizing the performance of their stores, encompassing everything from employee productivity to effective merchandising and shelf-space utilization.

### Back to basics

Taking stock of its strategy, Boots saw the need to realign itself with this increasingly demanding environment by refocusing on its core retail operations which had been the wellspring of its brand equity. Even more important was the follow-up—a multi-pronged effort aimed at revitalizing the Boots brand by improving the efficiency of store operations and, by extension, the customer experience. A key premise behind the effort was the belief that effective and efficient decision-making at the store level was the root of optimal store performance. Thus, the more accessible, up-to-date and actionable the information was, the better managers could address everyday operational issues. The company's challenge was to remove the barriers to rapid, effective decision-making that had taken hold in its stores. Perhaps the most significant was the lack of an efficient means of giving store staff—especially the managers who make day-to-day decisions—the information they needed, when they needed it. Too often, store managers had to read through reams of data to get to the information that they could act on, hindering their overall effectiveness. Boots's research—which found employees spent an average of 45 percent of their time doing something other than helping customers—only confirmed this.

With change one of the few constants in retail, whether it's shifting customer tastes or staff turnover, Boots needed to configure its processes to maximize responsiveness where it mattered most—in its more than 1,500 stores. The key was to transform the bilateral flow of operational information between stores and the head office and, in turn,

*“We cannot sell to our customers if we don't have the goods on shelf. If we don't have effective operational processes, then we won't get the goods on shelf and we won't have service up to the standard we expect to provide to our customers.”*

– David Sutherland, Regional Director (East), Boots PLC

the way employees access and utilize this information. To help map this transformation, Boots engaged IBM on the strength of its retail track record, business process expertise and ability to deliver an end-to-end solution. The IBM team conducted an intensive, bottom-up review that produced a strategic vision of where Boots as a brand wanted to be, as well as the kind of customer experience and operational capabilities it would need to provide to get there. On this foundation, the IBM team then laid out the processes—both new and transformed—that would be required to make it a reality.

#### Outsourcing for focus and flexibility

The result is an integrated retail On Demand Workplace solution that provides employees of Boots with timely, personalized and actionable information to support decision-making at the store level. To more closely track in-store performance, the team implemented a wireless stock management system that automatically gathers data on sales and stock levels and integrates it into store processes. This improved sensing capability is complemented by MyStore.Net, a new employee portal designed to increase the effectiveness and empowerment of retail managers through fast, efficient and convenient information delivery. The portal drives efficiency by presenting operational information in a comparative, exceptions-based format that highlights opportunities. This takes the burden off managers to glean actionable conclusions from reams of data, and gives them the latitude they need to put the information to work. By logging onto the system, for example, a busy manager can instantly benchmark his store's performance against an index of comparable stores. In cases where a store is underperforming, the system enables managers to drill down to more granular performance drivers (such as stock management or employee retention) and access detailed best practice, training and other materials to improve in-store processes—and the bottom line.

To boost top-line performance, the system provides managers with insights on untapped revenue opportunities by employing the same multi-store benchmarking approach to sales of various products or product groupings. Thus informed, managers can then respond to these opportunities through in-store efforts like merchandising, set specific sales goals and then track progress against these goals in realtime. Store managers can then quickly communicate to all store employees using the MyStoreNet messaging capability to direct activities. Also, the system's wireless stock tracking system automatically updates backend databases, while a new application known as Sales Tracker displays the data to managers via the portal or to associates through IBM 4690 POS devices (tills).

The Boots On Demand Workplace solution runs on a pair of high-end IBM eServer p5 servers, with each deployed in a separate customer data center supported by IBM Strategic Outsourcing. Within each server, processing functions are spread across four logical partitions (LPARs). IBM WebSphere Portal, running on WebSphere Application Server, is the core platform for the MyStore.Net portal. Two parallel

## Key Components

### Software

- IBM WebSphere® Application Server
- IBM WebSphere Portal
- IBM Tivoli® Directory Server
- IBM Tivoli Storage Manager
- IBM DB2® Universal Database™
- IBM WebSphere Edge Server
- IBM DB2 Connect™

### Hardware

- IBM eServer™ p5
- IBM eServer zSeries®
- IBM 4690 POS Terminal System

### Services

- IBM Business Consulting Services
- IBM Retail Store Solutions
- IBM Wireless Solutions
- IBM Global Services Strategic Outsourcing
- IBM Software Labs

*“We have a long-established relationship with IBM, so it was natural for us to work with IBM to create a complete vision for the in-store technology.”*

*– Rob Fraser, Group IT Director,  
Boots PLC*

instances of Tivoli Directory Server provide systems management, while two clustered instances of IBM DB2 Universal Database (one live, one passive) house the solution's data and content. These databases are integrated with Boots's main data warehouse—running in SAP Business Warehouse on an IBM zSeries—via IBM DB2 Connect. To maximize performance and resiliency, the system employs IBM WebSphere Edge Server to allocate workload across processors and provide failover capability.

By simplifying its processes and empowering its managers with realtime information, Boots has strengthened the collective ability of its stores to respond to a dynamic and increasingly demanding marketplace. With information richer and more accessible, Boots has equipped its store staff to optimize their operations by taking a proactive approach to sales growth and

leveraging the knowledge base of the company as a whole. It has used intelligent information management to make itself nimbler, more efficient and more responsive—and thus a stronger competitor. For Rob Fraser, Boots Group IT Director, the successful deployment of the solution confirms his trust in IBM as a teammate, and testifies to the breadth and depth of IBM's expertise. "IBM is unique in its ability to deliver such a comprehensive, end-to-end solution and stand behind it for the long haul. Our new solution, and our ongoing relationship with IBM, puts us on a firm foundation for the future."

#### For more information

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