IBM

Pep Boys revs up customer service with an IBM and Oracle Retail solution.

Overview

■ *Challenge*

  Faced with eroding customer loyalty and aging technology, Pep Boys needed to transform its retail systems to improve the customer shopping experience

■ *Why Become an On Demand Business?*

  Pep Boys required an integrated retail environment to help the company be more responsive to customer needs

■ *Solution*

  IBM and IBM Business Partner Oracle Retail created a scalable, open retail infrastructure, based on IBM Store Integration Framework, enhancing customer service by integrating people, processes, data

■ *Key Benefits*

  – *Rapid ROI—three years*
  – *Faster checkout, reduced costs*
  – *Improved customer loyalty and employee productivity*
  – *Full implementation in 12 months*
  – *IT flexibility*

›› **On Demand Business defined**
An enterprise whose business processes—integrated end-to-end across the company and with key partners, suppliers and customers—can respond with speed to any customer demand, market opportunity or external threat.

In 1921, four young neighborhood entrepreneurs in Philadelphia, Pennsylvania, pooled two hundred dollars each to start what has become the largest automotive aftermarket retailer in the United States. Today, Pep Boys Auto (www.pepboys.com) employs more than 22,000 people at its 593 stores in 36 states and Puerto Rico, and reported over US$2.2 billion in sales in 2004. Pep Boys differentiates itself from competitors by being the value alternative to car dealerships, providing exceptional customer service, and the only retailer that serves all four segments of the automotive aftermarket—do-it-yourself, do-it-for-me, buy-for-resale and replacement tires.

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—Bob Berckman, senior director of Store Solutions, Pep Boys

On Demand Business Benefits

- Rapid ROI in just three years

- Faster checkout and increased responsiveness to customer needs

- Improved employee productivity and efficiency

- Flexibility to incorporate additional technology as business goals evolve

- Reduced total cost of ownership and training costs

Pep Boys' solution combines the open, scalable, flexible IBM Store Integration Framework and proven, leading-edge applications from Oracle Retail—facilitating seamless retail operations and enabling Pep Boys to become an On Demand Business.

To maintain its market leadership, Pep Boys wanted to expand its business and bring its customer service to the next level. "Pep Boys needed to change its store systems, which were outdated and beginning to break down," says Bob Berckman, senior director of Store Solutions, Pep Boys. "Sometimes, store checkout systems would fail, which was a major disruption to our business." Based on aging technology, Pep Boys' previous infrastructure was a homegrown, checkout-only point-of-sale (POS) solution comprising various independent systems that were no longer supported, required time-consuming and costly integration efforts, and couldn't scale to support the company's growth plans. It was difficult for Pep Boys to find the skill sets required to support, maintain and enhance the infrastructure. The solution couldn't accept debit cards or coupons—items that Pep Boys' competitors did. Customers who wanted to purchase an auto part inside the store, and have their vehicles serviced, had to wait in separate lines at the cash register and the service desk. To process a return, an employee had to search various systems to match a customer's receipt with the sale transaction, reducing worker productivity and efficiency.

Driving out complexity

To boost employee productivity and efficiency, and enhance customer satisfaction and loyalty, Pep Boys needed to create an integrated retail environment that connected its disparate systems and provided a single view of the customer and available inventory. The company also sought a proven, low-risk solution that could be implemented within 12 months, was easy to learn, and could provide rapid time to value. Finally, Pep Boys required a flexible and scalable infrastructure to enable IT enhancement as the business evolved.

Capitalizing on a proven alliance and time-tested solutions

Pep Boys turned to IBM to help it evaluate its retail environment from a consumer perspective. "Pep Boys was ahead of its competitors in terms of recognizing the importance of service to the customer, and the need to be able to respond with systems that provided the right information in real time," says Jan Jackman, general manager, IBM Retail Store Solutions. "Collaborating with IBM Business Partner Oracle Retail, we integrated Pep Boys' service center and retail store environments so the company could serve customers from a single interface."

The integrated solution enables Pep Boys to accept coupons and debit cards, which are less expensive to process than credit cards, and scan receipts to improve the speed and efficiency of the return process. Employees can serve customers from a single workstation, whether the customer is in the retail store or

at the service center—boosting efficiency and creating a seamless customer experience. The IBM and Oracle Retail solution provides higher availability and reliability, and enables Pep Boys to quickly enhance and make changes to various applications without disrupting systems.

A flexible IT platform and open standards
Pep Boys started its IT transformation by replacing its outdated POS environment with an IBM Open POS solution—a next-generation POS configuration built on Java™ technology-based Oracle Retail software running on IBM Store Integration Framework and comprising hardware, an operating system and services from IBM.

The solution is based on IBM Store Integration Framework, an open-standards- and Web-based platform that connects Pep Boys' POS system and Oracle Retail applications. "Store Integration Framework enables the integration of people, processes and data throughout the store and at various customer touch points," says Jackman. "It is a service-oriented architecture that leverages open and industry standards to allow Pep Boys to reuse components and applications, helping to reduce the time it takes to deploy new service touch points as well as reduce total cost of ownership."

Within one year, IBM had all of the company's 593 stores up and running with new servers, workstations, registers, printers, scanning devices and applications— facilitating rapid return on investment (ROI). Pep Boys' solution comprises IBM SurePOS™ 300 systems running an IBM Retail Environment for SUSE Linux® (IRES) operating system and flexible back office, POS and inventory applications from Oracle Retail; robust IBM @server® xSeries® servers; and IBM WebSphere® Business Integration Server Foundation, IBM WebSphere MQ and IBM DB2® Express software. IBM also provided project management and training through IBM Business Consulting Services.

The impact: satisfied customers, productive employees
"By connecting all of the solution components, Store Integration Framework enables Pep Boys to become a true On Demand Business," says Jackman. "The solution facilitates the seamless integration of information and data, allowing Pep Boys to speed its operations and improve the customer experience by providing the right information at the right time, in real time." Store Integration Framework provides Pep Boys with a platform on which it can easily expand its IT infrastructure to incorporate additional functionality, such as digital media and radio frequency identification (RFID) technology. With the IBM and Oracle Retail

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Key Components

Software

- IBM Retail Environment for SUSE Linux®
- IBM DB2® Express
- IBM WebSphere® Business Integration Server Foundation
- IBM WebSphere MQ

Servers

- IBM @server® xSeries®

Hardware

- IBM SurePOS™ 300

Services

- IBM Business Consulting Services

IBM Business Partner

- Oracle Retail Point-of-Service
- Oracle Retail Back Office
- Oracle Retail Store Inventory Management

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—John Mitchell, CIO, Pep Boys

solution, Pep Boys realized immediate benefits, including faster checkout, ease of use and low cost of training—all combining to improve the customer shopping experience and employee productivity. "With the added stability and efficiency of this new solution from IBM and Oracle Retail, we have improved our daily operations and our customer service, as well as our ability to develop systems and grow our company," says John Mitchell, CIO, Pep Boys.

Pep Boys also reports cost savings and rapid ROI after implementing the IBM solution. "Now we can take debit cards, which have a lower fee rate than credit transactions," explains Berckman. "That capability alone has paid for the hardware that we've replaced in our stores." Pep Boys is better able to track returns by scanning receipts, preventing the return of products that weren't purchased at one of its stores. And the reliability and availability of the new open POS systems have resulted in minimal downtime to Pep Boys' critical business applications. An intuitive and consistent POS interface enables employees to quickly learn the new systems and be more productive and efficient when serving customers. "Leveraging its deep retail expertise, IBM has been instrumental in helping us maintain our position as a market leader in a competitive retail environment," says Berckman. "The IBM and Oracle Retail solution provides us with a flexible and scalable foundation on which to evolve our business, and enhance customer loyalty to generate revenue."

For more information
Please contact your IBM representative or IBM Business Partner.
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For more information about Oracle Retail, visit:

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