Case Study – Lark Store

Client Description

Larkstore is one of the leading e-commerce sites operating in Australia. Night Lamps, Crockery products, bedsheets , Home products are some of the products in which they deal in. Today Lark is well-known for its broad and ever-changing collection of design-led gift and home products. Their designers range from small local makers through to iconic brands like Orla Kiely and Rice. The company had developed two separate Magento based e-commerce retail stores for Wholesale and Retail customers respectively. Both Magento instances represent two legal entities. There are two warehouses maintained for wholesale and retail business each.

Data Volume : Following are the numbers
No. of Products : 14000
No. of Sales orders : 56000
No . Of delivery orders : 58000
No. of Invoices : 56000
No. of daily Orders : 30-50

The Problem

Shrinking Market - The principal emphasis was profitability and asset utilization, a good-looking P&L and balance sheet. The company's products were on the edge of commodities, and the management had identified that there would be plenty of competition if a clear market differentiation was not developed to maintain the market share.

Not Enough Automation – The management had every appropriately used Magento for the websites which typically is used to create good e-commerce websites but had not paid attention the back end that would also be needed to be automated for quick and seamless flow of information.

Customer Service - Serving customers was increasingly becoming a cumbersome process as tracking of orders and their status was done manually. Which presented the staff with a challenge of dealing with huge amounts of data that would need to be decoded every-time a status update was required. This was continuously increasing the distribution administration costs.

Vendor Management - The management had developed a strategy to continuously increasing the product portfolio sold on the Magento based websites. Managing of vendors was becoming difficult as the product categories and vendors providing different and unique items were continuously increasing. With wrong orders being sent to vendors there was also a gap which was being created in the inventory of items available for order on the websites.

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Management Problem (Multi-Company, Multi-Store Handling) - Objectives of cost reduction and improved service are coequal. To flourish in today's internet customer-driven marketplace, a company must offer competitive pricing to its customers, provide excellent service, and show a good return to its shareholders. The management had no data to make profitable decisions that would encompass these objectives. Also multi entity management under single umbrella was challenge, before hand they were handling through spreadsheets and stand alone applications.

The Solution

The solution was a combination of niche tools used to address specific needs of users at Larkstore. The functional consultants at Pragmatic had carved out a combination of OpenERP + Magento that would to address the problem areas identified by the management. OpenERP was to provide the required processes to operate and dissipate information or data as well as digest information or data provided by the Magento websites. Magento is a popular e-commerce tool that helps in developing and integrating the complete eco-system of products, customers, payment gateways and inventory.
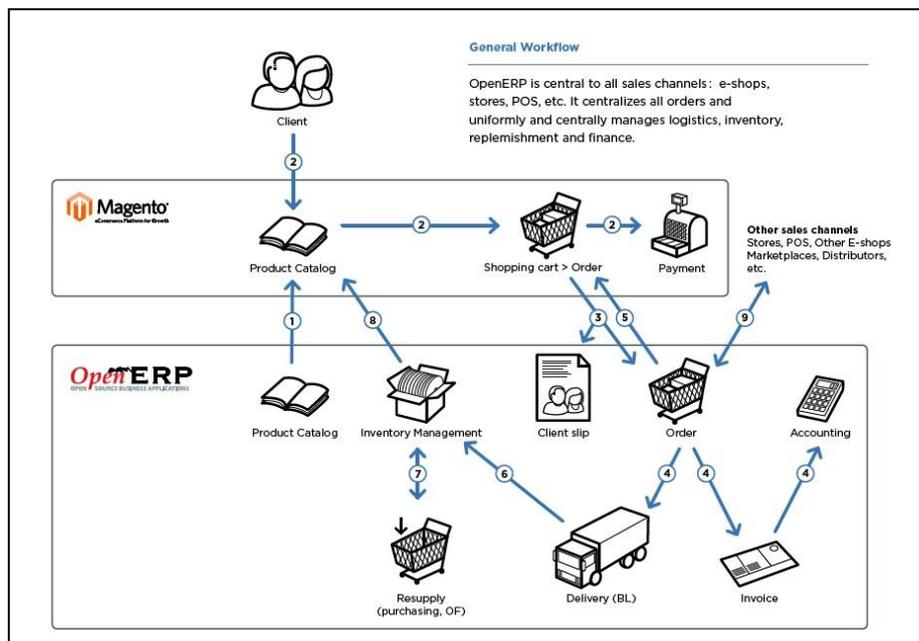
The OpenERP Business Intelligence was to provide a systematic framework to store as well as access data related to operations or transactions by all the stakeholders at Larkstore. The two separate websites were linked using a single OpenERP database in order to synchronize data at a complete organizational level. The use of OpenERP allowed the Pragmatic functional consultants the option of separately maintaining inventory related data. An integration with external service providers at a database level allowed real time data to be reflected in the system at Larkstore and pushed directly to into third party systems which was to provide automated co-ordination in servicing customers.

The solution addressed the problem areas for the management and was received well which led to a time and material offer being released by the Management at Larkstore. The engagement was purposely kept flexible by both the organizations as it was evident that there would be a large amount of customization required to optimize and automate the complete supply chain operations for Larkstore. Some of the important aspects of the solution are mentioned below:

- Sales orders normally placed on the Magento based e-commerce websites were synchronised in OpenERP through a set frequency of schedulers. This primarily allowed the operational staff to track orders via codes that helped them in quickly finishing tasks related to completion.

- The OpenERP based back end system would start a automatic procurement workflow for products which are marked as Make – To – Order or make – To – Stock. Automatic purchase orders with the correct tracking codes would be created by the name of respective suppliers associated with each of the product. This automated synchronization increased accuracy of the inventory system.

- OpenERP provided an automated solution to properly monitor procurements and inventory as business rules related to minimum order quantities and minimum stock levels were coded into the system thus removing chances of an hum error.

- Delivery order processing is dispatching procured material to respective customers against Sales order. The delivery order is processed though a following steps at Larkstore, which required high levels of customization of processes existing in OpenERP by the Pragmatic team.
    - Scan Pack - Barcode scanning functionality is used while processing delivery orders to ensure right product and quantity is selected by the Larkstore staff.
    - E parcel process - Processed delivery orders are then transferred to the e-parcel process where Larkstore staff provides information about packaging with number of packages used and their respective weights.
    - Australia post label generation - Australia post barcodes are generated from OpenERP and pasted on each of the packed box.
    - Australia post manifest creation - This process allows the user to push data from OpenERP to Australia post database and generates report on number of consignments to be delivered at cities/Zip codes.
    - Updating Sales Order status to Magento: The Pragmatic team developed a Magento connector which would allow the Larkstore staff to update Sales order status in the Magento based website.

Implementation of the Solution

The implementation of this large application covering almost every task and operation performed at Larktore on the back end was divided in phases. Every phase had predefined outcomes so that the implementation would provide the Management at Larkstore insight in how to help the functional consultants from Pragmatic. With a shoe-string budget for the complete solution the Pragmatic team adopted a single shore model, with all the requirement analysis being done from the office in Pune, India. There were detailed set of questions developed and answered by Head of Departments on the Larkstore side which helped in providing a crystal clear picture of what was happening and at the same time what would be needed to optimize the complete supply chain for Larkstore.

With teams on both sides spending about 2 hours every-day together on a skype call to confirm requirements as well as understand expectations the System Requirement

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Specifications was finalized. The knowledge exchange led to both the organizations understanding and envisioning the ultimate application to be developed and deployed. Since the Pragmatic team used the agile methodology to develop the application the users were able to test and work with the small parts of the applications being released periodically. This led to another advantage for the Larkstore team as they began to learn and understand the actual workings of the application from a very nascent stage of development. The development lasted for almost 5 months. The ultimate deliverable met the expectations of the users as they themselves had played a very important part in developing the application. Since there are constant changes made by the management at Larkstore to capitalize on market movements there are still some small pieces of work being completed by the Pragmatic team for Larkstore.

Benefits

The team at Larkstore responded to a customer satisfaction question by replying that the application has become the backbone of the company and they have internally named to application as a SCM-Store.

Data Accountability – The use of connectors to access and move data from one application to another helped in adhering to a certain nomenclature which increased the data authenticity. The OpenERP framework provided a central system for all the staff to interact as well as retrieve important data related to quick customer service.

Customer Interaction – The application provided the team at Larkstore a chance to increase customer interactions. The technology platform helped in facilitating the exchange of information between customers and the Larkstore staff related to the effectiveness of order completion.

Location wise Tracking – SCM-Store became an effective tool which led to effective inventory management of product inventories and new procurements leading to an optimum cost associated with inventory.

Better Management – With SCM-Store it was possible for the management to look at data which helped in making informed decisions about the order to cash index. The management institutionalised an effective innovation system looking at operations expenses and tracking execution improvements. The tight integration with service partners allowed the management to improve business strategy and re-align business priorities thus increasing organizational performance.

Multi-Company Multi-Store – With Magento and OpenERP combination Larkstore is able to manage their different entities along with its related store fronts on Magento. This is sync to OpenERP to handle operations under different companies in single database with user managed security. Larkstore able to faster turnaround time due to effective management of the back end operations through OpenERP

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