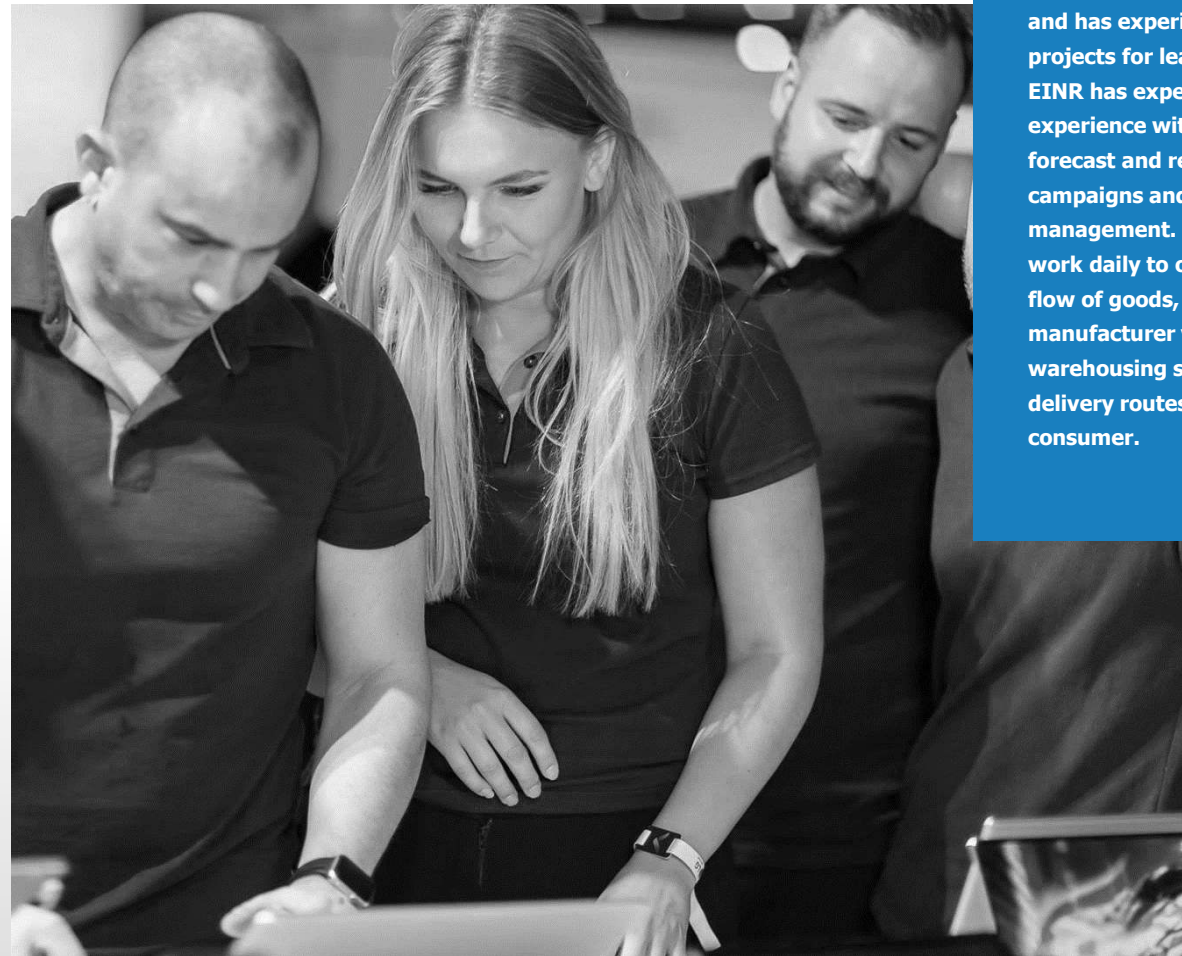


NEXT GENERATION RETAIL

AN ELKJØP REFERENCE



EINR.

With skilled consultants and well structured teams, EINR delivers market-leading retail solutions. EINR designs and implements solutions adapted to customer specific needs and has experience from large projects for leading retailers. EINR has expertise and experience with sales tools, forecast and replenishment, campaigns and assortment management. Our consultants work daily to optimize the flow of goods, from the manufacturer via complex warehousing solutions and delivery routes to the end consumer.

Elkjøp is the leading supplier of consumer electronics and household appliances in the Nordic countries and had a turnover of goods and services of NOK 49.8 million in the 2020/2021 financial year. The company has stores in Norway, Sweden, Denmark, Finland, Iceland and the Faroe Islands. Elkjøp is an omnichannel retailer that has both internet customers and over 400 stores with 11,000 employees.

Complete overhaul

Elkjøp began a full digital overhaul in 2015 when the electronics chain installed new SAP-based core solutions for its entire wholesale business: transport of goods from suppliers, often via its central warehouse in Jönköping, out to stores and e-commerce in four countries.

By 2018, Elkjøp was ready for the final stage of this technological quantum leap. The *Next Generation Retail* project was set up to migrate all data relating to consumers' purchases, home deliveries, returns, invoicing and payments over to one modern solution. With increasing sales volumes, it was also necessary to transfer all critical applications to the cloud to ensure suitable operation and performance.

Confidence and cooperation

Among many strong competitors, in terms of retail sales, home deliveries and store operation, Elkjøp chose EINR as their main partner, while KPS would be responsible for e-commerce. So an omnichannel relationship between physical shops and internet sales was the obvious solution. The decision to collaborate with EINR was based on their extensive experience and competence in the retail and wholesale industry, high-volume logistics processes, SAP solutions and not least, mobile solutions.

Elkjøp and EINR began a collaboration project with both business and technical resources in order to develop appropriate applications and work procedures. The project was completed in only three years and as responsible supplier, EINR had 25 of their own consultants involved in various agile teams. EINR was also supplemented by resources from excellent subcontractors such as EY Skye, Sopra Steria, Bouvet and the German company, Westernacher Consulting.

EINR.

The project was undertaken using agile methodology as solutions were continuously adapted to quickly changing requirements and market trends. Throughout the project, a lot of effort was put into ensuring effective change management and communication, by both Elkjøp and EINR. Both partners are convinced that this has contributed to the success of the project.

The figures speak for themselves

Together, Elkjøp and EINR have achieved the contractual targets set for both quality and cost. This is extremely satisfactory, especially because the rollout during the pandemic was carried out in four countries, with limited opportunities for physical meetings.

Store applications have been adopted by our 11,000 employees in four countries, plus many thousands of employees in our franchises. In the same year as the rollout took place according to plan, Elkjøp exceeded the milestone of NOK 50 billion in retail revenue. During *Black Week 2021*, almost 100 orders per second were registered from shops and up to 150 orders per second from e-commerce, which was a definite increase from the previous year. This is evidence of the robust solutions scaled to handle Elkjøp's increased volumes.

The future

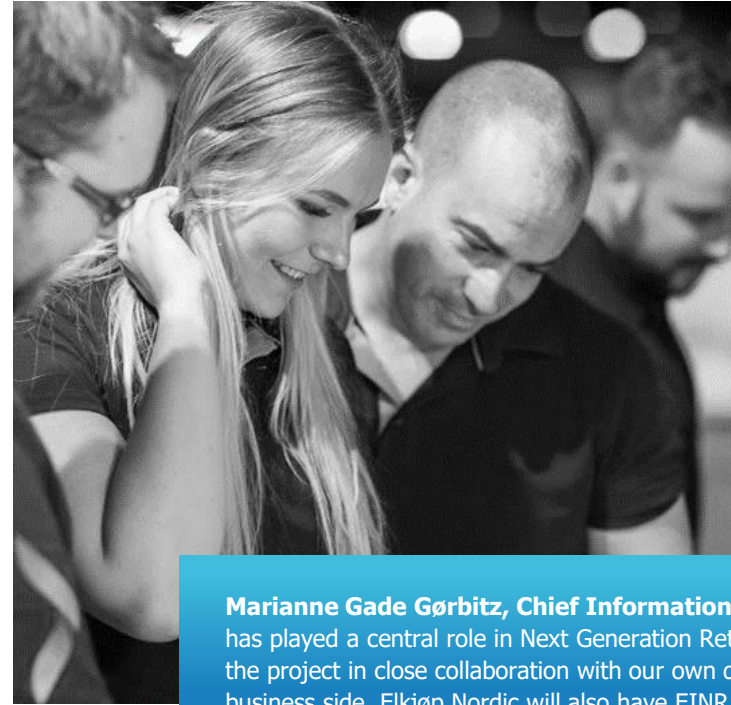
Elkjøp wishes to innovate continually and will continue to develop new products and services. Among other things, the company has plans to become a leader within sustainability and the circular economy, which will encourage new IT solutions at a high tempo. The same rate of development is expected within the development of seamless consumer journeys across sales channels. Elkjøp will also continue to deliver goods more quickly to customers and offer more services in home delivery.

Underneath the hood

The following IT solutions have been established or developed through Next Generation Retail:

- SAP ERP HANA
- SAP CAR HANA (Customer Activity Repository)
- SAP Transportation Management & SAP Event Management
- SAP Extended Warehouse Management
- Neptune DXP - for the development of mobile sales and operational solutions for stores and home deliveries
- Point of Sales by EINR (POSBE), a standard cloud-based POS solution from EINR software
- Azure micro-services (developed by ITDS; Elkjøp's R&D department)

All solutions are cloud-based and sales solutions are operated in a scalable Kubernetes cluster network.



Marianne Gade Gørbitz, Chief Information Officer, Elkjøp Nordic IT: «EINR has played a central role in Next Generation Retail. They have ensured the success of the project in close collaboration with our own qualified personnel in both IT and business side. Elkjøp Nordic will also have EINR as a strategic partner moving forward and continue this close and innovative collaboration»



GROUNDBREAKING APP FOR STORE SALES

Elkjøp has perfected their sales app over 30 years and always maintained a continually high standard. However, ageing technology, lack of access to cloud solutions and an increasing need for change and development meant that major changes were necessary. E-commerce has an increasing share of Elkjøp's turnover, although around 80% of sales are still in-store.

Defined roles

In collaboration with Elkjøp, EINR developed an agile team to develop a new sales application. Elkjøp had the role as product owner, and contributed with prioritisation, design, testing and user training. EINR lead the development work and ensures integration with associated services and applications.

One of the solution requirements was that it should work both on PC and mobile phones. The cloud-based sales application is based on APIs from a number of core systems and Microsoft Azure microservices. The APIs collect information about the customer, products, prices, stock, sales orders, goods deliveries and invoices. This collects all the information the sales person needs to be able to give the customer effective sales support and all data on customers, products and services are stored in one place - the cloud.

Time matters

It is worth noting that it only took a year for the team to launch the first version of this complex application that supports the sale of general electrical products as well as more advanced transactions such as complete kitchens, home deliveries, subscriptions, insurance, service and installations and digital products.

The project team has prioritised the *customer journey* and have built intuitive solutions that require minimal training. This is important because Elkjøp has 11,000 users in four countries with some natural *turnover* and with extensive use of students and other part-time staff at weekend and holidays.

Elkjøp has chosen EINR's cloud-based POSBE cash solution for cash sales in its warehouse. POSBE is a subscription solution built using the *API-first* principle. This means that it can be adapted to suit new circumstances and is therefore a perfect fit with Elkjøp's solution architecture. In Norway and Sweden it is also a requirement to have such a solution *certified*.

Sebastian Andersson, Product Owner, Sales Applications: «EINR was the driving force throughout the entire project. The team developed innovative and robust solutions in noticeably short time. EINR understood our requirements and quickly translated these into good solutions. This was vital for us to be able to achieve our incredible ambitious target. Elkjøp had an excellent relationship with the EINR team through all phases of the project and we look forward to developing more innovative projects together.»





Espen Marthinsen, Supply Chain Director: «Effective home delivery is a decisive competitive factor for Elkjøp. It's a complex process that requires sophisticated IT solutions. In collaboration with excellent subcontractors, EINR has delivered advanced planning tools as well as innovative mobile applications for the operation of Elkjøp's transit warehouse in four countries. The team has worked well across different cultures and created a solid basis for the further development and harmonisation of processes. EINR's consultants are well-qualified and very easy to work with and they will also be key partners in the future.»



HOME DELIVERIES BEAR A HEAVY BURDEN

Omnichannel retailers such as Elkjøp are completely dependent on effective home deliveries. When home deliveries went through the roof during the pandemic, Elkjøp needed more automated planning of routes and vans. It also meant being more dependent on the skills of individual employees.

Effective package tracing was also a definite requirement to ensure customers received their goods in time. And finally, better control of freight costs was important when choosing the right carriers and to be able to compete with freight costs.

Complex processes

Transport planning and optimisation are complex processes carried out by a few expert users in each country. This means that the project team is manned by experienced Elkjøp resources on the business side who are able to prepare the ground for development of the technological solutions.

Elkjøp and EINR established a project team with members from all four countries and have worked hard to harmonise processes and solutions across national borders where there previously were significant differences. This is vital so that future development and optimisation can be carried out just once and with a solution common to all.

New opportunities

After the great transfer to new systems has been completed, Elkjøp and EINR will continue their collaboration for greater harmonisation, optimisation and identification of opportunities. There are also concrete plans for new supply chains, in order to further reduce home delivery lead times and increase services.

Good results

The results show that Elkjøp has achieved a more effective planning process and has been able to move resources to other tasks. In addition, there has been a decrease in broken agreements with customers.

Improved package tracing has also made dealing with errors more effective as well as it being easier to take the lead in communication with customers. Finally, transparent freight costs have formed the basis for negotiating better conditions with carriers and identify cost drivers.

COST-EFFECTIVE STORE OPERATION

An Elkjøp store is not just an arena for sales and customer service, it is also a considerable logistics business. This requires cost-effective processes and applications for goods receipt, warehouse management, picking, packing and handover to customers, stocktaking and merchandise maintenance. Elkjøp employees asked for mobile and user-friendly solutions that supported them and spotted and dealt with deviations quickly and effectively.

Tailored product team

Elkjøp and EINR have established a tailor-made product team with competences in all project disciplines: design, development, testing and training. The team has been working agile with a prioritised *product backlog* and have developed 20 different mobile apps that use data from the central SAP systems via APIs. A more intuitive user interface has been developed that *leads* store employees through a more natural workflow.

- The employees work from work lists and the possibility for “push notifications” to mobile units when new tasks come in
- They can easily document deviations with images or give feedback to carriers/warehouses with goods receipt
- It is easy to send SMS to a customer when an item is ready for pickup

Effective apps

The apps for store operation have over 11,000 users in four countries and manage a huge transaction volume. For example, in the first quarter after the *handover app* was launched, there were almost two million goods deliveries to customers.

E-commerce has increased massively during the pandemic. This has increased the pressure on stores that prepare and deliver goods to customers via *collect@store*. The apps have clearly improved the efficiency of these processes and also lessened the requirement for training of new users as the user interface is so intuitive.

Elkjøp also expects more use of *ship from store*, which can give retailers with physical stores an advantage in competition on the most efficient home delivery. New services will also be developed in areas such as *collect lockers* and other innovative solutions that contribute to a better customer journey.

All further development will prioritise cost-effective store processes. This is vital for Elkjøp to be able to keep costs down, which again makes it possible to offer the best prices to customers.



Mattias Berggren – Operations Development Manager: «To be able to give customers the best prices, it is vital that Elkjøp manage to keep costs down. EINR has helped us develop a set of user-friendly apps that contribute significantly to cost-effective shop operation. We have definite requirements for functionality and customer experience. EINR’s team is good at translating requirements to intuitive mobile applications while at the same time taking the complexity of the core systems into account. We have always enjoyed a good collaboration with EINR and look forward to continuing this.»

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