

## IVIS helps Carphone Warehouse achieve successful diversification and six month return on investment

*Promotions software goes live across 820 stores in six months*

Visitors to the Acton, London headquarters of the Carphone Warehouse are instantly reminded of the company's stunning success since its formation over 20 years ago. A timeline in reception recalls how founder Charles Dunstone set up shop with £6,000 of his own money, was soon joined by old school friend David Ross, and set out on a journey which has led to the company becoming the second largest mobile phone retailer on the planet, with only China Telecom ahead.

The company has remained true to its founding principles, selling mobile phones, but has expanded geographically and diversified into many other areas of technology. There are now 820 Carphone Warehouse stores across the UK, and a further 2500 stores trading under the Phone House brand across Europe. Most recently the company launched a joint venture with Best Buy, the world's largest electrical retailer, and opened the first Best Buy store in the UK in the spring of 2010.

The company's expansion into other areas of technology means it sells laptops, netbooks, gaming products and a host of other technology products through its stores and online. It is an extraordinarily complex market. Consumers are becoming ever more price and value sensitive, and are aware that when they buy a laptop, for example, they might be able to find a promotion which gives them broadband too, or vice-versa.

Thus diversification presented the Carphone Warehouse with an array of challenges. It had to decide which products it would sell, how it would sell them competitively in a low-margin, price sensitive environment, and how it would execute sales within its stores, all of which are quite small, and are staffed by people more familiar with selling mobile phones.

"Our business decision to diversify presented us with an immense challenge" says Steve Borg, programme manager within the Carphone Warehouse's global business services division. "Pretty much every product we sell has some form of promotion attached to it, so we have tens of thousands of product combinations, with every sale linked to a credit check too."

The UK is a very cost driven market, and the public is well aware of the kind of promotions on offer when it comes to purchasing mobile phones, laptops, broadband, or gaming products. There is an opportunity for the Carphone Warehouse to excel through its sales execution and customer service, or to make a real mess of things if it gets things wrong.

An additional challenge for the company comes in the form of its complex assortment of bespoke IT and point of sale systems. "There are very few companies as complex and specialised as Carphone Warehouse around the world, so it is hardly surprising that there has never been anything standard that we could buy off the shelf from one of the big retail IT vendors," explains Borg. "We're an

incredibly agile company too. We work very quickly. You have to in this market if you want to remain in a market leading position.”

“The customer is the starting point for every decision we make at Carphone Warehouse. We want to be able to provide the customer with the best possible deal. Thus we needed to find a manageable process to ensure that our promotional activities meet our customers’ needs, and translate into more sales for the company,” adds Borg.

Carphone Warehouse needed to find a system which would help it to react quickly to the market, and which would present customers with a consistent interface whether they purchased in a store or online. It needed to automate the process to make sure staff across the store estate had all the information they needed at the point of sale to offer the right promotion without unnecessary delay – few aspects of modern living are more frustrating than a beleaguered sales assistance complaining that ‘the computer isn’t working.....’.

Steve Borg and his team undertook a thorough review of the market for retail point of sales promotions management software. The global brands like SAP and Oracle didn’t have solutions specific to the Carphone Warehouse’s specific promotional requirements. There are a number of vendors who have developed promotions specific software solutions, among them the IVIS Group, a UK based software company, founded in 1994, which lists easyJet, Tesco, Scottish and Southern Energy and Sportsworld amongst its impressive client list.

At the heart of IVIS Sonetto technology is a powerful decision management platform, designed to automate business decisions in multiple industries. It can be applied to any organisation with multiple supply and sales channels. “The IVIS team was quick to instil us with confidence that the product could do the job and respond to our industry specific requirements,” says Steve Borg. “We have a complex web of products and services, and we needed to be totally confident that the chosen solution would work for us.”

Carphone Warehouse awarded the contract to IVIS in March 2009, making it clear that the promotions needed to go-live in time for the critical Christmas shopping season. Steve Borg comments on how the process began: “Right from the start it was obvious that IVIS had committed very good competent people to the project. They were hugely committed to understanding our products in a series of workshops we held together. The people we met first, and effectively bought into, were the people we worked with, too. It doesn’t always work like that, as any purchaser or software and services will be able to testify.

“The implementation went well, and we went live in November 2009. As with any implementation we encountered problems along the way. That’s hardly surprising given the bespoke nature of our systems. It makes sense to think about how you overcome problems rather than pretending it won’t happen. The quality of the people at IVIS, and their commitment to the successful outcome of the project, meant we were always able to arrive at a mutually agreeable solution from both a commercial and technical perspective.”

Sav Thevendira, senior IT project manager at Carphone Warehouse adds that “the quality of the product has been wonderful. We did not experience any incidents, bugs or errors after the release,

which was critical in that hectic pre-Christmas period. The entire 820 store estate went live within a week. Staff didn't need any additional training to use the system.

"Any integration project is complex by definition, but the quality of the IVIS project management team was second to none. This was our biggest technical project of the financial year, and the quality of the final solution was extremely important to us. We simply couldn't afford for anything to go wrong once we had gone live, as this would have had an immediate impact on the company's bottom line. However not a single problem was reported from any of our 820 UK stores. The flexibility of the product and excellence of the project team were first class."

The implementation team agreed a phased go-live programme, starting with the company's UK stores. The diversification has been a success. Sales volumes were up 20% on the previous year despite a backdrop of still fragile consumer confidence as the UK remained in recession at the back end of 2009. Dynamic promotional activity, supported by the IVIS solution, was considered key to this success. Carphone Warehouse also reported an increase in average transaction spend, and saw a time-saving of 20 seconds per customer in store, which makes a considerable difference.

"We estimated that the IVIS system would pay for itself within six months, and we weren't disappointed," Steve Borg concludes. "IVIS has helped us to achieve what we set out to do. We're competing successfully in new markets, offering our customers the best possible deals on a large and complex range of products. I think it's the quality of the IVIS people that really made the difference. The product is flexible, but it's the commitment of their people to understanding the dynamics of our business which ensured we have been able to realise such a pleasing return on our investment within just six months."

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