



Migros: Guaranteed fresh with SAP IS-Retail.

Migros is the largest supermarket and discount retailer in Switzerland. Founded in 1925 in Zurich with the simple idea of creating a direct sales organization linking producers and consumers, the company has over the years established its own production facilities and factories and created new brands. In 1941 the company became one cooperative; today, that number has grown to ten, with a presence across Switzerland. All of the cooperatives act autonomously but are combined under the umbrella of the Zurich-based Migros-Genossenschaftsbund [Federation of Migros Cooperatives]. The group, boasting about 80,000 employees, is the largest employer in Switzerland and showed sales of approximately 18 billion Swiss Francs for 1999. Retail accounts for two-thirds of this figure; one-third was brought in by production facilities and service providers. To keep sales high, Migros relies on reviving existing markets and on new marketing channels such as e-commerce, convenience stores and retail concepts blending commerce, food services and entertainment. In doing so, Migros uses its potential by centralizing its non-food and

general foodstuffs logistics. In the past, the cooperatives drew on their own IT solutions. But now, the plan is to consolidate them into a heterogeneous IT landscape using standard solutions. Migros has been watching the IT market since 1992 and has even presented program requirements in a call for bids from software companies.

The first candidate for the SAP IS-Retail fresh merchandise information system project was the Migros Aare cooperative. It is the sales leader among the Migros cooperatives and, together with the Migros Zurich and Migros Lucerne cooperatives, makes up the MIZU association, which brings in about 45 % of overall sales.

Migros optimizes IS-Retail for fresh foods

The preparatory project began in mid-1998. The organizational structure was defined, the project planned and the products grouped as fresh foods,

Industry	Retail
Application	SAP R/3, modules FI, CO and IS-Retail, IS-Retail Store
Software	AIX HACMP Tivoli Libelle
Hardware	RS/6000 S80 RS/6000 H70 ESS

“True standard software – for us – only means one thing: SAP IS-Retail. That’s why it will prove to be No. 1 in retail.”

Urs Furrer, Head of Information on Processing Migros Aare Cooperative



groceries or non-food items. The SAP IS-Retail project started up at the beginning of 1999. Twenty employees from the Aare, Lucerne and Zurich Migros cooperatives and 7 SAP consultants saw to it that a successful solution was found. "Our teamwork has been very cooperative and flexible," says Urs Furrer, Head of Information Processing, Migros Aare Cooperative, "The SAP consultants were very accommodating in many areas. Migros Aare has only had to come up with its own solutions where they were unavoidable in internal operations."

The fresh foods area is grouped into three categories at Migros: Dairy, with about 1,000 products; produce (vegetables, fruit and flowers), with around 6,000; and meat, with about 5,000. As control differs greatly from area to area, they are being implemented one at a time. The dairy area has been operating productively with success since May 2000; produce will follow in February 2001 and meat in September 2001. An upgrade to SAP R/3 4.6 C will occur then, followed by the rollout for the Migros Zurich and Migros Lucerne cooperatives in early 2002.

Separate solution created for stores

About 250 users at the central offices work with SAP IS-Retail, while SAP IS-Retail Store is being used at the stores. This browser-like graphic interface simplifies handling of the SAP industry solution for about 1,200 users on site and allows them to place their orders more efficiently. Relying on an order suggestion as a basis, users must concern themselves above all with any possible exceptions. To do this, the stores have anywhere from 2 to 20 PCs at their disposal, depending on their size. All three fresh food lines feature very short ordering and delivery cycles for the stores, as well as time-critical transactions. Migros is in operation 24 hours a day and six days a week. When the stores close at about 10 p.m., the cash register figures go into the SAP system with about 29,000 items daily (today). At the same time, about 30,000 new order items are generated and transferred to production. Differences in the numbers automatically show inventory shrinkage or damaged goods, as the case may be. At midnight, packaging of fresh merchandise to be delivered to the stores in the morning

begins. Only Sunday remains for maintenance of the merchandise-related system. That is why it is extra-ordinarily important that the IT systems be highly available and that they can be administered centrally.

RS/6000 guarantees continuous operation

For its core business, Migros Aare uses several IBM RS/6000 server models: two IBM RS/6000 S80 and five IBM RS/6000 H70. One IBM RS/6000 S80 is used as database server, and the second serves as backup for the database server. They are linked via HACMP, which guarantees high availability. Five separate IBM RS/6000 H70 are available for development, testing and quality control. A shadow database solution by Libelle Informatik is running on one of these. Optimum performance and maximum availability of all system components is guaranteed by the Tivoli system management solution, and the Enterprise Storage Server (ESS) backs up the drives. The mirror database is backed up by an IBM 3494 Tape Library onto tape and then exported. "With its open scalability and high availability, the IBM RS/6000 clears our way to all technical opportunities," says Urs Furrer. "In conjunction with SAP IS-Retail, it contributes sustainably to our ability to pledge freshness to our customers."

IBM Global Services handled the implementation of the systems. "IBM Global Services convinced us in the presentation and in practice," says Urs Furrer. "The collaboration was excellent, and the extreme time pressure made it necessary to function in a very unbureaucratic way. The system was up and running within a year, and our employees were able to increase their knowledge – thanks to IBM Global Services, both are in tip-top shape."

Libelle shadow database as protection

For round-the-clock protection of the SAP R/3 database – also against software and user errors – Migros uses the database mirror from Libelle Informatik. In the event of a crash, a switch is made immediately to the time-deferred mirroring system, and the last error-free status can be reconstructed without data loss. This

offers, for one, the optimum protection in the event of an emergency, but it also can be used as a recovery solution, as a data recovery operation can be done significantly more quickly than a "restore from tape."

A look into the future

The Migros Aare cooperative's "Fresh" project will be complete by autumn of 2001. The rollout in the Lucerne and Zurich cooperatives will start in January 2002 and last until autumn of 2003.



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IBM Germany GmbH
70548 Stuttgart
ibm.com/de

IBM Austria GmbH
Obere Donaustrasse 95
1020 Vienna
ibm.com/at

IBM Switzerland
Baendliweg 21, P.O. Box
8010 Zurich
ibm.com/ch

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