



HOUSE OF FRASER

[www.houseoffraser.co.uk](http://www.houseoffraser.co.uk)

## Overview

Country: United Kingdom  
Industry: Retail

### Customer Profile

Britain's leading retailer of designer brands.

### Business Situation

House of Fraser wanted to replace its costly, complex, proprietary EDI system with an open, standards-based collaboration platform.

### Solution

Working with Covast software, House of Fraser implemented Microsoft® BizTalk® Server 2004 to integrate its systems internally and to collaborate more effectively with suppliers.

### Benefits

- B2B system management costs reduced by 50 percent
- Cost of paper communications reduced by more than 90 percent
- New suppliers added to system in just one hour
- A foundation for vendor-managed inventory
- Scalability to handle more suppliers
- Scalability to handle traffic increases



## House of Fraser Aims to Halve Cost of Managing Electronic Supplier Collaboration

*“By eliminating the configuration required for adding new suppliers on our existing, proprietary EDI systems, we expect to achieve significant savings”*

*Andrew Bond, Development Services Manager, House of Fraser*

Historically, House of Fraser has worked with proprietary technologies for exchanging data electronically with its suppliers. This was costly and time-consuming to manage and the task of adding new suppliers to the system typically took two to five man-days. Using a single integration platform built on Microsoft® BizTalk® Server 2004, the company plans to cut its management overheads for business-to-business systems by 50 per cent. In addition, the retailer will be able to set up new suppliers on the system in just one hour using drag-and-drop prompts on the graphical user interface. In addition to these quantifiable benefits, House of Fraser will also have a single, centralised location for viewing sales and stock information. The solution will scale to handle larger numbers of suppliers or greater volumes of traffic.

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## Situation

The retail marketplace is characterised by growing global competition and shrinking margins. At the same time, customers are better informed and less loyal than ever before, requiring retailers to differentiate themselves on both price and the quality of the shopping experience.

House of Fraser, Britain's leading designer brands retailer, faces precisely these challenges. To help it maintain and extend its successful position, it began looking for new technology solutions to improve the efficiency of its supply chain processes. Currently, the company handles transactions from 300 suppliers electronically on established EDI systems. It wanted to scale up to handle 1,300 suppliers electronically.

Unfortunately, the retailer's existing business-to-business (B2B) system was based on proprietary electronic data interchange (EDI) technologies and was difficult and expensive to manage. The process of setting up a new supplier on the system was also time consuming.

Andrew Bond, Development Services Manager, House of Fraser, says: “We wanted to replace our entire B2B infrastructure. In the past, we successfully collaborated with business partners using EDI, but the complex, costly software we had in place to support it was becoming untenable.”

In 2003, House of Fraser undertook a strategic review of its IT infrastructure. It set a number of goals for its B2B system going forward. These include:

- The need to enable vendor-managed inventory
- The elimination of paper communications with business partners
- 100 per cent of orders to be placed electronically

House of Fraser also hoped to share strategic data, such as sales information, with suppliers. This is so valuable to suppliers' business planning that they will be prepared to pay for access to the system, helping House of Fraser recoup its IT investment. Andrew Bond says: “It was important that our new B2B system paid for itself quickly. One way to achieve this is to provide a range of value-added supply chain information to suppliers in real time.”

The retailer also wanted to lower the bar to electronic communication for smaller suppliers. As Andrew Bond says, “One of the key problems with EDI is that Value Added Network (VAN) charges are a significant barrier to smaller suppliers coming online. With VAN costs representing 75 per cent of our total electronic communication costs, it is easy to see why.”

Bond Continues: “Historically, the B2B market has been characterised by proprietary technologies. Specific skill sets were required to support EDI solutions and ongoing development and integration projects. One consolidated, standards-based architecture meant we could reduce the cost of system maintenance.”

## Solution

To share information effectively across the entire supply chain, House of Fraser is currently implementing a messaging hub built on BizTalk® Server 2004. Data previously flowed between disparate systems internally, whereas the new platform will enable a Web services model where data is updated across the enterprise in real time.

The BizTalk implementation at House of Fraser will be supported by B2B technology from Covast and services provided by BizTalk integration specialist, SolidSoft. Covast delivers Microsoft® .NET-based solutions that

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Andrew Bond, Development Services Manager, House of Fraser

simplify the complexity of connecting, translating and sharing electronic documents with customers and trading partners. It is a recommended partner by Microsoft for EDI and AS2 (secure Internet technology) deployments.

Daan Scheer, CEO, Covast, says: “Most organisations have more than one platform in place to support their EDI systems. Because House of Fraser is deploying a single, fully integrated system with BizTalk Server and Covast software, it will be able to reduce its maintenance costs significantly. The new system will also provide a single location to view electronic documents that are exchanged with suppliers and others that pass between internal House of Fraser systems.”

House of Fraser will deploy Microsoft’s BizTalk enterprise tool set in collaboration with its strategic implementation partner Solidsoft.

Garth Pickup, CEO, Solidsoft, says: House of Fraser chose Solidsoft as their strategic partner to provide consultancy services to design and develop the Supply Chain solution in conjunction with their own internal development team. Initially, the project will support the 300 or so suppliers that operate on the existing EDI systems. It will ultimately be extended to handle 1,300 suppliers. Projections are that the solution will deliver a return on their investment within 6 months”.

The House of Fraser solution is currently operating as a proof of concept that reflects the complexity of the House of Fraser architecture. As a key element of the proof of concept, the IT team has connected BizTalk to the existing current Value Added Network (VAN).

Bond continues, “BizTalk Server 2004 will enable us to integrate systems and business

processes quickly and easily in a code-free environment. Integrating systems or adding new suppliers will become a drag-and-drop operation that can be completed quickly and accurately via an intuitive Graphical User Interface (GUI).”

This use of BizTalk Server 2004 by House of Fraser will also provide a single platform for further internal application-to-application integration. After rolling-out the B2B solution the retailer also plans to connect back-end systems to its existing point-of-sale (POS) solutions. This will enable the retailer to integrate its 50 stores, its back-office applications and up to 1,300 suppliers on a single platform.

Historically, the House of Fraser IT team worked extensively with the Oracle development platform and J2EE. Now, all development work uses the Microsoft® .NET Framework, an integral component of Windows that provides a programming model and runtime for Web services, Web applications and smart client applications.

As Andrew Bond says, “We have traditionally used Microsoft technology on the desktop and POS, and we now feel that Microsoft has made huge advances on the server side in terms of scalability and performance. Using the .NET Framework for our development platform enables us to write code faster and work with a highly flexible object-oriented development model.

“Implementing the .NET Framework was a big change for us, but we have achieved excellent levels of productivity extremely quickly. Now, we have a consistent approach to development projects internally and we ensure best practice by looking after developers through their first .NET projects.”

“By eliminating the configuration required for adding new suppliers on our existing, proprietary EDI systems, we expect to achieve significant savings. In addition, where we can replace paper-based communications by integrating new suppliers onto the Microsoft platform, we expect savings of more than 90 percent”

Andrew Bond, Development Services Manager, House of Fraser

## Benefits

### Operational Efficiency

By replacing its proprietary EDI software, House of Fraser will vastly reduce its maintenance and configuration requirements and generate an immediate return on its investment.

Andrew Bond says, “By eliminating the configuration required for adding new suppliers on our existing, proprietary EDI systems, we expect to achieve significant savings. In addition, where we can replace paper-based communications by integrating new suppliers onto the Microsoft platform, we expect savings of more than 90 per cent.”

In addition, House of Fraser expects to save 50 per cent of its software maintenance budget for B2B systems. As a result of these benefits, House of Fraser will be positioned to increase the volume of its electronic communications and the number of its electronic trading partners without incurring further costs.

### Rapid Recruitment of New Suppliers

Traditionally, the task of setting up new electronic B2B connections with new suppliers has been slow and expensive at House of Fraser.

As Bond explains, “Our B2B strategy has always been governed by the time it took to add and set up new suppliers and the proprietary skills required. The job used to take between two and five man-days, but anything out of the ordinary could take much longer.

“In one case, we wanted to generate XML directly from one database and route it to a supplier via EDI without changing the format. Although this sounds very simple, the operation took us almost 30 man-days.

“Using the new system the process of adding new suppliers is similar to adding any kind of user to an IT system. It involves simple drag and drop procedures and takes just one hour. This improvement is delivering massive time savings and enabling us to work towards our goal of 100 per cent electronic communication across the supply chain.”

The new system also offers small suppliers the opportunity to communicate with House of Fraser via a simple Web browser.

Bond continues, “The need to integrate electronic orders from small suppliers is usually more of an issue for the grocery sector, but several of our suppliers need to access the system over the Internet via a browser. Our new platform enables us to set these users up quickly and easily and give them secure access to the information they need.”

### Moving Towards Vendor-Managed Inventory

House of Fraser hopes that suppliers will now be able to contribute towards the implementation of the new value adding architecture. The retailer can achieve this by delivering a range of new, value-added stock and supply chain information that helps suppliers to streamline their operations and cut costs.

Andrew Bond says, “Suppliers will be prepared to invest in the new system because it enables low-cost electronic communications, from orders to invoices and advanced shipping notices. In addition, we can deliver information on best selling lines and trends in different geographical areas. This is hugely valuable to suppliers.

“All this moves us closer to true vendor-managed inventory, where supply chain processes are entirely automated and House

## For More Information

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For more information about Covast products and services, call +31. 10.235.10.22 (Europe) or visit the Web site at: <http://www.covast.com/>

For more information about House of Fraser products and services visit the Web site at: <http://www.houseoffraser.co.uk/>

For more information about Solidsoft products and services, call +44 (0) 1256 375700 or visit the Web site at: <http://www.solidsoft.com/>



of Fraser simply becomes a venue where supplier offerings are sold.”

### Scalability

Now, House of Fraser has a flexible integration platform that will scale to accommodate new suppliers and business processes as its needs change. In addition, new hardware devices and software servers can be built into the system quickly and easily to handle increased traffic volumes.

Andrew Bond, Development Services Manager, House of Fraser, says: “The Microsoft platform makes it easy to plug in additional hardware and software servers as the B2B operation grows. Because the system makes use of standard, Intel-based hardware servers, hardware costs will be minimised going forward.”

## Microsoft Windows Server System

Microsoft® Windows Server System™ is a comprehensive, integrated, and interoperable server infrastructure that helps reduce the complexity and costs of building, deploying, connecting, and operating agile business solutions. Windows Server System helps customers create new value for their business through the strategic use of their IT assets. With the Windows Server™ operating system as its foundation, Windows Server System delivers dependable infrastructure for data management and analysis; enterprise integration; customer, partner, and employee portals; business process automation; communications and collaboration; and core IT operations including security, deployment, and systems management. For more information about Windows Server System, go to: <http://www.microsoft.com/windowsserversystem>

## Software and Services

### ■ Products

- Microsoft® BizTalk® Server 2004

### ■ Technologies

- Microsoft® .NET Framework

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