

DXC Oxygen

# Spotlight opens up new web channel with the SAP Commerce

Client Name: Spotlight

Location: Melbourne, Australia

Industry: Retail

### Challenge

- Needed a solution to cater for multiple brands, operating in multiple countries
- Needed more channels to reach out to customers and cater for complex promotion rules
- Vast product range and Stock Keeping Unit (SKU)

### Solution

- Multi-site, multi country SAP Commerce platform that seamlessly integrated with SAP ERP and downstream fulfilment system as well as multiple payment systems and third party systems
- Multiple touch points for the customers to engage with the brand with and new custom promotion engine
- Robust platform to cater for extensive product range and large SKU count with supporting Product Information Management (PIM) system

### Results

- A future proofed, performance oriented and scalable solution operating across multiple sites and regions
- Advanced multi-channel touchpoints and targeted promotional activity
- A more personalised experience increased customer satisfaction and helped to foster customer intimacy

## Fabric, craft and home decorating retailer Spotlight chose SAP Commerce, implemented by DXC Oxygen, to take its extensive product range online via an e-commerce channel and open up a new touchpoint for customers.

Spotlight Pty Ltd is the largest chain of fabric, craft, and home interiors stores in Australia. The company employs more than 6700 staff, operates in Australia, New Zealand, Malaysia, and Singapore and is headquartered in South Melbourne. The brand is synonymous with expertise in crafting, fabrics and home decorating. Spotlight is a privately owned Australian family business. It started with two brothers helping their mother run a dress fabric stall at Queen Victoria market during the 1970's and has grown to more than 120 stores across Australia, New Zealand, and Asia. Spotlight had a website but no online store. Another division of the Spotlight Retail Group (SRG), Anaconda, was already operating successfully online. When Spotlight celebrated its 40th anniversary in Australia, they went to market to find a strategic online partner that could power e-commerce growth and keep pace with customer demand across their various multi-site/ multi-brand platforms.

### Project Drivers

Spotlight CIO Adrian Ward-Smith says the decision to invest in an e-commerce presence was motivated by a number of factors. "The online channel for the Spotlight Retail Group establishes another touchpoint for our customers to interact with us. It provides a mechanism to both grow our business and to improve customer intimacy," Ward-Smith says. However, when the company went out to market to evaluate not only the best e-commerce platforms for its immediate needs, but also one that would accommodate the group's future growth plans across multiple sites and multiple brands, there were a number of key considerations.

"Our product range is very broad and we have a high level of promotional activity. The platform needed to be robust enough to handle our large SKU count, our operation in multiple countries, and ultimately service both the Spotlight and Anaconda brands," Ward-Smith says. "From the outset, we identified the need to have a Product Information Management (PIM) system to support our e-commerce business and found the inbuilt Profitability and Cost Management (PCM) within the SAP Customer Experience suite a key differentiator."

Peter Aarons, IT project manager, Spotlight, says the company undertook a formal closed tender process that evaluated a number of different providers. "A cross-function panel drawn from our Spotlight and Anaconda businesses scored all providers against categories such as fit with business requirements, vendor integration, partner stability and support, technical approach and financial impact. SAP Commerce emerged as the clear leader," Aarons says.

"We selected SAP based on the broad strength of its functional offering, together with our high confidence in its long-term viability in the market. A key feature that differentiated SAP Commerce was its unique Product Information System (PIM) that could be integrated with our existing SAP product and pricing model," he says.

### Implementation

DXC Oxygen, one of SAP's trusted implementation partners, was awarded the contract for the implementation and launched phase one of the project for Spotlight. "Our immediate focus was to build a platform that gave our customers the ability to shop 24 hours a day, 7 days a week. Core to our customer value proposition is our breadth of range, so we needed to replicate that online and chose to roll out department by department," Ward-Smith says. Phase one included getting the base e-commerce capability online including fulfilment processes from hub stores and launching a home delivery service with a flat rate of \$8.99 per order for Australian customers.

The SAP Commerce platform needed to integrate with SAP ECC for product data and SAP CRM for customer information. Spotlight has a significant VIP program, so it was important for the retailer to offer the same customer benefits online, and to provide a consistent experience across channels. "From a product perspective, knowing availability of stock is key. We are currently enhancing our inventory integration to provide a 'near time' view of stock on hand, which is essential for displaying availability by store and for future 'click and collect' options. Fortunately, our back-end SAP systems were already receiving trickle feeds of transactions from our stores, making the integration relatively simple," says Ward-Smith.

In phase one, the initial range was limited to the manchester, home décor, and party departments. Store picking, and packing was facilitated through the development of an interface with a paperless picking system. When a customer places an online order, the system automatically detects which picking location has the capacity to fill the entire order and routes it directly for picking and packing. If no store has the complete customer order in stock, then the software will automatically split the order across two stores for dispatch directly to the customer.

The second phase of the project offered customers a number of additional functions, including the ability to buy products by the metre such as Spotlight's popular fabrics and ribbons as well as bulky items that incur a higher shipping cost. The sale of gift cards was also added online, and promotional catalogues integrated with the shopping cart. The final stage release was launched, to cater for New Zealand customers.

### Upskilling the Internal Team

The implementation effort was supported by a multi-disciplined internal project team made up of both business and IT resources. "The core team is relatively small, and we flex resources for content development and during testing phases. Throughout the project there has been a focus on building capability – this is in order to facilitate a seamless handover to support once the core project components have been delivered," Ward-Smith says. The back-end components of SAP Commerce, known as cockpits, are being used by about 15 Spotlight business users to maintain product data, imagery and other aspects of website content. As the introduction of e-commerce touches most parts of the Spotlight organisation and affects many processes, the company had a dedicated change manager focused on communicating across the business and involving stakeholders in the transformation. "Key to this is encouraging the organisation to think of e-commerce as just part of what we have always done, rather than a separate silo. It is still retail and we are simply interacting with our customers using a complementary medium," Ward-Smith says.



### **Business Benefits**

In less than four months on the SAP platform, Spotlight fulfilled a significant number of online orders each day and by the end of that year had close to 60,000 products available online. “The whole online approach has been a major business transformation for us. The Spotlight business has never had an e-commerce site before, so it’s been an exciting learning curve. The SAP Commerce platform has been easy to use for our staff and smooth to operate on,” says Aarons. The online presence not only provides convenience and familiarity with the product range for customers, it also enables Spotlight to extend its reach into remote locations that are not easily serviced through the store network, according to Ward-Smith.

“At Spotlight we have always had a high level of engagement with our customer. The introduction of the SAP Commerce platform simply provides another mechanism for us to engage with our customers and for them to engage with us,” he says. “One of the key benefits of having the online channel is that we can use our CRM data to create a more personalised experience for our customers – being more targeted with things like our promotional offers increases satisfaction and helps build customer intimacy.

“As we progress, our online channel will become more and more integrated with our physical store network. From a longer-term perspective, we wanted to make sure our platform would scale and continue to be developed in line with the e-commerce customer’s changing expectations, which are moving at lightning speed,” Ward-Smith says.

### **Future Developments**

Spotlight is currently developing a mobile site for release in the coming months, leveraging the mobile templates that came with the SAP Commerce accelerator wherever possible to minimise development effort. Development of click and collect capability and the replatforming of Anaconda’s e-commerce site to SAP is also underway. Looking further ahead, Spotlight is also looking at improvements to the in-store experience for customers through the introduction of iPads in store for sales teams and setting up an online portal, so customers can enter their own measurements to obtain quotations and place orders for custom made curtains and blinds. “Our short-term goal is for the online store to generate revenue in excess of one of our largest stores and we are well on track to achieving this,” says Aarons. “Overall, we aim to improve the Spotlight experience through better customer engagement and increase the number of VIP customer cardholders that interact with us electronically.”

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