

Summary

Lodestone delivers Business Intelligence to Layby Services Australia

SAP Business Warehouse (BW) was successfully implemented at Layby Services Australia (Layby) within a ten week time frame. It gives them an analytical reporting capability over their SAP ERP and CRM systems focusing on Finance, Sales and Distribution, Lead Management and Activity Analysis.

The project included a Knowledge Discovery component using BW data mining tools. Association and cluster models based on historic sales data enabled Layby to discover information on consumer buying behaviour. The intelligence gained from this information combined with analytical reports has allowed Layby to realise a rapid return on investment.

The Company

A\$ 400 million industry has just few players vying for market share

Layby is a private equity backed entity that purchased the Hamper King brand from Innovations in August, 2008. Hamper King delivers a stress-free, fabulous Christmas for thousands of Australian families by providing a great range of quality hampers and products, all on easy weekly payments.

Unwrapping Hampers of Intelligence

Initial Situation

Layby had just completed the first phase of their Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems and only vital real-time operational reports were implemented. The strategy early on was to develop the majority of reports in BW, so Layby were eager to start with the second phase.

Layby's unique business model presented challenges early on with the majority of standard BI reports not suited to the businesses requirements. Customisations to modify or develop new cubes and tables were performed to overcome any gaps between content. The most demanding aspect of the project was the tight ten week time frame set for the implementation which would include the building of the EDW, delivery of a range of custom reports, dashboards and data mining models.

Project Outline

Laying down a framework for Knowledge Discovery

The second phase of Layby's system implementations involved the establishment of an Enterprise Data Warehouse (EDW). This data warehouse provides a single repository for Layby to store and report organisational information. The project was divided into two stages:

- 1 Establishment of an EDW with analytical reporting including daily operational dashboards
- 2 Knowledge Discovery to mine past sales history for hidden patterns of consumer buying behaviour



Objectives

Provide transparency across the organisation

The objective of this implementation was to provide flexible reporting with "slice and dice" capability, making information easily accessible from a single source, then utilise this data to discover knowledge about the organisation.

Solution

Increase knowledge to increase sales

The BI solution provides intelligence on product combinations by region and customer allowing Layby to accurately target segments of the market for campaigns and advertising. The analytical reporting capability also lets them answer business questions of who buys what, when, how often, and how much they spend. The solution also incorporates external data captured around Mosaic codes, a customer demographic grouping, and catalogue page details. This data and capability gives Layby the ability to respond to ad-hoc business queries in a more accurate and timely manner.

The Knowledge Discovery component utilises the standard SAP BW mining models and tools. This was where most of the benefits of the data warehouse were gained. Data mining is the process of finding correlations or patterns hidden among large amounts of data. The 'association mining models' were used to execute algorithms over historic sales transactions and we were able to obtain previously unknown patterns and relationships on product combinations. A monthly report with updated associations assists sales staff in offering customers related products to effectively increase sales.

Data Mining sample result set

Lead Product	Kings Hamper
Dependant Product	Thirst Quenchers
Support	5.0%
Confidence	10.12%
Lift	2.0%

→ When a customer buys a Kings Hamper they are 2.0 times more likely to purchase the Thirst Quenchers package as well

Outcome

Rapid Return on Investment

In just ten weeks a fully functional web-based BI solution providing sales, marketing and financial analysis was successfully delivered. The data mining component provides knowledge that is vital to supporting business decisions across the organisation from marketing and advertising to product development. Layby believes it has allowed itself a huge competitive advantage with revenue already doubling after just six months in business in a market that is contracting in economically challenging times.

Toby Poulson

CFO

Layby Services Australia

"Ultimately, BI helps us keep our finger on the pulse of the business and achieve the best return on our marketing investment through campaign analysis and greater customer segmentation."

