Business Challenge

With Porrúa's catalog of over 500,000 books, customers could sometimes find they had ordered an out-of-stock item, leading to delay and disappointment. How could Porrúa gain greater inventory insight?

Transformation

Porrúa upgraded to SAP ERP and SAP Customer Activity Repository powered by SAP HANA, supported by high-performance, highly scalable IBM Power Systems and IBM Storage.

**Edgar Gobea,
IT Manager,
Porrúa**

Business benefits:

10%
increase in sales year-on-year

30x
more-frequent production of sales reports, enhancing decision-making

Cuts
operating costs by re-allocating administrative tasks to customer-facing roles

Porrúa

Strengthens leading role in competitive market by gaining greater insight into inventory

Porrúa is a bookseller and publishing company in Mexico, and is one of the longest-established businesses operating in the Mexican book trade. The company operates a flagship store in Mexico City, 72 other stores, and three distribution centers; Porrúa employs around 900 people.

"With SAP ERP powered by SAP HANA on IBM Power Systems and IBM Storage, we will be able to eliminate inventory management errors."

Edgar Gobea, IT Manager, Porrúa

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Improving inventory management

In a bookselling sector crowded by global e-commerce giants, it is vital for more traditional retailers to maximize efficiency in order to maintain high customer satisfaction and drive loyalty.

Porrúa, the largest bookseller in Mexico, operates 82 stores supported by three warehouses. The company has a sales catalog of aorund 500,000 books, as well as various consumer technology products such as laptops, smartphones and tablets.

The existing inventory management system was unable to provide real-time stock information. As a result, customers could purchase products via Porrúa's web site despite the items not being available, often resulting in lengthy delays, which could impact customer satisfaction.

This limited stock insight and affected sales analysis and replenishment planning; in some cases, Porrúa discovered that it had sold out of popular books before it had time to replenish stock, impacting sales and revenues.

As an additional consideration, the slow operating speed of Porrúa's existing systems meant that the company could only create sales reports on a monthly basis, with limited granularity, which prevented detailed examination of business performance, and executives often relied on sales estimates rather than exact figures.

The infrequency and lack of detail in the sales reports meant that Porrúa could not gain an accurate picture of overall performance—hindering management's ability to make decisions to spur further growth.

"We wanted greater insight into our inventory and sales data—we knew this was the basis for improving our overall business performance," comments Edgar Gobea, IT Manager, Porrúa. "We set out to implement a system that would enable us to increase our efficiency and ensure customer loyalty."

Turning over a new leaf

To gain a more granular understanding of inventory levels and drive operational efficiency, Porrúa implemented SAP ERP and SAP Customer Activity Repository, both powered by the SAP HANA in-memory database, as well as the SAP BusinessObjects Business Intelligence, SAP Landscape Transformation Replication Server and SAP Solution Manager.

"It's no exaggeration to say that by deploying SAP ERP powered by SAP HANA on IBM Power Systems with IBM Storwize and IBM Spectrum Protect we have transformed the way Porrúa does business."

Edgar Gobea
IT Manager,
Porrúa

Edgar Gobea comments: "We were primarily attracted to the functionality that SAP ERP and SAP Customer Activity Repository powered by SAP HANA could provide for us, as well as the vastly improved application speed that we could achieve by migrating to SAP HANA. We knew that gaining an accurate and unified view of the business by integrating inventory data from across our locations was vital to achieving our efficiency and customer service goals.

"We felt sure that implementing SAP ERP and SAP Customer Activity Repository powered by the high-performance SAP HANA database would more than meet our needs. And as an additional advantage, SAP ERP and SAP Customer Activity Repository powered by SAP HANA were considerably more cost-effective than the other proposals we received."

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Powering up with reliable IBM infrastructure

To host its new SAP environment, Porrúa selected two IBM Power Systems S824L servers running SUSE Linux Enterprise Server for SAP Applications and two IBM Power Systems S824 running IBM AIX®. To store data, Porrúa chose the IBM Storwize® V5000 because of its flexibility and reliability, and implemented IBM Spectrum™ Protect as its backup solution.

The company engaged its long-time IT consultant and IBM Business Partner Hyperflex Technologies to manage the implementation of its new IBM infrastructure, with support from IBM Systems Lab Services.

"We know from long experience of working with IBM that we can have absolute trust in its hardware," notes Edgar Gobea. "For us, the key advantage is that the excellent performance and reliability of IBM Power Systems, IBM Storwize and IBM Spectrum Protect gives us total peace of mind; we can work safe in the knowledge that nothing will go wrong.

"We were also very impressed by the flexibility of the IBM infrastructure. Hyperflex Technologies ran several workshops for us as part of the implementation to demonstrate the benefits of using logical partitions (LPARs) to optimize the capacity of the IBM Power Systems.

"And as an added benefit, to minimize our SAP licensing costs, Hyperflex

Technologies showed that we could use fewer processors with IBM Power Systems than would have been possible in other servers—an important cost saving."

Hyperflex Technologies completed the IBM infrastructure implementation on time, in around four months, and on budget. Working with an SAP integrator, Porrúa went live with its new SAP environment supported by its new IBM infrastructure in around six months.

"We have a very strong relationship with Hyperflex Technologies" comments Edgar Gobea. "We were delighted with the work that they did, which made my life very easy. Hyperflex Technologies worked closely together with our SAP integrator and between them, they planned and implemented practically the entire project, with the Porrúa team simply providing strategic oversight."

Cuts operating costs by re-allocating administrative tasks to customer-facing roles

Growing customer loyalty to increase sales

With its new solutions from IBM and SAP, Porrúa has significantly improved its inventory management, enabling the company to operate with greater efficiency and improve its customer service—driving an increase in sales by 10 percent year-on-year in 2018.

The sheer scale of its inventory means that Porrúa is still uploading its sales catalog to the SAP environment, and will continue to see efficiency gains as it completes this process.

Edgar Gobea explains: "Everything flows from gaining a better understanding of our inventory. We're still integrating our catalog with SAP ERP and SAP Customer Activity Repository powered by SAP HANA, but already the benefits are clear.

"With SAP ERP and SAP Customer Activity Repository on SAP powered by SAP HANA supported by IBM Power Systems and IBM Storage, we have standardized and automated inventory management processes, meaning that every sale is logged in the system automatically.

"This ensures that we have a clear understanding of our inventory, including the location of every item of stock.

"As a result, we can deliver books from online sales more reliably, which is vital for customer satisfaction."
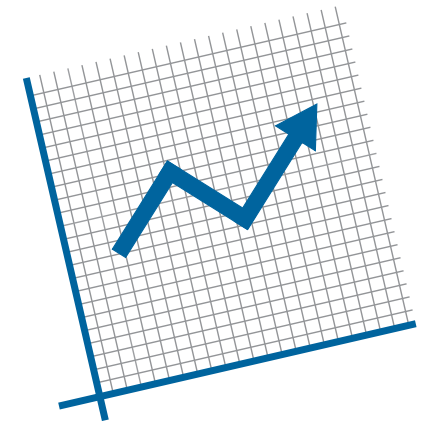
10% increase in sales
year-on-year

Key components

Applications: SAP® ERP, SAP Customer Activity Repository (both powered by SAP HANA®) SAP BusinessObjects Business Intelligence, SAP Solution Manager

Software: IBM AIX®, IBM Spectrum Protect™, IBM Watson®, SUSE Linux Enterprise Server for SAP Applications

Hardware: IBM Power® Systems S824L, IBM Power® Systems S824, IBM Storwize® V5000

Services: IBM® Lab Services, Hyperflex Technologies (IBM Business Partner)

Faster analytics drives effective decision-making

With its new SAP environment on IBM Power Systems and IBM Storage, Porrúa can prepare data from across the business for analysis much faster, enabling the company to produce sales reports 30 times more frequently—on a daily rather than monthly basis.

Edgar Gobea adds: "Thanks to the high performance of SAP ERP and SAP Customer Activity Repository powered by SAP HANA on IBM Power Systems and IBM Storage, we are able to process sales data and prepare it for analysis much faster. The former monthly sales reports are now generated daily, basically 30 times more frequently. The senior management team now has a clear view of inventory, enabling them to make decisions to replenish stock much faster, and ensuring that popular items are always available—an important factor in growing customer satisfaction and loyalty.

"Gaining a unified view of our business has enabled us to operate much more efficiently. For example, we discovered around 50 computers in one of our warehouses that we didn't previously know existed.

"Now that we're managing our inventory with SAP ERP powered by SAP HANA on IBM Power Systems and IBM Storage, we will be able to eliminate these errors."

The improved efficiency that Porrúa has achieved since implementing SAP ERP and SAP Customer Activity Repository powered by SAP HANA on IBM Power Systems and IBM Storage has also enabled the company to make significant cost savings by re-allocating administrative tasks to customer-facing and related roles.

Building for the future with Watson

Not content to rest on its laurels, Porrúa is considering deploying an artificial intelligence solution in its e-commerce site based on IBM Watson®. The new solution would help Porrúa anticipate customer preferences, and make further recommendations based on their purchase history to help drive additional sales.

Edgar Gobea concludes: "It's no exaggeration to say that by deploying SAP ERP and SAP Customer Activity Repository powered by SAP HANA on IBM Power Systems with IBM Storwize and IBM Spectrum Protect we have transformed the way Porrúa does business. With the increased efficiency and customer satisfaction that we have unlocked by improving our inventory management, we will strengthen our leading position in the bookselling sector in the years to come."

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