

Success Story

GK/Retail for Galeria Kaufhof



The Challenge

- _Extend GK/Retail to include functionality required by large department stores
- _Manage extremely large data volumes (up to 140 registers per store)
- _Offer extensive promotions capabilities to support the in-house Enterprise Customer Loyalty module
- _Support the unique requirements of the various departments within the store
- _Support flexible yet centralized control of parameters with simple deployment of changes to all stores

The Challenge

- _GK/Retail POS
- _GK/Retail Store Server
- _GK/Retail Enterprise Storemanager
- _GK/Retail Enterprise Promotions Management
- _GK/Retail Enterprise Cockpit
- _StoreWeaver

With the conclusion of the roll-out at Galeria Kaufhof, GK SOFTWARE AG has successfully completed one of the largest IT projects in German retail – on time and with the highest quality. By means of numerous improved and new business processes, the approximately 3,750 POS-systems benefit from reduced processing times and a streamlined POS configuration resulting in improved customer service.

In 2005, Galeria Kaufhof began evaluating solutions to replace their aging, in-house developed, DOS-based POS system which was no longer meeting the needs of their retail operation. The broad scope of features available within the standard offering of GK/Retail, as well as, the configurability of the solution, the modern open architecture, and the flexibility concerning operational aspects (touch screen with/without keyboard, full offline-capability) all contributed to GK/Retail being selected by Galeria Kaufhof. Hansjörg Bausch, Head of Organization/IT for Galeria Kaufhof, explains, “Our market analysis made it clear to us that GK SOFTWARE AG had the right solution, the right know-how, and the capacity to realize a project of the size and scope that we required.”



A standard solution for the Department Stores

GK SOFTWARE AG sets new standards with department store project „Galeria Kaufhof“.

Every day, approximately 2 million customers visit one of the 113 Kaufhof department stores or one of the 13 affiliated Sportarena stores in Germany. In one of the biggest German retail IT projects, Galeria Kaufhof decided to equip its stores with GK/Retail, the market-leading store solution from GK SOFTWARE AG. In order to achieve the maximum benefit for future sustainability, Galeria Kaufhof clearly stated

its expectation that the new solution was to be scalable, operating system-independent, offline-capable, and based on industry standards. In particular, Galeria Kaufhof demanded

fast and efficient customer service and improved cashier productivity from the POS solution.

out versions were defined early in 2006 and all deliverables were met on time. This success can be attributed to strict adherence by GK SOFTWARE AG to an iterative configuration and development methodology that ensures delivery of the initial solution early and often during the implementation cycle. In this specific case, it meant providing an initial version to the customer for testing and analysis as soon as possible after the planning phase. This allowed the customer and the GK team to work together early on to fine tune the department store requirements, which were then continuously implemented in the following releases of the solution.

According to the project plan, additional features were developed for every iteration of the configuration phase and were planned for inclusion in the standard product. This procedure provides the advantage that the customer is informed about the project status at any given time and the software development is always closely linked to the project's requirements.



We selected a standard solution in order to take advantage of the future developments and new releases of GK/Retail. We knowingly accepted the restrictions linked to accepting standard software.»

Success Factor Project Planning

Following the decision for GK/Retail, the implementation phase started in the beginning of 2006. Completion dates for the pilot and roll-

Standard Software as Basic Requirement

A primary goal identified by Galeria Kaufhof was to avoid making too many changes to the standard software product. This fundamental principle "As much standard as possible" became to the project's maxim. The target was to develop comprehensive functionality for department stores within the GK/Retail standard solution. Therefore, the Kaufhof-specific requests were always assessed as to whether or not they corresponded to a standard offering and whether they could be integrated into the GK/Retail standard. Heinz Gerd Heckmann, Project Manager for Kaufhof explains, "We were able to fulfill our high demands of achieving at least 90 percent standard by means of GK/Retail. Based on





We were looking for a flexible standard software which gives us as much flexibility for the future as possible and which enables us to react to new challenges quickly. At the same time, we had to be convinced that our software partner is able to implement our requirements quickly and that it is able to deliver highest quality in close cooperation with our project team.«

Hansjörg Bausch, Head of Organization/IT for Galeria Kaufhof

this, we are able to accept and implement future upgrades to meet our ongoing business requirements.”

Challenging Data Volume

Galeria Kaufhof manages approximately 2.5 million items in its master database. Every day, up to 2 million customers visit one of their stores, and every store operates between 10 and 145 POS systems. The data and transaction volume of up to 65,000 receipts per day/per store are handled easily by GK/Retail. In addition, 24/7 business day logic allows the POS to be available around the clock if necessary - there are no restricted times for data transfer.

Extraordinary Promotions and Loyalty functions

Galeria Kaufhof, as a PAYBACK partner, participates in the one of the most intensively used loyalty systems in Germany. Customers are provided with both permanent purchase incentives and changing offers on a weekly basis. In order to manage the numerous parallel marketing promotions in effect, Galeria Kaufhof takes advantage of the Enterprise Promotion Server of GK SOFTWARE AG. This solution ensures a central distribution of all promotions.

By integrating the central GK/Retail component into the existing customer loyalty systems, Galeria Kaufhof can now address customers across all channels of operation including in-store shopping and their web site.

Exercised Cost Saving Potentials

The GK/Retail implementation was undertaken by Galeria Kaufhof as part of a broad effort to deliver customer service excellence while optimizing store operations. Numerous business processes were redefined and implemented with GK/Retail. For example, the handling of returns, promotions, voucher, gift certificates, down payments, special

customer orders, price inquiries, prepaid cards and the newly introduced gift cards are now substantially easier and faster at the point-of-sale.

The software ergonomics of the system were especially important to Kaufhof and GK/ Retail's layered architecture allowed them to use their own specifically designed touch screen surface. In addition, features such as selectable right/left hand configuration and individualized fixed key assignment significantly contribute to employee workflow and customer service.

User Acceptance

Field tests of the new solution with employees exceeded expectations. The training of the approximately 15,000 cashiers only took a couple of hours. Employees found the touch solution to be intuitive and most of the processes were self-explanatory. From its introduction, the employees were pleased to find that GK/Retail was simple to use and made their jobs easier.

In Line with Plan: From Pilot to Roll-Out

In the summer of 2007 the final version was available to the Galeria Kaufhof team for intensive testing. In October the first pilot stores were equipped with GK/Retail to test the new solution under the high load and stress volumes of the 2007 Christmas season. The full roll-out began for all department stores in March 2008.

In less than 100 days, 3,750 POS-systems with 118 store servers were fully operating and being centrally controlled by GK/ Retail. With the platform-independent standard GK Retail solution, Galeria Kaufhof is perfectly positioned and prepared for the future.



About GK SOFTWARE AG

GK SOFTWARE AG was founded in Schöneck, Germany, in 1990 and has been listed on the Prime Standard of the Frankfurt Stock Exchange since 2008.

The company develops comprehensive software solutions for retail stores. Leading retailers such as Coop (Switzerland), EDEKA, Galeria Kaufhof, Jysk Nordic, Lidl, Netto Marken-Discount, Parfümerie Douglas, Tchibo, Thalia, Telekom Shops and X5 Retail Group have been working successfully with GK/Retail for many years.

GK SOFTWARE AG's retail solutions are currently being used in more than 30 different European countries, amounting to some 180,000 installations. The company has experienced considerable organic growth in recent years and employs approximately 560 people throughout Europe.

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