

With the Tradanet® Service, Dixons has been able to reduce costs, streamline processes and improve customer service.

Dixons Group plc

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Dixons Group plc (Dixons)

Electronics Retailer Streamlines Communications, Cuts Costs

Corporate Profile

United Kingdom's Leading Retailer of Consumer Electronics

Dixons Group plc (Dixons) sells high-technology consumer electronics, personal computers (PCs), domestic appliances, photographic equipment, communications products and after-sale services through Dixons, The Link, @Jakarta, Currys, PC World stores and Mastercare Coverplan. In addition, Dixons owns 80 percent of Freeserve, the UK's leading Internet service.

Founded in 1937 as a single photographic studio, Dixons now operates more than 1,000 stores in the UK and Republic of Ireland, 154 stores in the Nordic region and 12 stores in Spain and Portugal. The company now employs 28,500 people in full or part-time positions.

Business Challenge

Reduce Shortages, Tighten the Supply Chain, Cut Costs

Dixons relies on hundreds of suppliers to stock its stores and meet consumer demand for home electronics and appliances, PCs and communications equipment. In 1991, it faced a number of business challenges, including the need to:

- Generate and distribute sales data to suppliers to improve the balance between supply and demand
- Improve the invoicing process to reduce discrepancies and expedite payments
- Reduce labor and administrative costs

To meet these goals, the company decided to implement an electronic data interchange (EDI) program to help improve communications, speed processes and increase efficiency in its dealings with suppliers.

“When we started, GXS was number one in the UK in terms of EDI and VANs,” says Tony McGuire, Dixons supply chain manager. “We looked at others but decided to go with the market leader. About 70 percent of the suppliers we talked to were aware of Tradanet.”

The Solution

VAN Improves Communications with Suppliers

GXS' Tradanet® Service is a value-added network (VAN) that supports supply chain business processes such as inventory management, efficient replacement and procurement. It allows trading partners to share information and generate data based on fluctuations in consumer demand to help manage inventory.



Tradanet Service helps Dixons' suppliers match their production and delivery schedules to consumer demand and thus reduce the chances of inventory shortfalls.

Dixons launched its Tradanet Service-based EDI program in 1991, transmitting purchase orders to about a dozen suppliers. Two years later, Dixons began sending stock and sales messages to about 30 suppliers and receiving invoices back from them. By 1994, Tradanet Service's role in Dixons business processes had become even more significant. Dixons' acquisition of the PC World retail chain prompted the company to use a different distribution model, one in which it delivered products directly to each store, rather than to a warehouse.

"We recognized that the number of transactions would increase significantly, in terms of orders being placed and invoices being received," McGuire explains, "which reinforced our original idea of moving away from a manual process. We didn't want to take on more labor to handle the increased transactions."

In addition to providing network services, GXS helped Dixons not only educate its suppliers about EDI benefits, but also ramp up new trading partners. GXS now troubleshoots network problems and manages a large part of the Dixons trading community.

"They [GXS] try through their own personal contacts to resolve issues with the trading partners," McGuire says. Today, GXS has one of the largest electronic trading communities in the world, with more than 100,000 trading partners.

Tradanet Service links Dixons with approximately 300 suppliers, enabling the trading community to exchange purchase orders, invoices, debit notes, product and price information, sales reports, sales forecasts and delivery messages. About a dozen smaller suppliers use GXS TradeWebSM for EDI.

"We're using EDI as a tool to help improve the communication of business information between ourselves and our suppliers. It does away with the need to send paper or stand by a fax machine," McGuire explains.

Using Tradanet Service, Dixons quickly distributes its suppliers' weekly reports detailing the previous seven days' worth of sales, along with forecasts that predict demand for the suppliers' products over the next 20 weeks. By quickly gathering and delivering this information in an electronic format, Dixons helps suppliers match their production and delivery schedules to consumer demand and thus reduce the chances of inventory shortfalls.

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The Results

Reduced Costs, Streamlined Processes, Improved Customer Service

Tradanet Service has allowed Dixons to increase dramatically the number of transactions managed by its accounts payable group, without increasing labor costs.

"In the early 1990s, we were handling 90,000 invoices per annum for merchandise. This year, we'll handle 700,000 [invoices], maintaining the same headcount in the accounts payable group," McGuire says. "It's only been through EDI and an automatic matching process on the back end that we've been able to handle that amount of business." He adds that in the period of time that Dixons has been using EDI, annual sales have increased from £1.4 billion to £3.5 billion (US\$2.1 billion to US\$5.3 billion).

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Tradanet Service also has been instrumental in streamlining processes in Dixons' Mastercare Coverplan program, which centers on the repair of consumer electronics purchased by customers.

In 1998, Dixons created a central spare parts-ordering department based on the main computer system. Tradanet Service has enabled the department to speed up communication, reduce repair times and improve customer service.

McGuire offers the following example of how the system works: A customer has a problem with a TV and calls Mastercare. A Mastercare engineer goes to the customer's home on Monday, identifies the work that needs to be done or the part that needs to be replaced. Should that part not be in the van, the engineer plugs a laptop computer into the customer's phone line and orders the necessary part. The order is transmitted to the mainframe system, which verifies that the spare part is the right one for the model being repaired and that it meets the manufacturer's specifications. The system then transmits the order, via Tradanet Service, to the supplier. Within an hour of the engineer's request, the order has arrived at the supplier.

On the same day, the supplier is expected to respond via Tradanet Service, either by sending a dispatch notice indicating the part is in stock and being shipped or by sending an order acknowledgment telling Dixons when it will be available. The next day, Tuesday, the engineer can inform the customer when the TV will be repaired. If the part is shipped overnight, the repair can be completed on Wednesday.

Not only does Tradanet Service improve customer service, it reduces administrative costs. "If this process were handled manually, the administrative staff supporting the Mastercare program would have to increase three times," McGuire notes.

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About GXS

GXS is a leading provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration. Organizations worldwide, including 75 percent of the Fortune 500, leverage GXS' GS1 certified global interoperability and supply chain execution solutions. Active in the global standards arena, GXS offers solutions, powered by the Trading Grid™, that enable customers both large and small, to connect with global partners, synchronize product information and optimize the execution of supply chains. Headquartered in Gaithersburg, MD., GXS provides sales and support to businesses and their partners worldwide. For more information about GXS visit www.gxs.com.

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