



LS RETAIL

Customer Case Story

HYGEIA

Hygeia expands its business to new areas and goes international with Microsoft Dynamics NAV and LS RETAIL

Hygeia conducts its business in the area of cosmetics, associated in the beginning with a parapharmacy model, where it aims to continue growing with new store concepts in Portugal. These include sections such as perfumery and hair cosmetics, and also in new markets, namely with the consolidation of its current presence in Angola. From the start Hygeia knew that information systems are a central support tool in the growth of the business. And so, it searched the market for a software solution that would satisfy its needs in the present and in future, in the back-office and in the front-office, in an integrated way. And in the future, even if focused on retail, an entry into new markets was foreseeable, as it happened, or in new areas. After analyzing some solutions, Hygeia decided to implement Microsoft Dynamics NAV, with the LS Retail add-on.



"We analyzed some domestic solutions, partly motivated by price. However, we were surprised with the cost-benefit relation you can get from Microsoft Dynamics NAV and LS Retail, perfectly adjustable to a small dimension company."

Rafic Daud, General Manager of Hygeia

Situation

Hygeia began its activity in Portugal about two years ago, with three stores focused on the cosmetics area, and in the first phase, associated with the concept of a parapharmacy. However, the goal is to expand to complementing sections, such as perfumery, as well as in hair cosmetics.

With the boom in parapharmacies, following the liberalization of the sale of medicines not subject to a doctor's prescription, the expansion plan defined in the beginning had to be re-addressed, although the area of medicine is not our focus, considering that 95% of our sales are beauty products" says Rafic Daud, General Manager of Hygeia.

Thus, the plan is to invest in other store concepts, associated with hygiene and beauty in general, and to cosmetics in particular.

Even though the expansion of the business is not occurring at the expected rate, the truth is that Hygeia grew more than 25% in the three stores it has in Portugal, at a very slow economic juncture. On the other hand, it started an investment project in the Angolan market, where it began a process of internationalization and this is where most of its expansion efforts are directed. Having created a joint-venture with a company based in South Africa that is a strong player on African markets, the aim is to open 10 to 15 shops in Angola, by 2010, with the Rouge brand, in the area of perfumery and jewellery.

When Hygeia started out, it was established that the information systems should be capable of answering both the present and the future needs. This could involve the expansion of the business into new areas as well as new markets. The modularity of the software to be implemented was therefore an important criterium, together with the scope and capacity of integration.

As the company was starting from scratch, Hygeia considered the implementation of domestic software, mainly due to the price. However, the analysis of Microsoft Dynamics NAV revealed a solution capable of adaptation to the needs of a small organization and fulfilling the requirements relevant to Hygeia.

"We were surprised by the cost-benefit relation that you get from Microsoft Dynamics NAV and LS Retail, as it is perfectly adjustable to a company of small dimension, as is our case, and gives us important added value," says Rafic Daud.

The choice was easier still as there was a vertical solution for the retail area, LS Retail, which integrates with the Microsoft application, and is represented in Portugal by Arquiconsult, the company responsible for all the implementation.





LS RETAIL

Solution

At Hygeia the implementation project was carried out in just two months, as the software had to be operational at the time of the opening of the first store, in June 2005.

"We were beginning our activity and we had no history to migrate. But, we had to define processes and do the necessary customizations to adapt the software to our aims and way of work. We always had support from Arquiconsult", remembers Rafic Daud.

To Hygeia, integration was a critical factor and, from the very first moment, the back-office and front-office components had to function in a fully integrated way, making the operational management easier. Among the determining factors to the company we must stress the customer loyalty support and the consequent implementation of the CRM module.

"When we opened the first store, we immediately launched the Hygeia Loyalty Card, which I consider a key issue, together with our focus on service, that distinguishes us from our competitors," he affirms. And adds: "Presently around 90% of our sales are to loyal customers who have the card and repeat their purchases from us".

The CRM, which enables the management of information on around 16 thousand "Loyalty Card" customers, is an irreplaceable tool for the growth of Hygeia's business. *"The card provides discounts, points, newsletter sent home, and various offers, including a voucher on the holder's birthday", adds Rafic Daud. If these are factors that capture the customer's interest to Hygeia it means the shopping is done in its stores and not the competitors'. This is only achieved with the correct management of the data in the system. The various marketing campaigns carried out along the year are thought and focused on a given group of customers and not on all, based upon the knowledge given by the historic, and only the newsletter is sent to all registered customers. If for example you know that a given customer buys a certain cream every two months, the system can trigger an alert and suggest the sending of a reminder to the customer that it is time to make a new purchase. "We draw a lot of information from the CRM that supports the marketing campaigns. On the other hand, according to the defined goals, we are able to measure the success of the actions taken, which is particularly relevant in terms of knowledge, for future actions", stresses Rafic Daud. And adds: "We know the age group of the customer, sex, address, as well as the purchasing profile, including the brands they use. We can easily extract the information we want from the software, which enables us to be very assertive".*

From Hygeia's point of view, the management of stock is another indispensable factor of success, obtaining the best possible balance between the minimum possible stock and delivery to the shops, when necessary.



"The CRM, which enables the management of information of around 16 thousand "loyal" clients, is an irreplaceable tool for the growth of Hygeia's business."

Rafic Daud, General Manager of Hygeia

"We work with many different suppliers, with 7 to 8 thousand references in Portugal and 16 to 17 thousand in Angola. An efficient management of stock is fundamental, to enable us to buy what we need", he stresses, "80% of the circulating assets in a company of this nature is stock or merchandize. This is why, such a huge difference lies in an efficient, or inefficient, management of stock, as this may represent the difference between earning and losing money," underlines Rafic Daud.

The first aim of stock management is to have the product available for sale, at the moment when someone wants to buy it. The system, based upon predefined parameters, is "tuned" as the sales history develops, and presents purchase suggestions by supplier, brand, category, etc. These suggestions are then validated, to create orders.

In Portugal there is a group of suppliers Hygeia works with, who deliver the products to a warehouse, which centralizes the reception and directs the products to the stores. Once again, it is LS Retail that suggests what should be delivered to each store, in view of its present needs and forecasts, creates a distribution order, with which the picking is done for later delivery. *"We chose to have a distribution center which centralizes the reception of the merchandize, as the direct delivery of the products to the shops by the distributors has two drawbacks. First, we have to use all the space in the shops for the customer and for sale. Second, the centralization of purchasing is more efficient and financially more interesting".* The shops are supplied with what they actually need. In Angola, LS Retail carries out the same type of management, although with some differences in the distribution process, since the merchandize is bought from suppliers from different countries. It arrives by air cargo to South Africa, where it is consolidated, and, then sent by ship to Luanda.

As to the front-office component, we use LS Retail which, being a Microsoft Dynamics NAV add-on, is fully integrated with the back-office.





LS RETAIL

Benefits

Integration is one of the benefits of investment because without it, it was hard to know what was being sold in the stores.

"We did not want a solution that would make us search the back-office and front-office information, but a system that would enable a perfectly transparent flow of data", says Rafic Daud.

LS Retail contains all the basic functionality for store management, making the connection between the Point of Sale (POS) and Microsoft Dynamics NAV. For a company like Hygeia that is expanding its network of stores, it is important that the application enables the configuration of new items from the existing ones, in a fast and easy way, without losing sight of the differentiating factors of each one. It offers a set of functionalities that support the management, like the possibility of exporting data to Excel, the extraction of statistics by product, group of products or by employee, and, among others, the drawing of maps configurable to the needs of each business.

Also part of the investment benefits is the capacity to have varied information on the customers, based on the CRM module, which enables the promotion of focused actions and with a high chance of success, as they are based upon a good knowledge on those who buy the products.

"We have a customer connection that is almost affectionate, which you only achieve with an efficient CRM system", claims Rafic Daud. And adds: " In marketing it is very easy to have ideas, but sometimes it is difficult to put them into practice. Microsoft Dynamics NAV enabled us to materialize the ideas we had."

The Hygeia manager stresses that the investment in the Microsoft solution is for the long term, as the modules that were not implemented in the beginning can be added at any future stage, whenever it makes sense for the business. This is the case with the administrative and financial component, which did not go ahead in the first phase as the company was starting its activity. Strategic and business needs dictate the expansion of the system. The modularity is a relevant factor for Hygeia, as it enables the system to evolve in step with the evolution of the company.

"Opening new stores or spreading our activity is easy as we base everything on the same software. With a single back-office we can manage parapharmacies, jewelry shops and perfumeries, not only in Portugal, but also in Angola", sums up Rafic Daud, and stresses the role of Arquiconsult, which adapted the system to face the needs of the Angolan market.

"Arquiconsult knows our business and the people, as well as the technology. We created a relationship of trust and affinity, which is important to the success of the work we have carried out together", Rafic Daud concludes.



HYGEIA
HEALTH & BEAUTY

SUMMARY

Client Profile

Hygeia was founded in 2005 launching three stores in Portugal, which it still operates, focused on cosmetics. In Angola it has a project under expansion, in a partnership, which expects to open 10 to 15 shops by 2010.

Business Situation

For Hygeia it was important to invest in integrated management software with a medium-long term perspective, enabling it to expand to new areas and markets. Stock and client management were decisive factors.

Solution

Microsoft Dynamics NAV

Benefits

Full integration between back-office and front-office
High capacity to manage customer and stock information
Support of marketing actions
Support to the evolution of the business to new areas and markets

About Arquiconsult

Arquiconsult is an information systems consulting company, based on Microsoft Business Solutions technologies, consisting of a team of consultants with the largest experience in these projects, with offices in Lisbon, Oporto and Madrid.

Arquiconsult has the largest team in Portugal working with Microsoft Business Solutions, having implemented some of the most complex Microsoft Business Solutions, and are frequently referred to international clients for their implementations in our country.

Arquiconsult is continuously innovating its offer. We constantly look for partnerships with our clients in different areas of activity, such as Commerce and Distribution, Transportation, Navigation, Clinics and Hospitals.

ARQUICONSULT



For further information on Arquiconsult products and services, please call +351 217101161 or by e-mail to comercial@arquiconsult.com.