

With the GXS EDI Network, DSGi has been able to reduce costs, streamline processes and improve customer service.

DSG international plc

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Electronics Retailer Streamlines Communications, Cuts Costs

Corporate Profile

United Kingdom's Leading Retailer of Consumer Electronics

DSGi international plc (DSGi) is one of Europe's leading specialist electrical retailing groups. They sell high-technology consumer electronics, personal computers (PCs), domestic appliances, photographic equipment, communications products and after-sale services through Dixons, Currys and PC World.

DSGi has more than 955 stores and online stores, spanning 12 countries and employing 32,000 people. More than 100 million customers shop with them in-store and online annually.

Business Challenge

Reduce Shortages, Tighten the Supply Chain, Cut Costs

DSGi 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, DSGi supply chain manager. “We looked at others, but decided to go with the market leader. About 70% of the suppliers we talked to were aware of EDI Network.”

The Solution

VAN Improves Communications with Suppliers

GXS's EDI Network 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.

GXS EDI Network links DSGi 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.

DSGi launched its EDI Network-based program in 1991, transmitting purchase orders to about a dozen suppliers. Two years later, DSGi began sending stock and sales messages to about 30 suppliers and receiving invoices back from them. By 1994, EDI Network's role in DSGi business processes had become even more significant. DSGi's 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 DSGi 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 DSGi 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.

EDI Network links DSGi 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 EDI Network, DSGi 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, DSGi 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

EDI Network has allowed DSGi 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 DSGi 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).

EDI Network also has been instrumental in streamlining processes in DSGi's Mastercare Coverplan program, which centers on the repair of consumer electronics purchased by customers.

In 1998, DSGi created a central spare parts-ordering department based on the main computer system. EDI Network 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 EDI Network, 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 EDI Network, either by sending a dispatch notice indicating the part is in stock and being shipped or by sending an order acknowledgment telling DSGi 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 EDI Network 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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NORTH AMERICA AND GLOBAL HEADQUARTERS

GXS
9711 Washingtonian Blvd.
Gaithersburg, MD 20878
US
+1-800-503-9190 t
+1-301-340-4000 t
www.gxs.com

SOUTH AMERICA BRAZIL

GXS Brazil
Rua Bela Cintra 1149
9º andar CEP: 01415-001
São Paulo, Brasil
+55 11 2123 2500 t
www.gxs.com.br

EUROPE, MIDDLE EAST AND AFRICA HEADQUARTERS UNITED KINGDOM

GXS Limited
18 Station Road
Sunbury-on-Thames
Middlesex TW16 6SU
England
+44 (0)1932 776047 t
www.gxs.eu

ASIA HEADQUARTERS HONG KONG

GXS International
Room 1609-10
16/F China Resources Building
26 Harbour Road
Wanchai, Hong Kong
+852 2884-6088 t
www.gxs.asia.com

JAPAN HEADQUARTERS TOKYO

GXS Co., Ltd.
Akasaka Intercity 3F
11-44 Akasaka 1-chome
Minato-ku
Tokyo 107-0052
Japan
+81-3-5574-7545 t
www.gxs.co.jp



About GXS

GXS is a leading B2B integration services provider and operates the world's largest integration cloud, GXS Trading Grid®. Our software and services help more than 550,000 businesses, including 22 of the top 25 supply chains, extend their partner networks, automate receiving processes, manage electronic payments, and improve supply chain visibility. GXS Managed Services, our unique approach to improving B2B integration operations, combines GXS Trading Grid® with our process orchestration services and global team to manage a company's multi-enterprise processes. Based in Gaithersburg, Maryland, GXS has direct operations in 20 countries, employing more than 2,800 professionals. To learn more, see <http://www.gxs.com>, read our blog at <http://www.gxsblogs.com> and follow us on Twitter at <http://twitter.com/gxs>. You can also access our public filings with the Securities and Exchange Commission at <http://www.sec.gov/edgar.shtml>.