

Reinventing the supply chain

RELEX Solutions is amongst Europe's fastest growing supply chain solution providers and its continued growth is likely to be fuelled further following the company being recognised at the Retail Systems Awards, winning Supply Chain Solution of the Year.

**Retail Systems
awards
2015
WINNER**



The company, which is headquartered in Helsinki with a UK subsidiary, picked up the award after helping leading regional supermarket business Booths implement a new supply chain system which, as well as improving promotions and providing fresher produce to customers, has also seen spoilage cut by 20 per cent in the most difficult areas such as cabinets, availability improved to 95 per cent and spoilage as a whole down by 10 per cent across the board.

The figures attained by Booths following implementation of the supply chain management project certainly made the judges on the awards panel sit up and take notice. "It was an impressive cut in spoilage that has made a real difference to the retailer's business," said one judge. And this was particularly impressive for the relatively modest investment Booths had to make in the project. "It's good to see a mid-size retailer making such good use of a smaller IT budget," said another of the experts on the judging panel.

Such impressive figures have led to a strong return on investment for Booths as well as an improved customer experience since customers can now expect fresher produce with longer use by dates, better availability, more targeted promotional activity and

staff whose attention is now on customers rather than having to worry about dealing with manual replenishment orders.

The company's technology and approach to supply chain management allows for a more granular approach to managing stock and forecasting which enables both retailers and their suppliers to improve how they operate. It says that its clients typically cut inventory by 30 per cent, reduce spoilage by up to 40 per cent and can boost on-shelf availability by two to six per cent with some achieving 98 per cent plus. **RELEX** has estimated that, by taking the average spoilage reductions its customers have achieved across the 13 countries in which it operated at the time of calculation (it now operates in 17), and then applying those averages to the food waste generated by Europe's retail chains, it could cut waste enough to feed the whole of Canada whilst the resulting reductions in CO2 emissions would meet over 10 per cent of the EU's reduction targets by 2020.

It's certainly an ambitious claim for a company that was founded after its directors realised there was a gap in the market after studying the challenges of forecasting and supply chain optimisation and realising that many retailers were still using manual processes for promotions and fresh goods ordering.

In January 2016 the business will celebrate its 10th year anniversary.

But what makes RELEX different? Agility is vital in today's retail world and especially so when it comes to the supply chain and the twists and turns it can endure. At RELEX this agility is what the company's very existence is based on since its use of in-memory computing is what stands it apart and allows retailers and wholesalers to fundamentally change how they approach their supply chains. "We provide very effective in-memory calculations that allow for a much faster way of modelling," says RELEX CEO and co-founder Mikko Kärkkäinen.

Indeed, the model allows the results of complex calculations to be worked out in seconds rather than hours and enables businesses to run hypotheticals through the system when deciding on levels and positions of promotions for example. Forecasts can be delivered in seconds and the systems can be interrogated however a customer may choose – allowing them to run what-if scenarios, experiment and get immediate responses back.

Importantly the system also allows retailers to calculate and store forecasts ahead of time on the basis of the best available information pending additional data such as up to date stock balances at the time the order is to be placed. It's this that can be particularly helpful in tough markets such as fresh produce.

In the Booths example, this meant that by using the RELEX system, estimates were able to be shared with fresh produce suppliers such as local farmers to help them estimate likely order quantities ahead of the actual order. Such agility was another area in which RELEX impressed the judges with the Retail Systems award win, especially since the retailer has a much smaller IT budget than its larger rivals despite being held to the same or higher standards by its customers. "It was a detailed yet concise entry full of impressive statistics and championing a mid-size retailer making the most of its resources and a tech supplier deploying an agile, innovative system," said another judge.

RELEX's ability to do daily forecasting at such a detailed level – and so quickly – is a game changer according to Kärkkäinen. "It's not common in large scale retailers to do daily forecasts. These can then be shared along the supply chain and that wasn't possible a while ago," he says. And it's not just grocery and fresh produce that the company's technology is applicable to. "Our focus is across the board and we have customers in food, fashion, electronics, DIY and gardening," says Kärkkäinen.

The technology is also hugely flexible and can

be adapted to new markets and requirements, says Kärkkäinen. "We have out of the box solutions for each sector but we can also fine-tune it within weeks," he says.

The simplicity and adaptability of the system – as well as the results it can come up with – can cause disbelief about how easy it is to implement and use, according to Kärkkäinen, especially since a customer can be up and running with the solution within eight to twelve weeks. "The general reaction from customers is quite often happy misbelief. We can take data from anywhere with in-memory technology. That means that the IT side of the project is normally quite simple – which is something that companies are not used to. It's a very complex IT system that is very easy to implement so it's about getting customers to understand that there is the possibility to have a very big business benefit with a short timeline and very little disruption to normal business. Many retailers are used to long and risky IT projects and that is not the case with RELEX," says Kärkkäinen.

Following its award win with RELEX, Booths is sure to agree. "The change to RELEX had a massive impact, culturally and organisationally, and to the timing of how the warehouse worked. The benefit of this was that we could come up with a seven-day forecast, at least, which we could rely on with a great degree of certainty," commented Andrew Rafferty, IT & eCommerce Director, Booths.

But, as the company looks to celebrate its first ten years what might its next decade hold? Kärkkäinen says further growth is planned. This November will see the company launch in the US, in addition to expanding further into Europe beyond its UK, Nordics and Germany strongholds. "Within the next ten years our aim is to be the leading provider of supply chain solutions," he says.

It seems the supply chain management revolution is only just beginning. For further info on RELEX Solutions, visit relexsolutions.com

