

E-Business in Merkur

Milan Jelovčan

The beginnings of e-business in Merkur reach back to 1994, when Merkur first used computers to co-operate with its partners. In 1999, development intensified and, since then, IT in Merkur has been developing rapidly. The company has prepared strategies and projects to create conditions for e-business between suppliers and Merkur as a buyer. In the period from 2001 to 2006 inclusive, the most important strategic programme in the company, "E-B2B in Merkur", was implemented, including two other projects, "E-Catalogue" and "MerkurPartner". Thanks to them, the website is now used by more than 400 wholesale business partners, who use it to place more than 15% of their total wholesale orders.

In 2007, Merkur designed a new comprehensive strategic programme, "B2X", which is due to be completed at the end of 2010. The name indicates

that Merkur plans to extend existing solutions in the future, and establish e-business with all important business partners who have not yet been included in the e-business system. The company also plans to thoroughly remodel its online shopping site.

Merkur has also been active in the wider e-business arena. The company has participated in preparing schemes in XML technology on the invitation of Chamber of Commerce and Industry of Slovenia. The schemes were a part of the project on "E-Style". The company has also appeared at the Infos conference, the eCommerce Conference in Bled and at other such events. Merkur plans to act as host to the meeting of e-commerce graduates and postgraduates organised by the Faculty of Organisational Science, Kranj for the tenth consecutive time. The event is named Merkur Day, and has already grown beyond state borders and become oriented towards the Innovative Cross-border eRegion. Merkur has invited high-ranking state officials from Slovenia and neighbouring countries, and European Union officials to participate in the event.

The volume of buyers' and suppliers' invoices in Merkur is larger than in any

Merkur was established in 1896 as a small local hardware shop. The company gradually expanded in Slovenia, and entered the international markets twenty years ago. Merkur has recorded rapid growth ever since, so it is essential to constantly develop information technology to support further expansion.

other trading organisation in Slovenia (if bills paid at the cash desk are not included). The number of documents received is substantial and includes orders, order confirmations, and delivery notes, to mention just a few. E-support to operations is essential to increase the productivity and competitiveness of Merkur.

In the past ten years, Merkur Group has recorded a 15% annual growth and its size has increased by four times. In 2007, the number of employees in eight countries – Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Macedonia, Italy, Germany, and the Czech Republic – reached 4,500.

E-business is developing too slowly in Slovenia. Merkur has been very actively engaged in the implementation of e-invoicing, but the state should also actively participate, through institutions, legislation and regulation, in tax bodies and in other state organisations. The introduction of e-invoicing throughout the country would be beneficial for the state and would improve the competitiveness of all Slovene companies and the economy.

The core programme of Merkur Group includes 360,000 active articles sold wholesale and retail from 86 sales centres, shops and franchise outlets. Since 2000, products have also been available online.



**Mag. Milan Jelovčan, Member of the Management Board
– Director of IT and Organisation**

Company Profile

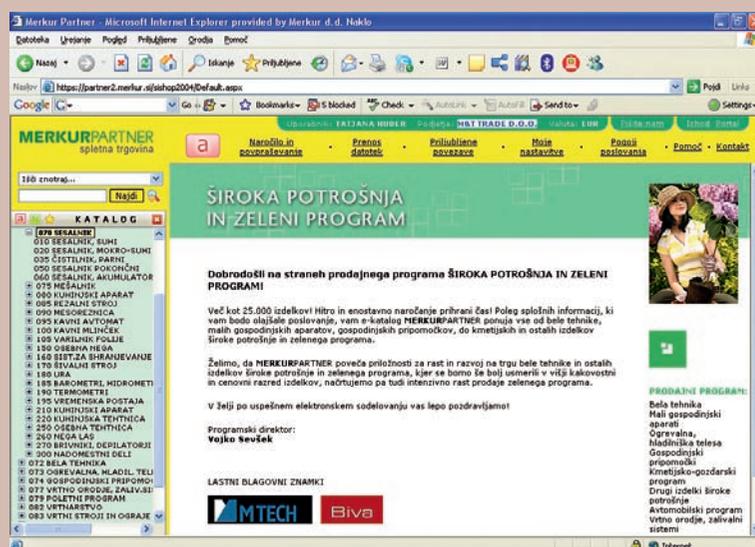
Merkur Group employs 4,500 people, sells goods from 86 Merkur and Big Bang sales centres and shops in Slovenia, Croatia and Serbia, and has established an extensive wholesale network. Employees of the company are eager to meet customers' needs and demands. Merkur Group deals in construction materials, home improvement and maintenance materials, and items for comfortable home living. In addition to quality products, the Group offers excellent services, and an attractive customer-friendly shopping environment.

Staff in sales centres primarily attend to retail buyers, but they also pay full attention to wholesale buyers, especially when

they need prompt service and a product "here and now". The largest buyers generally plan their needs in advance and are served promptly by an extensive wholesale and warehousing network. In addition to this, customers may opt for online shopping at <http://nakup.merkur.si> and <http://www.bof.si>. MerkurPartner is an information-rich online portal for companies and may be accessed at <https://partner.merkur.si/>.

Merkur Group has been building shopper-friendly sales centres, constantly developing its existing sales centres, and constructing new centres. In 2008, the Group plans to start preparatory works and construction

of another 20 sales centres, and to extend the retail network to the market of Bosnia and Herzegovina. Merkur Group intends to become the market leader in non-food products in the markets of South Eastern Europe.



The proposed business to business (B2B) model The MerkurPartner Business Portal

Tatjana Huber

MerkurPartner targets legal entities that buy goods from Merkur. A partner wishing to shop for goods enters the MerkurPartner portal through the Internet, and needs no additional technology to enter the site.

MerkurPartner allows buyers to opt for any of 130,000 articles from the six core programmes: metal products, construction materials and wood, tools and hardware, household items, installation and electro-materials, and chemical and paper products.

MerkurPartner is seamlessly combined with Merkur's other information systems. Users do not have to enter any additional data because the portal finds all data required in other systems. The integration of data entered by the user and the data in other systems is optimal and, thanks to this, the work of sales personnel in Merkur has become much easier.

Brief Presentation of MerkurPartner

MerkurPartner is an online portal that includes many components that have

been organised in a user-friendly way, and are very practical and useful:

- Registration: The user registers to view goods, prices, and processing of individual orders. User names can only be obtained in agreement



Tatjana Huber,
Project Manager

with the person responsible for an individual partner in Merkur.

- Catalogue: MerkurPartner shows individual items on the level of an article. The visitor may see the selling price, the quantity kept in stock, supply readiness, additional data on individual articles, pictures, substitute articles, country of origin, buyer's article number, EAN code, etc.
- Browser: The portal offers a wide variety of products, and the browser allows easy search by different criteria, including description of goods, trademark, article number, EAN code, manufacturer's catalogue number, etc. The browser can look for an article in the entire Merkur online shop, or in individual groups of items.
- Ordering and Enquiring: The user can place orders by entering the required quantities in provided tables of articles, online catalogues, or by direct entry of codes and quantities (i.e. quick orders). The information system and the portal are well integrated, so the user can view the status of an order or enquiry, and follow the goods in the process of distribution from time of purchase until receipt.
- Favourites: In observance of needs and requirements, the buyer can create individual catalogues or favourite groups of articles (e.g.

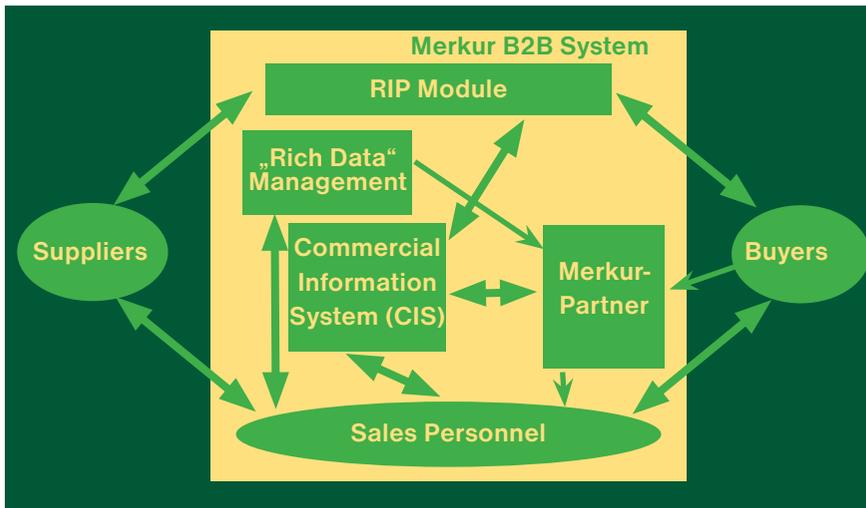


Figure 1: Planned structure of the B2B system in Merkur

all articles purchased so far, the required assortment of product lines, goods by manufacturers, etc.). Thanks to this option, looking for articles and ordering goods becomes easy.

- Sales Promotion: The user can view current wholesale sales promotion. This option can be used to get information on and order articles on special promotion.
- Downloading Data from Merkur Partner System: A user can download data to the order or enquiry from various external sources, e.g. from an individual information system or a handheld terminal etc. The data can be downloaded from the portal in different formats, and the user may select from among Excel, Access, text, xml, and pdf formats for further use.
- Business Terms: Business terms from the current sales contract concluded between the partner and Merkur apply for all orders submitted through MerkurPartner.

ance and replies will be provided by Merkur’s staff in charge of individual partners. The list of contacts comes in two parts: “Commerce” and “Sales Programme”.

Merkur organises its commercial and supporting functions – especially information technology and marketing – in a way that allows sufficient control over MerkurPartner. Selected staff have been properly trained to carry out procedures and control the portal. System documents defining control over the portal have been adopted. MerkurPartner is a stable and flexible system and allows expansion and control to cover a large number of customers.

Advantages of MerkurPartner

The most important advantages of the MerkurPartner portal for partners of Merkur are as follows:

- Help: For better understanding of how the portal works, Merkur has designed the “Help” bar, where the individual parts of the online store are described clearly.
- Contacts: In case of questions or doubt, the user may refer to the relevant contact person. Assistance will be provided by Merkur’s staff in charge of individual partners. The list of contacts comes in two parts: “Commerce” and “Sales Programme”.
- The portal is available online 24 hours a day, seven day a week.
- The use of MerkurPartner reduces transaction and administration costs.
- The required data on goods and business terms can be accessed promptly.
- The selling process is swift and results in increased customer satisfaction.
- Accurate data ensures a reduced number of claims.
- The portal allows users to place orders and enquiries, and follow their orders throughout the process.
- Combining e-business operations with a more traditional mode of business is simple.
- Partners may communicate with contacts in Merkur if necessary.

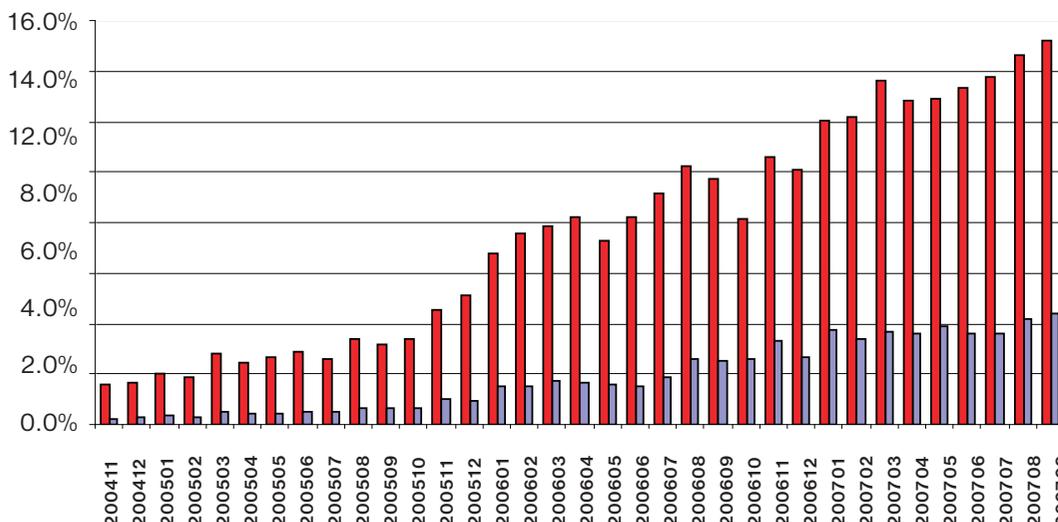
The most important advantages of MerkurPartner portal for Merkur are as follows:

- The standard mode of operations includes much administration, which the portal makes redundant, so transaction and administrative costs decrease.
- The automation of business processes is high.
- The ordering system is very efficient.
- The productivity of the employees in other areas has also increased.
- Working time has become optimally exploited.
- The number of mistakes and claims placed by partners has been reduced.
- New marketing opportunities have emerged.

MerkurPartner has become an efficient information solution. It has been completely linked to and integrated with the current IT systems of the company. The portal is cost-efficient, and savings made will bear interest in the long run. The transfer of data from log files in the portal and the database has served to upgrade the analytical system for portal applications. Importantly, the solution has been applied in practice, and the number of users has been increasing. It will also provide opportunities for further rationalisation of business procedures, and for application of new findings in practice.

Further Development

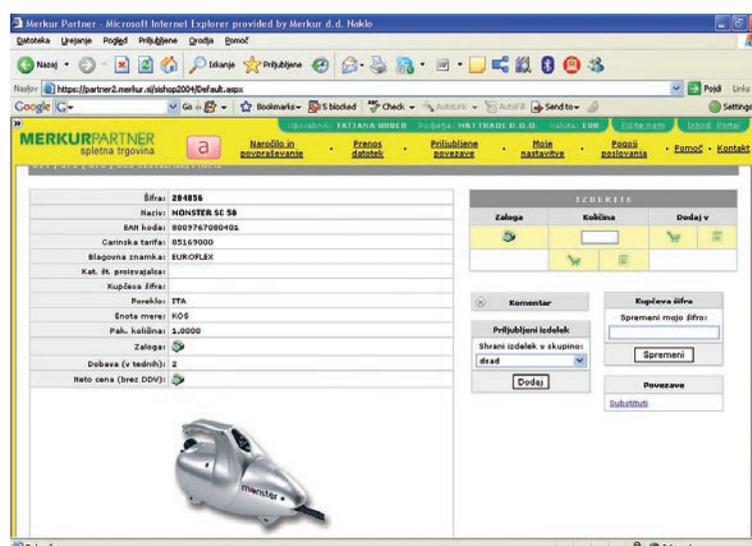
Merkur has already started developing new components for the portal and



Graph 2: Increase of sales items and orders thanks to Merkur Partner portal

- Share of Product Items - Externally
- Share of Net Product Value - Externally in Net Product Value

the computer data exchange system for partners. This will allow the company to exert complete control over eB2B operations, make flow of goods in the chain of supply faster, reduce costs, establish tighter links with partners, and generate benefits for all parties involved.



SiShop, a Complete Approach to E-Business in Trade

Matej KOVAČIČ

The use of advanced communication media in modern economy has become vital for every business. They are especially beneficial for better relationships with the buyers, partners and suppliers. E-business allows global access, is available non-stop 24-hours a day, and reduces costs, to mention just a few advantages for the customers. It allows companies to satisfy very demanding requirements.

In its B2B, Merkur has opted for the SiShop software solution. It was developed and fully integrated in Merkur's system by the Slovenian company S&T Slovenija. SiShop is an open software platform for e-business in small, medium size, and large companies. It supports not only the B2B concept of operations, but the B2C concept as well. SiShop has resulted from S&T's experience and more than ten years of research on e-business in some of the largest Slovenian trading organisations and tourist agencies.

Prompt Integration and Adaptation

Merkur is the largest dealer in non-food articles in Slovenia and offers a wide range of goods from various catalogues. To satisfy the demanding customers by supplying a wide variety of products, special forms of adaptation and optimization must be applied. The customers expect the online service to be cost-efficient and time-saving. SiShop by S&T has been developed as a very flexible and scalable solu-



tion, and implemented in observance of specific customer's requirements and business strategy. The solution's actual capacities are limited exclusively by the provided information infrastructure. The implementation of the S&T's system in Merkur has been very complex and included all project stages. These ranged from the initial consultancy, planning, integral solu-

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Director
Customized
Software Segment

tion, system integration, to services which provide smooth operations. SiShop meets Merkur's requirements, and has been adjusted to promptly display and manage a large number of articles from comprehensive catalogues. Its database includes more than a two hundred entities. SiShop has been developed in the .NET technology, and supports all large databases, e.g. Microsoft SQL Server and Oracle, and can be fully integrated in any ERP system. It can function as an independent solution as well, but Merkur has opted for direct control from its information system, from which all necessary parameters are downloaded. Any actions, e.g. admission of new users, order transfers, setting control, definition of online shopping parameters, transfers of article data, catalogue additions, display of prices and inventories, are all implemented directly through the information system.

The solution is scalable, so its capacity doesn't relate to the number of users, intensity of applications, good network connections, and capacity of servers.

Effective Presentation of Articles and Optimization for Browsers

The buyers use online shopping sites more often, if these provide necessary information that replaces doing the shopping in classical stores. SiShop offers an important advantage: The choice of articles may be limited by different attributes. This allows filtering by different criteria, and the buyer can find the articles in demand easily and quickly. The attributes are used in parallel comparison of unlimited number of similar products.

When developing SiShop, S&T Slovenia paid special attention to the optimisation of the internet site for browsers. The software observes several criteria that are suitable for searching and allows placement in the Internet search engines. SiShop does not encumber the administrator, because all processes for the preparation of the website contents are automated.

For safe online operations, passwords and fire walls are required and the connection between the user and the server is coded. In addition to these safety measures, the SSL protocol guarantees the identity of the website. The online shopping site is not completely safeguarded to allow faster operations, but key elements are coded, especially registration, payment procedure or all personalised contents.