ACQUISITIONS OBTAINED WITH vSRM

- An efficient and fast communication environment has been obtained with vSRM. The productivity experienced in the supply process has positively influenced the customer satisfaction of Koçtaş.

- With vSRM, the supply process stopped being depended on people and the errors have been minimized.

- With vSRM, all stages of the supply process became measurable. Order and supply performance criteria (KPI) started to be obtained very quickly and correctly.

- An interactive communication environment has been established with the suppliers and the communication has been reinforced. Immediate information of the suppliers from the order changes by means of the automatic e-mails and SMS services which are produced by the system has been enabled and the reaction periods have been improved.

- Utilization of vSRM provided time and resource saving in our business processes.

- Owing to vSRM, the performance of suppliers began to be evaluated via numerical data. The system enabled increasing the service quality of suppliers.

- The system, which enables all suppliers to see the stock level via vSRM also allowed for the suppliers to perform production planning. Therefore, a structure which supports the development of suppliers has been realized.

- In order to automatically transfer the orders to the own systems of the willing suppliers, a standard infrastructure which provides data transfer in different formats (EDI, XML, csv) has been created.

- The required infrastructure for the supply process was established in a fast, practical and flexible manner with vSRM. A system with low total cost of ownership and sustainability was realized.

Koçtaş increased efficiency and reduced costs in the supply process with vSRM

"Before beginning to use vSRM, we needed to spend a serious manpower and time to obtain the answers to the questions such as 'How many orders are we creating, how many of them are we sending', 'How many of the orders are taken by the suppliers', and 'When are the orders delivered'. Furthermore, a process prone to human errors was in question. With vSRM, we are able to obtain very fast and sound replies to these questions. The data we obtained from vSRM is also influencing our decision making processes very positively, and we can take decisions much faster than the previous times."

Orkun SÜER
Information Technologies Manager / Koçtaş

From left to right (front row): Ertan KARAMEŞE-Information Technologies ERP Responsible / Koçtaş, Orkun SÜER-Information Technologies Manager / Koçtaş, Celil GERMEYAN-General Manager / ITG
From left to right (back row): İsmail YILDIRIM-Business Development Manager / ITG, Erdem ÖZCAN-Import and Supply Chain Responsible / Koçtaş

Koçtaş, among Turkey's leading retail chain companies, has been successfully using ITG's –who is known with the innovative technologies introduced in the supply chain management- vSRM (virtual Supplier Relationship Management) application since 2007. Authorities of Koçtaş who built a fast and sound communication with its suppliers during every step from the communication of the orders to the suppliers via vSRM to the delivery indicate that this system, which does not create any additional cost to them, has gone beyond satisfying their expectations in changing conditions, and new requests can be rapidly commissioned and opened for use.

Orkun SÜER
Information Technologies Manager /
Koçtaş

"vSRM is a flexible, rapidly expandable, low-cost and innovative platform. These are indispensable features for a successful business application. I also care ITG's solution-oriented, dynamic and professional approach at least as much. The continuous support provided by ITG to our suppliers and us greatly increases the value vSRM adds into our work.

A correct 'supply chain management' bears a great importance in the healthy management of the production and sales processes, while it can also create a serious difference in the competition. ITG (Information Technology Group) is a technology company which has proven itself in the automotive industry where this issue is most sensitive. ITG, who is willing to transfer the successful IT applications in automotive also to the retail industry, realized a successful supply chain management project together with Koçtaş, who is among the leading players of the retail industry, in 2007. vSRM (virtual Supplier Relationship Management) application, which enables Koçtaş to regularly conduct its relations with hundreds of suppliers, creates a strong electronic environment for both Koçtaş and its suppliers to create a difference in the competition.

HOW DOES KOÇTAŞ SUPPLY PROCESS RUN?

Koçtaş inventory management, orders, acceptance of goods, address markings, general counts, controls and sales process are realized in the stores. Wireless hand terminals are used in the operational processes. The processes such as printing the labels, price changes, controlling these changes are being conducted centrally. As a retailing application, SAP's retailing sector-specific has been used since 2001.

The supply process begins with the identification of potential products and the purchasing team's finding the potential suppliers for these product(s). After connecting with these companies, the tender is opened in electronic environment. After the tender is concluded, the store planning process beings and decision is given on which section, which self and how the product is to be displayed. After planning, the orders are given to the supplier company. In the final stage, depending on the nature of the product, the supplier delivers the product to either a single center or to the stores. Even sometimes, Koçtaş uses its own logistics infrastructure and can go and personally take the delivery of the product.

Owing to vSRM, suppliers can easily be informed on the modifications, the orders required at 26 stores of Koçtaş are recommended by the SAP system. As soon as the orders are approved by the supply responsibles, they become visible by the suppliers via vSRM system. The order changes within the day are transferred to the vSRM system four times from SAP system. For the suppliers to be immediately informed of the new orders and existing order changes, automatic notification e-mails are sent by vSRM system to the related individuals of the suppliers. Also these individuals see the supply schedule change summary when they initially log in the system.

BEFORE vSRM...

Lacking a portal infrastructure with its suppliers before vSRM, Koçtaş was communicating its orders by fax. The organization, which mostly conducted its supply process manually by 2005, began to look for an infrastructure that would make this process more efficient, especially together with the increase in the number of stores. Koçtaş Information Technologies Manager Orkun Süer expresses the difficulties of that

time with the following words: "We were not able to fully make sure whether the order we sent was communicated to the other side or not. *It was not possible to accept such a situation at rapidly growing organizations like Koçtaş. As the retail sector is a very dynamic and variable sector, obtaining a rapid action according to changing conditions is very important. The availability of a product at our stores is vitally important for customer satisfaction and loyalty.* In order to ensure very fast and correct shipment of our orders by the suppliers, we needed a strong, fast and dynamic communication layer like vSRM. In the period before using vSRM, product availability and on-time shipment management was a time consuming and difficult process.

After meeting ITG in August 2005, Koçtaş examined the organization's positive references both externally and internally from Koç Group. At that period, vSRM was appreciated rather as a system used in the automotive industry. Reference visits were realized to better know ITG and the system. Orkun Süer delivers his impressions following the visits in question as follows: "Following reference visits, we had highly positive opinions about vSRM. We decided to pass to vSRM system due to speed, ease, flexibility and cost advantages."

Koçtaş IT team, which aims to make the supply process more efficient and healthy, decided to pass into vSRM infrastructure in the end of 2005. In this decision, ITG's experience, approach and the advantages of the established business model were influential. Year 2006 was spent with the analysis, development and test process of the system which should be specifically developed for Koçtaş. While a short time like three months was enough for the development of the application, the highest time was spent for analysis and modeling. In the beginning of 2007, vSRM infrastructure was opened for suppliers. In mid-2008, the utilization rate of the suppliers neared 100%.

If it weren't for vSRM...

Koçtaş regards vSRM, first of all, as a strong platform with which all suppliers could comply very quickly.

Koçtaş Import and Supply Chain Responsible Erdem Özcan emphasizes that in an environment without vSRM, minimum three people will be required only for contacting with the suppliers regarding the orders at each one of totally 26 Koçtaş stores, and adds: "This will cause to an increase in employment by almost 80 people, and it would not be a method as healthy as vSRM. Currently, regarding direct supply management, we have totally four colleagues who work via vSRM. Also almost everyone in Koçtaş is working in connection with vSRM at a point of his or her work flow perhaps even without noticing it."

Koçtaş uses vSRM as a complete portal on which it communicates with over 500 suppliers and performs end-to-end supplier management. Erdem Özcan indicates that one of the biggest advantages of using vSRM is performance measurements: "One of the biggest benefits of vSRM is reporting and observing the orders in a consolidated manner and measuring our suppliers' performances. However, our perspective of

vSRM FROM A SUPPLIER'S PERSPECTIVE

"After beginning to use vSRM, we started to speak a common language with Koçtaş. So, we could both realize the order management much easier, and access Intema's stock information at Koçtaş stores more easily. We are satisfied with ITG personnel's good will and business conduct for serving their customer."

Orhan GÜZEL
Sales Responsible / Intema

measuring should not be misunderstood. We do not believe in an approach which regards with the classical purchasing logic which only aims to minimize the suppliers' profit margin. For us, vSRM is an instrument which aims to increase quality in supply management and in the supply chain. With vSRM, a productive platform is provided for the supplier's continuous self-development and quality service offering."

Koçtaş authorities indicate that solutions are also found to different requirements with vSRM during the development process. Erdem Özcan, having noted that they have moved vSRM beyond its purpose of installation, says: "I believe that have moved vSRM beyond its purpose of installation with the contributions of ITG. For example, with a project which is currently being tested, we enable our suppliers to inform the delivery time to the warehouse with a reservation; which means, we are realizing the ramp management system. This module was developed by ITG just for us. Thanks to the ramp management system which we would follow up via the portal, we will be previously knowing which supplier is to deliver our warehouse which order, on which day and at which time, and get organized accordingly. After completing the test studies which we are currently performing at our distribution center, we are also planning to expand it to our stores. Ramp management system, which we expect to provide very serious advantages in labor costs and planning, will be an important value added which is received with vSRM."

KOÇTAŞ vSRM System

The system is being used by over 500 active suppliers.

Monthly 50 thousand orders in average are entered to vSRM.

Over 20 thousand products are managed during the supply process.

98% of the purchasing turnover passes through vSRM.

vSRM is being used by over 250 people under the body of Koçtaş either directly or indirectly.

All purchases of the headquarters and 26 stores are managed via vSRM.

vSRM INCREASES SUPPLIER QUALITY

Koçtaş has a peculiar performance measuring system to evaluate the quality of its suppliers. Evaluating its suppliers annually with numerical and non-numerical values, Koçtaş decides on increasing its business volume with the related supplier or finding a new supplier instead of it very quickly according to the result. All numerical values of this process can easily be reached by vSRM.

Erdem Özcan expresses what the suppliers think about the system with the following words: "Our suppliers are tremendously satisfied from using vSRM. As a matter of fact, they were also failing to follow up properly with the previous method, that they might experience problems in putting forth the quality of the work they do. Together

with growth, managing the follow up of the work became very difficult for both them and us. By means of vSRM, we are able to see the stock levels of some of our strategic suppliers. Our suppliers are also able to monitor the product inventory levels at our stores in the same way. Our suppliers find the opportunity to monitor the stock levels, and make their production planning accordingly. The suppliers can download order data in different formats (EDI, XML, csv) in order to transfer the orders to their own systems through vSRM without requiring manual intervention if they wish, and even only with this property, vSRM offers a value added to the suppliers beyond their expectations.

TOTAL COST OF OWNERSHIP IS LOW FOR KOÇTAŞ

The utilization of vSRM by the suppliers is an indispensable condition for Koçtaş now. Currently 99 percent of Koçtaş suppliers are using vSRM. The target is of course 100 percent. vSRM use contract is also prepared as soon as a supplier company contracts with Koçtaş. Orkun Süer describes ITG-Koçtaş-supplier triangle as follows: "We request the companies who sign contract with Koçtaş to get into contact with ITG. ITG, in the position of a service provider company, provides any kind of information and technical support in this regard to our suppliers. vSRM can be used easily following a short training given by ITG. Until now, we have not received any comments from any of our suppliers as "We are unable to use this system" or "We have difficulties in using this system". Even some of our suppliers were able to start using vSRM without requiring any training at all. One of the most important positive aspects of vSRM is the delivers of the support desk services by ITG, we do not have any recruitments for the management of the system.

Our 500 suppliers also solve their problems with ITG company. The cost of this service is also shared among the suppliers. ITG issues a very reasonable service invoice to our suppliers in every quarter."

THE EXPERIENCE IN AUTOMOTIVE MOVED TO THE RETAIL INDUSTRY

Celil Germeyan, the general Manager of ITG who has realized a successful business model for three years, expresses the following about their collaboration with Koçtaş: "The organizations with high number of suppliers similar to Koçtaş require a platform like vSRM. We are very glad for being able to transfer our experiences in the automotive industry to Koçtaş, who is among the major players of the retail industry, where the supply chain management bears vital importance. I would like to emphasize that Koçtaş team's competency and strong approach in project management played a very important role in the success. Also the foreign-venture including structure of Koçtaş brought the project to a different platform for us. Because the success of the project was also important for the foreign partners at least as much as its importance for us and Koçtaş. With a complete teamwork has it has been since the beginning, I am confident that we will bring vSRM at Koçtaş to the places with much higher value added."

Celil GERMEYAN
General Manager / ITG

"The organizations with high number of suppliers similar to Koçtaş require a platform like vSRM. Our experiences in the automotive industry have shown that even the production may stop when the suppliers fail to show the required performance. A similar situation is also valid for the organizations with a similar structure to that of Koçtaş, with a high number of suppliers. The process, which begins with the customer's failure to find the product that it searches for at the store, may cause to customer dissatisfaction first, and then to the loss of customer. We are very glad for being able to transfer our experiences in the automotive industry to Koçtaş, who is among the major players of the retail industry, where the supply chain management bears vital importance."

vSRM FROM A SUPPLIER'S PERSPECTIVE

"We have been using vSRM for nearly one year. Before vSRM, our orders were communicated by fax. Now we are able to monitor not only the orders, but also returns, weekly sales and weekly stocks via vSRM. ITG offers a very important vehicle for us to sustain our work in a healthy and efficient manner. Also, when we need we can easily reach ITG specialists and find a solution to our problem as soon as possible."

Kürşat KOCABAŞ
Company Partner / Kocaçelik

About vSRM

vSRM is a supplier relations management portal which includes advanced level of Supply Chain Applications.

vSRM is an application that satisfies international standards with multiple language support and which is used by many companies in many countries such as the USA, Brazil and Spain in addition to Turkey, and it consists of the following modules.

- vSRM Request Management, Quotation Collection and Analyses (vRFQA)
- vSRM Purchasing Orders
- vSRM Supplier Programs
- vSRM – Automatic Stock Replenishment, E-Kanban
- vSRM Milk Run Application
- vSRM Electronic Data Transfer (EDI)
- vSRM Barcoded Shipment Labels
- vSRM Corrective & Preventive Action Management (CPA)
- vSRM Document Management
- vSRM Supplier Performance and Reports
- vSRM Financial Information Sharing
- vSRM E-Mail and SMS Services
- vSRM Virtual Activity Follow Up

Some of Koçtaş Suppliers who use vSRM

3M, Arçelik, Bosch, Botanika, BP Petrolleri A.Ş., Bürosit, Dekor Rulo,Deren Ambalaj, Doğaner, Dyo, East Marine, Ece Banyo, Ege Vitrifiye, General Elektrik, İntema, İzocam, Kale Hırdavat, Kale Makina, Kösedağ Tel, Krom Evye,Kumtel, Nural Hırdavat, Philips, Polisan, Reis Makina, Schneider Elektrik, Serflex, Sika, Taç Avize, Tat Tohumculuk, Türk Henkel, Türk Philips, Üçsan Plastik, Varta Pilleri Ltd.Şti., Viko, Yıldız Entegre Ağaç,...

ABOUT KOÇTAŞ

Koçtaş, among the first companies of Koç Group, was founded in 1955. As a leading home development retailer, Koçtaş opened its first store in 1996 in Bornova, Izmir, and it was followed by Antalya, Izmir Balçova and Bodrum stores. Store openings continued following the partnership agreement signed B&Q, the market leader of Europe and third largest company of the world in home development retailing in 2000. Currently possessing companies at Kartal, Şişli, Yenibosna, Eyüp, Optimum SHC and Beylikdüzü in Istanbul; Ankamall and Çankaya 365 SHC in Ankara; Bornova, Balçova and Mavişehir in Izmir; Topçular, Özdilekpark SHC and Alanya in Antalya, Koçtaş serves in Edremit, Kuşadası, Bodrum, İzmit, Bursa Korupark, Forum Mersin, Eskişehir,Forum Trabzon, Konya, Kayseri, Malatya and Denizli. The company with a strong local supply chain and international purchasing power, has totally 135 thousand square meter area at its totally 26 stores.

Koçtaş covers ten thousands of product types from decorative products to furniture, home textile products to ceramics, garden furniture to lighting products, teen room to readymade curtains, and carpet to parquet. Koçtaş also offers its customers different services such as turnkey house renovation, and "Call/Click We'll Bring!" telephone and internet order period.

ABOUT ITG

ITG, a software company specialized on Supply Chain Management and ERP (Enterprise Resource Planning) applications have been serving in this field for over 15 years. ITG especially offers solutions to the industries with multiplier suppliers such as main industry manufacturing companies and retail industry. Among these solutions which include advanced level of Supplier Chain applications such as Supplier Programs, Milkrun, VMI-Vendor Managed Inventory, Automatic Stock Replenishment, e-Kanban and EDI; vSRM (virtual Supplier Relationship Management), the B2B supply portal developed with Java and XML Technologies holds a special position. vSRM is an application that satisfies international standards in six languages and which is used by many companies in eight different languages at an international level in many countries mainly including the USA, Brazil and Spain in addition to Turkey. ITG, who realizes the installation of this system, offers its customers services on hosting and expansion of vSRM among supplies. ITG's specialized products also include web-based vAT for Pharma (virtual Activity Tracking for Pharma) product which was developed for the companies selling and marketing pharmaceuticals for planning, conducting and performance measuring of field sales activities. One of the major pluses of ITG is having an experienced staff who has undertaken duties in the implementation and localization of international ERP packages at automotive (OEM) main industry and supplier industry companies .

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