Agile Expansion to China
Armin M. Hoffmann @ Oracle Retail CrossTalk, Washington DC, 2011-06-22
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→ Summary
European Market Leader in Consumer Electronics

More than 60,000 employees
Net sales € 19.7 bill.
2.6 mil. sqm of sales space
Over 800 stores in 16 countries

As of: December 31, 2009 (before the Expansion to China)
International Success

- Media Markt and Saturn: from Germany’s No.1 to Europe’s No.1
- Both retail brands will continue to enhance their position in Europe
- Existing stores are continually adapted to reflect changing demands and requirements
- Media Markt and Saturn generate over half of their revenue outside of Germany
- In 2009, the retail brands were located in 16 countries
Worldwide...全球知名...

And now, in Shanghai!
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Business Expectation

Adaptability

Business value

Visibility

Risk
Traditional Project

Adaptability

Visibility

Business value

Risk
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Supply Chain Application

Functional advantage of packaged standard application
- Support retail business
  - Support new business models
- Provide proven, seamless business processes
- Established in China
- Integrates with third party applications

Technical advantage of packaged standard application
- Ready to use
- Mature
- Scalable

Know-how advantage of packaged standard application
- Available worldwide

Does the packaged standard application support
- Media Markt unique decentralized business model?
Does the agile project support
- large-scale projects
- packaged software implementations
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Media Markt worldwide
Challenge
Approach
Agile Oracle Retail project for Media Markt China
  ➢ Timeline
  ➢ Business Processes
  ➢ Application Architecture
  ➢ Methodology
  ➢ Team
  ➢ Workbreakdown Structure
Success factors, challenges & lessons learnt
Summary
Success in China

- Project start: 2009-10-12
- Master data productive: 2010-04-26
- 1st store opened: 2010-11-17
- 2nd store opened: 2011-02-26

Further growth

Within 2 years
10 to 12 stores in Shanghai.
Then expand to other cities in mainland China.
By 2015, increase to 100 stores.
Project key facts

First Media-Saturn country worldwide with entire new application and infrastructure architecture
- Packaged standard software for backoffice functions
- Custom software for consumer facing functions

Large output with small project
- One year until 1st store opening 10-11-17
- 23 person years (4500 pd) [total 40 pa, 8150 pd]

Project methodology to manage complexity
- 2 teams [total 5]

Intercultural approach to move into Shanghai
- Multinational team (China, Hong Kong, Germany, Russia, Poland, Netherlands, Belgium, UK, RSA, Switzerland, Portugal, Philippines, India, Canada)
- Moving from Europe to China
Retail Processes

Purchase to Pay
- Master Data
- Cost Price & Deals
- Purchasing
- Payments
- Returns

Move
- Flow of Goods
  - Receiving
  - Transfers
  - Outgoing Goods
- Warehouse
- Mng & Ctrl Inventory

Order to Cash
- Pricing
- Marketing
- Sales
- Checkout
- Cash Mgmt
- Customer Service

Business Intelligence
Planning
Integration
Solution Ownership

Plan

Build

Run
Scrum

- Business Requirements
- Selected Requirements (prioritized)
- Implementation Phase
- Daily Meeting
- Implementation Review
- Working Functionality
- Planning Session
- 2 weekly
- daily
Traditional Program Plan

- Master Data
- Deals
- Purchasing
- Entertainment
- Payments
- Receiving
- Returns
- Transfer
- Inventory
- Pricing
- Reporting
- Master Data Entry
- Initial Store Orders
- Goods Receiving
- Master Data Entry
- Initial Store Orders
- Goods Receiving
- Opening

Supply Chain

POS

Chinese Localisation

Interface

Sales Desk

Inventory

Shanghai
The team makes the difference

- **Subject Matter Experts**
- **Stable Team**
- **Organic Growth**
- **Goods Receiving**
- **Master Data Go-Live**
- **Start Relocation**
- **Grand Opening**

**Retail Applications Effort**

- Marketing
- Service
- POS
- Supply Chain
- Architecture

**person days / month**

- Sep
- Okt
- Nov
- Dez
- Jan
- Feb
- Mrz
- Apr
- Mai
- Jun
- Jul
- Aug
- Sep
- Okt
- Nov
- Dez
Major Tasks

- Interface definition and testing
- Deals
- Globalization
  - Descriptions in local (Chinese) and global (English) language
  - Chinese forms
- Batch scheduling
- Simple warehouse management
- Reporting
  - Export function for search results

- Not: Media Markt unique decentralized business model
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Success factors, challenges & lessons learnt

Stick to the STANDARD

Walk everybody through the standard first, to get an integrated solution, and to get everybody acquainted to the overwhelming existing functions

Show the standard system while gathering requirements don’t wait until the sprint review

Concentrate on Media Markt business model and core processes, to avoid modifications

Run all requirements through a strong architect first
Success factors, challenges & lessons learnt

Scrum makes large-scale projects hyperproductive

Guide all work towards a clear, compelling business goal

Prioritize by Business Value and Risk

Manage against top-level project plan

Don’t blend Scrum with Waterfall
  Assign 1 user-story only to one team member
  Co-locate the team in one room (at least in the beginning)

Use The Wall,
  Public project room promotes open communication
  Tools are more complex, less transparent, and less fun
Success factors, challenges & lessons learnt

Scrum makes packaged software implementations hyperproductive

Short sprints (2 weeks) deliver a lot of functionality with standard applications

Work with assumption agile projects enable later rework

Allow multiple user stories in parallel into one sprint for standard applications working time is much less than elapsed time

Allow documentation and training to be finished in next sprint standard systems are configured extremely fast
China

Go to China early
Integrate Chinese experts into the team early

Allocate time and money to
bridge the distance, time difference and culture

Deliver to Chinese users
- Training by Chinese
- Support by Chinese
- Operate during Chinese business hours

Understand Tax
- Different kinds of fapiao
- Red invoice process
- Business tax is no VAT
- All prices include VAT
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Agile

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Risk
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Retail Process Flow

Supplier

Purchasing

Order

Receiving

Store

Delivery Centre

Receiving
Home Delivery

Headquarter

Purchasing
National Flyer

Order
per store

Payments

Store

…

Store

…

DC

…

Item
A simple framework to manage complex projects

Product Owner

Team

Scrum Master
The Wall
Scrum of Scrum

Twice per week
Success factors, challenges & lessons learnt

Plan enough (up to 30%) contingency in the beginning

Integrate early, additional features can also be added to interfaces later

Implement core process end-to-end first

Start with release sprints (operational readiness test) early, as soon as all standard processes are ready

Gather requirements from the outcome of the process

Implement functions from the start of the process as soon as major prerequisites are in place

Start with Development environment only, others can follow later

Start with test automation from the beginning