



## Retail Reply works with Sainsbury's to achieve the Holy Grail in 'Business Driven IT'



### Abstract

Sainsbury's embarked on a project to create one IT plan or 'road map' that would cover the entire enterprise. This business and IT aligned roadmap would enable the Sainsbury's Board and CIO to agree ways to consolidate IT spend and ensure that from now onwards, all IT investment activity undertaken is based around immediate or long term business needs. Retail Reply helped Sainsbury's IT team to develop a long term IT business planning. By achieving long-term IT planning, Sainsbury's has a greater opportunity to prioritise IT investment. By seeing the bigger picture it can lay down the foundations that will support the many change programmes required over the next five years. As well as the longer term initiatives, it can carry out the shorter projects which respond to customer demands and give a faster return, therefore get to the benefits of many initiatives earlier.

Retail Reply provided the independent analysis and knowledge which guided the team and formed the framework to ensure the end goal was achieved in the short timescale of just five months. Retail Reply has helped Sainsbury's not only bridge but fully integrate its IT strategy with its business growth strategy. This is of huge significance, as it creates an ongoing process by which Sainsbury's can make informed and accurate IT investment decisions that support and enable the company's growth and future success.

### Scenario

A long standing challenge for all large organisations is planning technology investments wisely so that they support and enable the business objectives. Knowing the best areas to invest in IT to give the greatest value to the business is one of the fundamental challenges for CIOs. Part of tackling this challenge is to get the IT and 'C' level business planning functions working together.

In retail, resolving this challenge is particularly prudent as technology enables the retailer to reach and serve more customers, thereby increasing its market share. In the UK grocery market, competition is fierce, and it can be difficult to differentiate between the supermarket chains. Therefore to achieve a competitive edge in the marketplace, IT projects need to be planned and executed quickly.

Sainsbury's is one supermarket that is breaking boundaries with technology enabled initiatives including the recently launched Brand Match service which provides Sainsbury's customers with the confidence that they will not pay more for a basket of branded products than at Tesco or Asda. How Sainsbury's IT and business functions work together is fundamental to the success of this and other IT initiatives and its business growth.

### The project

In May 2010, Sainsbury's embarked on a project to create one IT plan or 'road map' that would cover the entire enterprise. Led by CIO, Rob Fraser and CTO, Julian Burnett, the IT team awarded Retail Reply a contract in May 2010 to help them develop a long term business aligned IT plan which would span at least five years.

Rarely achieved by organisations - this business and IT aligned roadmap would enable the Sainsbury's Board and CIO to agree ways to consolidate IT spend and ensure that from now onwards, all IT investment activity undertaken is based around immediate or long term business needs.

This type of planning is known in the IT sphere as architecture-led planning or a 'capability-led road map' and can only be achieved when the IT function of an organisation works very closely and in a specific way with senior management from other functions within the business. Independent IT consultancy, Retail Reply, has

experience of helping IT functions in large organisations to step back and take an enterprise view of their own business and IT landscape. This input and direction was something that Sainsbury's knew would be an essential part of this process.

## Sainsbury's IT Vision

Sainsbury's IT vision is to be recognised as the best IT team in the retail industry by delivering relevant solutions in a simple, value for money way that supports the company's growth plans.

The following values are central to the way Sainsbury's colleagues work and think:

- Partner with other areas of the business
- Focus on the customer
- Always think in a benefits driven way
- Draw on the in-house knowledge and talent within the Sainsbury's IT team

Retail Reply was made to feel very much part of the team, and these values were at the heart of why this project worked so well for Sainsbury's.

## The Road map

By achieving long-term IT planning as far as five years out, Sainsbury's has a greater opportunity to prioritise IT investment. By seeing the bigger picture it can lay down the foundations that will support the many change programmes required over the next five years. As well as the longer term initiatives, it can carry out the shorter projects which respond to customer demands and give a faster return, therefore get to the benefits of many initiatives earlier.

Delivering benefit early whilst building the foundations for a future vision must embrace change, whether internal or external. The long-term capability-led road map quickly identifies the impact of change, enabling Sainsbury's to prepare and act accordingly.

## The process

Retail Reply brought with it a framework and methodology which worked as an accelerator for the project. At the start of the project Retail Reply agreed with the Sainsbury's IT team a process by which the project should follow to meet the aggressive deadline for a 'first-cut' of the capability-led road map.

The first stage was for the project team to capture the business drivers such as "*Live Well For Less*" and identify the capabilities needed to meet these aspirations. This information gathering stage involved over 20 people from across all major functions within Sainsbury's. Together, Retail Reply and Sainsbury's looked at best practice and innovation in retail to set stretch targets for the project which, if achieved, would be aspirational on an industry-wide scale.

This stage was challenging because it requires a shift in thinking. However, it was a challenge that the team were well prepared for. Thinking and talking about what each capability should achieve in terms of business outcomes rather than which system to use is critical to creating successful and welcomed business solutions.

The next stage was to create a technology response. This involved identifying where each existing business and technology system can be exploited and to determine what additional systems and technology infrastructure needed to be adopted to enable the capability required.

The final stage was the development of a 'first-cut' road map of change programmes which identified the dependencies, synergies, duplication and what business goals / drivers would be realised if certain projects were carried out over certain timescales.

Once the 'first cut' had been completed, it provided the golden ticket to one of the most important phases of the project – understanding what needs to change to deliver incremental benefit.

This allowed the team to work out what can be done better by changing, altering the sequence or merging projects to help deliver common and further reaching results across the business. It highlighted how we could exploit existing systems and implement new technology to enable the business to benefit earlier in the five year planning cycle.

All too often organisations find themselves working to a long-term strategy that will realise benefits in four to five years but provides inadequate benefits in the next one to two years. Avoiding this pitfall was one of the key drivers for Sainsbury's in embarking on the capability-led road map project to achieve the 'Holy Grail' of business driven IT.

Once complete, the 'first-cut' road map provided an overarching view of the chosen business drivers and identified projects that had made it through the sifting / analysis stage to become part of the recommended tactics for achieving the business driven IT strategy plan.

The success of this process was clear to all, but all too often it results in a one off exercise, it becomes outdated and over time does not provide the agility originally intended; at best it is repeated in five years. Charlie Hope-Lang joined as Sainsbury's Principal Enterprise Architect part way through this process. Charlie embraced the process and was a catalyst for turning this from a one off IT exercise to an approach that is now embedded into Sainsbury's everyday planning and execution. His drive to involve senior management at an early stage helped ensure that this project drove a cultural change not just an IT change.

Retail Reply provided the independent analysis and knowledge which guided the team and formed the framework to ensure the end goal was achieved in the short timescale of just five months.

## Feedback from Sainsbury's

The project began in May 2010 and the first cut capability-led IT road map was presented to Justin King and the Sainsbury's Board in November 2010. The board endorsed the simple message: *"As one we can drive alignment, we can simplify our systems and we can achieve more for less"*.

Julian Burnett, CTO comments on the response from the Board...*"The single biggest endorsement for the approach came when Justin King likened the roadmap to the "Making Sainsbury's Great Again" (MSGA) strategy, only this time for Sainsbury's IT. MSGA has been hugely successful in turning Sainsbury's performance around over the last six years and I believe that the roadmap gives us an opportunity to do the same for Sainsbury's IT over the next five years."*

In the past, efforts for IT and the business functions to understand each other and work this closely together, have proved challenging. Charlie Hope-Lang, Principal Enterprise Architect at Sainsbury's comments: *"The Board understands the need and buys into our strategy because we have been able to talk retail business to retailers – a common language across IT and business functions."*

## Benefits

When the CEO can see the benefits of investment in IT, the company can then see a way to strike the right balance of IT investment according to the business needs.

This project has proved that through building a business / benefits lead architecture approach to IT planning, you really can articulate the importance of raising the business case in IT investment.

Now Sainsbury's can react far quicker to changing market demands by identifying and agreeing upon new projects that will deliver great benefit in a shorter space of time; whilst maintaining momentum along the longer term IT roadmap.

## Results

Strategic spend on IT now means that Sainsbury's can realise the benefits from IT in smaller chunks sooner.

Now there is just one capability-led IT roadmap for the entire company. The roadmap spans five years and gives the CIO and the Board the ability to provide investment and resources for projects which will benefit the business in the short and longer term. It also provides the flexibility for projects and objectives to be revised without stepping too far away from the overall business strategy.

The capability roadmap project is a significant achievement for the business as a whole, not just the IT division as it has provided Sainsbury's with a working process which will enable it to deliver this vision through IT from now onwards.

Julian Burnett's message to the board; *"As one we can drive alignment, we can simplify our systems and we can achieve more for less"*, is becoming reality.

Daren Ward, director of retail and CPG at Retail Reply comments: *"Not only has the IT team mastered the ability to focus on business outcomes to build an effective roadmap, but they have started the cultural change required for this approach to influence the corporate investment and capital planning processes going forward as well."*

## The future

Retail Reply has helped Sainsbury's fully integrate its IT strategy with its business growth strategy. This is of huge significance, as it creates an ongoing process by which Sainsbury's can make informed and accurate IT investment decisions that support and enable the company's growth and future success.

The project has been a significant milestone in the company's business planning. The new IT roadmap provides not only an agreed strategy across the business but a process that helps Sainsbury's IT function to live its vision of "delivering relevant solutions in a simple, value for money way to support Sainsbury's growth plans."

Julian Burnett concludes: *"Sainsbury's has a clear and simple multi-year view of where and when IT investments will be focused to deliver the greatest benefit in support of Sainsbury's growth strategy. The underpinning IT foundations upon which solutions will be created to realise these benefits are now recognised as important in their own right and will provide us the flexibility and scalability to meet both short and long term demand for IT enabled change at greater pace and lower cost than ever before."*

Retail Reply is the Reply Group company specialising in helping clients accelerate their response to the opportunities of digital transformation and customer experience, both in-store and online, in the retail, fashion and consumer sector. Retail Reply supports clients' digital transformation across Digital Strategy, Planning, and Delivery. Our expertise includes IT architecture, digital product delivery, point of sale implementation, loyalty & promotion-engine development and execution, online and mobile customer experience, omnichannel implementation via microservices architecture, and capability-led planning.

Reply [MTA, STAR: REY] specialises in the design and implementation of solutions based on new communication channels and digital media. As a network of highly specialised companies, Reply defines and develops business models enabled by the new models of big data, cloud computing, digital media and the internet of things. Reply delivers consulting, system integration and digital services to organisations across the telecom and media; industry and services; banking and insurance; and public sectors.

For further information: [www.reply.com](http://www.reply.com)