

# Hyperion at Work



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**Industry**

Retail – Office Products

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**Hyperion Product**

Hyperion® Essbase® OLAP Server

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**Applications**

Customer and product profitability, corporate budgeting, financial and management reporting, retail analysis

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Mark Nashman  
President  
Clarity Systems



## Analyzing Customer Profitability and Sales Performance at Grand & Toy

When Grand & Toy, the largest commercial and retail office products distributor in Canada, needed more timely and comprehensive business information to compete in an increasingly competitive environment, they turned to Hyperion® Essbase® OLAP Server. Hyperion Essbase integrates data from Grand & Toy’s commercial, Internet and retail channels—encompassing 19 national sales and distribution centers, plus over 70 retail stores—into concise information on customer profitability and sales performance.



Hyperion®



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In 1995, Grand & Toy had just implemented a new enterprise resource planning (ERP) system to support the daily transactions of their retail stores and sales offices spread across Canada. However, Grand & Toy’s management found that the new system did not satisfy their analytic requirements. To get basic operational data about the business, Grand & Toy had to generate reams of paper and manually re-key this data into spreadsheets.

#### **Searching for Better Business Information**

Grand & Toy called in Clarity Systems of Toronto to assist in the development of a new system to meet current analysis needs and to expand these capabilities over time. When Mark Nashman, president of Clarity Systems, became involved in the project, Grand & Toy had an urgent need for better and more timely business information. Grand & Toy needed to know which customers were profitable, which stores were doing well and which products were not providing an adequate margin. “The tools just weren’t there for that kind of functionality,” Nashman said. “The initial need identified by the senior management team was to work on product profitability and to develop a solution for the merchandising group.”

Complicating the implementation were Grand & Toy’s multiple lines of business: retail, commercial and Internet. Each line operated under different conditions, and Grand & Toy wanted detailed information at every level. “The challenge,” Nashman said, “is that they run three

different businesses with two different reporting structures on a GL account structure that is not the most intuitive.” Merchandising wanted to know which products were trending up and which were trending down, and they needed this analysis by product, promotion and region. Sales needed to know which customers were profitable and which ones were not. Purchasing wanted to analyze their vendors. Finance needed timely financial reports. “The existing system couldn’t manage all that,” Nashman said. “They needed a tool to help them flexibly scan through all the sales data on a summary basis and to drill down to the details as well.”

The nature of Grand & Toy’s business was in flux, too. Until then, Grand & Toy had been the main purveyor of office supplies in Canada, but everyone knew that U.S.-based office supplies giant Staples was moving in. “Staples offers special low prices on specific items to draw customers into their store,” Nashman said. “They really changed customer perspectives on the prices of various office products. As a result, the whole industry has seen a slide in margins. Grand & Toy needed the tools to compete in that environment.” In addition, the Internet was bringing retail shopping to remote desktops, and Grand & Toy needed to capitalize on that opportunity. If they didn’t, their competition would. Such competition accelerated the requirement for robust and flexible business analysis tools.

### Finding a Scalable, Sophisticated System

When Clarity Systems began working with Grand & Toy, the company had a general bias towards adding a Sybase database, designing some tables, creating some reports and calling it finished. “Before we jumped in that direction,” Nashman said, “we suggested an analysis of the tools on the market that might more effectively meet Grand & Toy’s needs.” Grand & Toy first looked at Cognos’ Power Play but were dissatisfied. “We talked to Cognos about loading in data for about 25,000 products by about a hundred locations by promotion. They said you really don’t want to do that.” Cognos recommended using Hyperion Essbase as the back-end database server to handle the large volume of data. To be thorough, Grand & Toy also reviewed other tools on the market, but none of these systems could fully address Grand & Toy’s requirements for scalability, flexibility, sophisticated analysis and openness.

“Right away,” Nashman said, “users just loved it.” The Merchandising department was the first to use Hyperion Essbase. Soon after, a customer profitability application was developed for Sales Management. As other departments became aware of the ease and speed of Hyperion Essbase’s reporting and analysis tools, the use of the product spread throughout Grand & Toy. Nashman found himself developing product, customer and retail reporting cubes while layering a budgeting system on top of Hyperion Essbase. The Hyperion solution now feeds month-end and other financial

reporting activities, with more applications planned. Nearly 150 users are working with Hyperion Essbase on a regular basis.

### Acting on Profitability Analysis

“Grand & Toy continues to take action on customer profitability based on Hyperion Essbase analyses,” Nashman said. Depending on the value and type of their purchases, customers are now offered promotional incentives. Grand & Toy can share information with their customers to encourage them to order in larger batches, which helps both parties save money. This understanding of their customers’ behavior is critical to maximizing the value of the relationship on both sides. “According to their current business procedures, Grand & Toy cannot renew a contract with a customer unless they generate an analysis from Hyperion Essbase on the customer’s profitability,” Nashman said. “It is a key system in their sales relationships. It also eases the budgeting cycle and financial reporting process. They just wouldn’t have been able to do it without Hyperion Essbase.” Since both budgetary and actual numbers are in Hyperion Essbase, Grand & Toy can now do variance reporting as well.

As Hyperion Essbase has proliferated throughout the company, Clarity Systems has assisted in migrating the Hyperion Essbase applications from HP-UX to Windows NT. Nashman said, “The migration of Hyperion Essbase to Windows NT was very, very easy.”

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For Clarity Systems, the use of Hyperion Essbase has streamlined solution design and implementation while generating plenty of new consulting business. Clarity Systems' results at Grand & Toy impressed key players in that company's parent, U.S.-based Boise Cascade Office Products (BCOP). "When BCOP saw what Grand & Toy had," Nashman said, "they quickly adopted Hyperion Essbase solutions." BCOP's direct mail business, Reliable, soon followed suit. In addition,

a former Boise Cascade marketing manager implemented Hyperion Essbase at his new company, Walt Disney Vacation Club. "Clarity Systems began as a four-member team looking for a specific solution for Grand & Toy," Nashman said. "Since then, we have grown into a 40 person consultancy that is Hyperion's largest Gold Alliance partner in Canada. The possibilities of Hyperion technology refocused our business and have been a tremendous value to our customers."



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