

Fnac Spain reduces the IT department's installation and delivery times for new stores, with support from Colt's Virtual Private Network (VPN) services

colt

Customer name

Fnac Spain

Industry

Retail

Products and services

IP VPN, LANLink, HSS, Conferencing, Voice Line

Sector

Technology and cultural product distribution

Challenge

To guarantee the operation of stores, the central warehouse and the procurement office and to comply with delivery times for new store openings.

With Colt's backing, Fnac manages to reduce costs in order to obtain a profitable business model

Established in 1954 in France, Fnac is an example of a partnership between commerce, culture and technology and it is the leading distribution brand for technical and cultural products in Europe. In 2016 Fnac became part of Fnac Darty, a group with a network of 664 establishments in nine countries (France, Spain, Portugal, Switzerland, Belgium, the Netherlands, Morocco, Qatar and Côte d'Ivoire). With a turnover of €7.4 billion, the company has 26,000 employees worldwide.

The brand arrived in Spain at the end of 1993 when it opened its first store in Madrid's Calle Preciados, becoming a benchmark in cultural and technological retail in Spain from the very beginning. Fnac Spain now operates 30 bricks-and-mortar stores, as well as its online channel www.fnac.es and a Central Warehouse. Its stores are based in all regions across Spain, with multiple stores in Madrid, Barcelona and Valencia, as well as a store in the Principality of Andorra.

The company has two different business models: Fnac's wholly-owned stores and, since late 2015, the franchise format. The brand

also continues to innovate by moving into different store formats, from the 40m2 establishment at Universidad Europea de Madrid to the 4,000m2 store at the Comercial Triangle shopping centre in Barcelona, along with new concepts such as Fnac Connect.

Fnac's IT department support users who shop in the stores and those being targeted by payment method functions, signage and dynamic marketing, along with internal users who operate against corporate systems such as ERPs, BI apps and CRM platforms.

Leading provider

In this context, Fnac's network and communications are vital and Colt is Fnac's leading supplier in Spain. The company's Virtual Private Network (VPN) is run by Colt and in the service area, Fnac makes use of Colt's hosting, back-up and active network element management services. It also has hosting services in Madrid and Barcelona that provide a DRP (Disaster Recovery Plan) for some of the company's critical services.

Fnac's relationship with Colt goes back to 2001. When the retailer,

faced with instability in the operation of its internally managed data centre, decided to host its central servers at Colt's Internet Solutions Centre in Madrid. Since then, Fnac's constant challenge is to guarantee the smooth operation of its stores through a highly centralised configuration. Francisco Díez, IT Director at Fnac, says "While we can operate stores in degraded mode without communications, it is increasingly necessary to maintain communications both with our payment servers (faced with the alternative of using POS terminals) and the ERP server." The latter is essential for offering customers the highest level of added value and involves processing online receipts and obtaining first-hand knowledge of the stock available in each store in order to encourage the much sought-after omni-channel approach. "The ultimate aim is to offer our customers the best product in the best place, regardless of whether that is a bricks-and-mortar or online store," says Díez.

It was also vital to guarantee communication with the CRM servers, given the importance of

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Francisco Díez,
IT Director, Fnac

Fnac's loyalty programme, which offers member benefits online. "Once again, this means we have to process receipts online and provide updates, for instance, to Fnac members' account balances," says the Systems Director.

Another key element was to guarantee the Central Warehouse's operations, which has software that works against the ERP server. The Central Warehouse is where stock shipments—whether for re-stocking, returning or transferring to other centres—are handled and prepared. The website's logistics are also located at the Central Warehouse, where shipments for website customers who have requested this method of delivery are prepared. "It's worth remembering that the standard commitment is delivery within 24 hours."

Guaranteeing the operations of the Procurement Centre is another of Fnac's challenges, given that the Centre's software includes the ERP, CRM and BI servers, which are also used by their Sales, Human Resources and Marketing departments.

Finally, the configuration of Fnac's communications must guarantee the deadlines for opening new stores. "Competition in this market is increasingly on the rise, which means our company has shorter

execution times for new openings," says Díez. In this situation, adapting the service/cost to new business models is a priority, given that convenience stores and corner shops have a radically different cost structure compared to Fnac's classic stores.

The business is facing two issues:

On the one hand, it needs to shorten implementation times for new stores. "Negotiations and opportunities become a reality in an increasingly shorter space of time. The fact that our growth model is leaning towards the addition of smaller stores, which take advantage of the omni-channel approach to offer an extensive catalogue without the products being available in the stores themselves, contributes to this," says Díez.

On the other hand, reducing the company's operating costs is a key issue. Once again, the fact that Fnac is focusing on smaller shops means costs must be reduced to obtain a profitable business model.

The anticipated result is that the IT Department reduces installation and delivery times for new stores, along with initial investment and operating costs for new establishments. "In short, it's about making the new stores profitable from the very first year."

Díez says they have found the answer to their needs in the range of services offered by Colt. Which is cheaper lines for very small stores and lines with increased bandwidth at a reasonable price. This means pilot testing can be undertaken to decide whether the hardware for several stores can be pooled in the data centre using solutions such as desktop virtualisation.

Fnac also values the swift implementation of Colt's solutions. "Given that delivery times for definitive lines are 'set in stone', especially when we are working with lines from other operators, to open a store in a very short space

of time (within 2 months of the corresponding order being placed), we needed Colt to incorporate new services, such as 4G and 3G connections," explains Francisco Díez.

Business transformation

Colt is one of Fnac's long-term suppliers and their shared experience and partnership has made the transformation of Fnac's business possible in an industry that has been especially affected by the emergence of Internet logic and the digital revolution. "In all the time we have been working together, we have had no significant issues. Colt has always provided an answer to our needs, whether by adapting its services to our situation or by finding alternatives that have resolved any challenges," says Fnac's IT Director.

Fnac chose Colt in 2001. Back then, and compared to other suppliers, Colt offered better value for money (moving from Frame Relay to MPLS); the choice of connecting its centres via a redundant ring; the option of using its Internet Solutions Centres as buildings for hosting the data centre; and finally, the possibility of opening a new store anywhere in the country with the guarantee that any communications issues would be resolved.

Fnac's plans for the future include deploying an ambitious growth plan that includes the opening of around five stores per year to reach a total of 45/50 establishments and the inclusion of new store formats and new products. "We hope Colt is part of this," says Francisco Díez.



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