



Ramayana Corporation

Next-generation Wireless Point-of-Sale

Executive Summary

Indonesia's Fashion Retail Giant Ramayana Corporation operates 80 stores nationwide and employs 19,000 employees in 40 provinces and was voted by Forbes Global Magazine as one of the Top 20 of the 200 Best Small Companies in the world.

Ramayana's hallmark of success lies in the company's ability to combine "market style" prices with modern departmental store look-and-feel. Their biggest problem was very frequent relocation and re-wiring of Point-of-Sale (POS) cash registers due to the daily changes in the store floor layouts. They needed a solution to speed up the process, reduce costs as well as avoid disruptions to the central MIS control system.

Ramayana chose to implement a Cisco Aironet-powered Next-Generation Point of Sale comprising of 600 Access Points and 2,000 PCMs in two phases starting from May 2001 and completion by November 2002.

The result is time for re-location of new POS terminals being reduced from a day to as short as one to two hours. The process is now more simplified and the number of in-store MIS personnel greatly reduced.

The Background

Ramayana Corporation - popularly known in Indonesia as PT. Ramayana Lestari Santosa, Tbk., or simply "Ramayana", was voted amongst the Top 20 of the 200 Best Small Companies in the world by Forbes Global Magazine in October 2001.

In the same year, the company swept the Asiamoney Poll 2000 winning the top three awards: Best Managed Company in Indonesia, Best Investor Relations in Indonesia and Best in Most Reliable Forecasting in Indonesia.

The company's fiscal results and ever-expanding network of stores speaks for themselves.

Ramayana's stock value has been growing in a phenomenal 20 - 25 percent Year-on-Year sales for several years now. Turnover for the Financial Year (FY) 2001 was US\$280million and the company is forecasting a 25 percent increase in revenue with a projected 18 percent net profit for 2002.

Even during the toughest of economic and political times between 1999 to 2000, the company opened a total of 19 stores across the country in far-flung places such as Medan, Pontianak, Lampung, Denpassar and Kalimantan. The company's decision expand outwards to Sumatra paid off handsomely with the Medan store ringing in sales of US\$5.5million and the Pontianak store US\$1million during their three-day opening sales.

And all that from selling US\$1.20 tee shirts and US\$4 blue jeans targeted at customers with an average monthly take-home pay of US\$50.



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“The Cisco Aironet Wireless LAN Solution frees us from all the physical and operational constraints of fixed-line Point-of-Sale Systems to enable us to maintain the highest standards in merchandising displays and store efficiency.”

Setiasa Kusuma
Finance Director, Ramayana Corporation



The Challenge

Ramayana's hallmark of success lies in the company's ability to combine “market style” prices with modern departmental store look-and-feel. To create an attractive shopping environment, the stores were directed to have layout makeovers as often as possible.

Sales records confirmed that every time there is a change in the merchandising displays and payment counter layout, there is a corresponding increase in traffic and revenue. This is especially so during peak shopping seasons such as Eid-el-Fitri and Christmas or during the new store openings.

“The immediate problem to such changes is the relocation and re-wiring of Point-of-Sale (POS) cash registers on the shop floor,” said Mr. Setiasa Kusuman, Finance Director of Ramayana Corporation who also oversees the MIS department.

“Then there is the need to ensure that there is no system downtime between the store and the central MIS control where stock keeping and replenishments are kept updated,” Mr. Kusuma added.

“By the end of 2000, it was clear that a completely-new POS system compatible with Ramayana's applied Stock-Keeping Unit (SKU) was needed to keep pace with the phenomenal business growth and the fast-changing retail operational needs.”

Mr. Kusuma envisaged that the new POS system will better integrates both front and back office systems to enable tighter stock control and streamline the ordering process. This in turn is expected to reduce operating costs. An accurate customer profile will reflect more accurately the customers' preferences so that management could analyses stock turnover and plan replenishments.

“Making the switch to Wireless Local Area Network (WLAN) seemed to be the answer,” recalled Mr. Setiasa Kusuma. “It is a step that the company had been contemplating since 1995.”

The Solution

Right from the start, the management of Ramayana Corporation adopted a hands-on approach in the evaluation process for a Wireless LAN POS solution.

A fact-finding visit to Singapore was made with representatives from National Cash Register (NCR) - the dominant POS system vendor in the Ramayana operation. The other POS vendor was TEC. Product information and actual APs and Wireless Cards from Symbol, Proxim, Accton and Cisco were gathered and brought back to Jakarta for rigorous performance tests by the Ramayana MIS team.

Poor sales support, stock availability, and the failure of the competitors' products to live up to their claimed performance levels contributed to their elimination from the running. Efforts to sell the idea of external PC-card adapters to work with the NCR 7448 Cash Register - the only one with a built-in PC-card slot - failed because of Ramayana's concern for the additional costs and hardware compatibility problems.

The evaluation results showed that Cisco Aironet Wireless LAN system has a faster data transfer speed, superior stability of operation and the highly-effective and unique adjustable range coverage - the distance from the Access Point to the Wireless Card.

There were, however, some technical challenges that Cisco must overcome before the contract can be awarded, they are:

- That the new POS system must operate in DOS - the most common environment in Indonesia - whereas the Cisco Aironet series uses web-based environment as standard.
- That there is also a question of integrating with Ramayana's back-end software: Novell NetWare that is still very much in use in Indonesia.

The Implementation

The go-ahead was given in May 2001 for the implementation of the Cisco Aironet 340 - NCR 7448 Wireless LAN Point-of-Sale solution.

To be implemented in two phases with Cisco's contract value at US\$700,000, the plan involves the installation of 2000 Cisco Aironet PCM cards and 600 Cisco Aironet Access Points in 60 Ramayana stores by November 2002.

The problems were resolved through the good work of Cisco Sales Engineers and successful location of the right DOS drivers. The dedication and resourcefulness of project partner P.T. Galatia Lexindo and Cisco team members displayed during the site visits and trial runs helped to enhance the customer's confidence.

The Results

Ramayana dramatically shortened their response time for implementing orders for re-location of new POS terminals from a day to as short as one to two hours. The number of in-store MIS personnel is reduced.

The MIS team no longer need to worry about damages to cables by rats that had often in the past caused sudden system failure, consequent loss of business as well as waste time for the subsequent system re-configuration.

For new stores, the MIS team need not provide a large number of stand-by POS sockets but only needs to determine the number of ACCESS POINTS and identify ideal locations to ensure adequate signal coverage throughout the store.

For out-of-store promotions, MIS team needs just to turn up the signal strength of the nearest ACCESS POINT - one of the unique features of the Cisco Aironet 340 series - for the additional coverage.

During the lull periods, the PCM cards can be easily removed from the POS Cash Registers rendering them “inactive” and the cashiers re-deployed to other parts of the store representing substantial saving in manpower that in turn contributes to a lower cost of operation.

