Virgin Entertainment Group uses Microsoft® SharePoint™ Products and Technologies to boost sales and reduce operational costs

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>
> **Lisa Sullivan**
> Director of Operations
> Virgin Entertainment Group

The Virgin Entertainment Group operates over 20 Virgin Megastores in the United States and North America, as well as stores throughout Europe and Japan. Virgin Entertainment needed a more efficient and cost-effective communication solution linking corporate headquarters with its regional stores. To address this need, Virgin and Xavor, a Microsoft partner, created a corporate information portal and collaborative team sites using Microsoft® SharePoint™ Products and Technologies. This solution is helping its 1,500 employees find and analyze relevant information across the enterprise so they can fully leverage the knowledge that exists within their organization. The portal, based on Microsoft® Office SharePoint™ Server will be the central source of daily information for all Virgin Entertainment employees.

CUSTOMER PROFILE	BUSINESS SITUATION	SOLUTION	BENEFITS
Virgin Entertainment is the world's leading music and entertainment retailer, providing consumers with a range of entertainment experiences including music, DVD, video, and books. The chain of 23 Virgin Megastores in the US employs more than 1500 employees.	E-mail, and a rudimentary Intranet named "The Wall", had become severely limited in capacity, security, and functionality. To disseminate and share accurate and timely information throughout the organization, Virgin Entertainment chose to evaluate many portal technologies, including SharePoint Services.	Virgin Entertainment is implementing Microsoft SharePoint Products and Technologies to help its 1,500 employees collaborate more efficiently by creating a corporate information portal and collaborative team sites. The portal will be the central source of daily information for all Virgin employees.	Managers spend 20% more time on the sales floor IT support costs reduced by more than 15% Time spent resolving product inventory issues reduced by more than 20% 15% of a typical manger's time freed up for higher-value tasks Total cost of ownership substantially lower than competing solutions

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Gold Collaboration and Content
Gold Application Integration

Virgin
MEGASTORE

The Virgin Entertainment Group, a global entertainment media company, operates 20 Virgin Megastores in the United States and North America, as well as stores throughout Europe and Japan. Virgin Megastores offer some of the most extensive inventories of entertainment products in the world. Larger Megastores carry over 300,000 CDs, 10,000 DVDs, and aisles of video games, books and other products. In contrast to "top-40" oriented mass-market media outlets, Virgin Entertainment distinguishes itself by serving knowledgeable entertainment enthusiasts in a way that encourages repeat business and fosters long-term customer relationships.

To sustain profitability while maintaining its unique market niche, fast and accurate information flow through the organization is critical. However, information overload is a constant threat to productivity. For example, the Megastore manager is responsible for communicating a store's inventory, sales, and profit information, responding to reports and requests from Headquarters, and providing timely, individualized training to the sales force.

Similarly, the six organizations comprising Headquarters (Operations, Sales, Marketing, Human Resources, Finance and IT) need to communicate business-critical information quickly and securely in order to respond to ever-changing industry trends and customer needs.

Like many companies, Virgin Entertainment had used e-mail and a rudimentary Intranet as the primary communication mechanisms. Paul Duchouquette, Senior IT Manager at Virgin Entertainment, describes their situation: "We had e-mail, mass voicemail, and a 'rigged' portal called 'The Wall' (a reference to Pink Floyd's famous 1982 album of the same name)." The Wall provided a web page with hyperlinks to reports, policies, and forms produced by various departments in shared folders.

This system had severe limitations, including lack of security, poor document management tools, inadequate capacity, and lack of search capability. Duchouquette continues: "For example, we could handle some security issues by limiting access to those shared folders, but the system was very cumbersome to use…it was difficult to post anything, frustrating for people who didn't have the
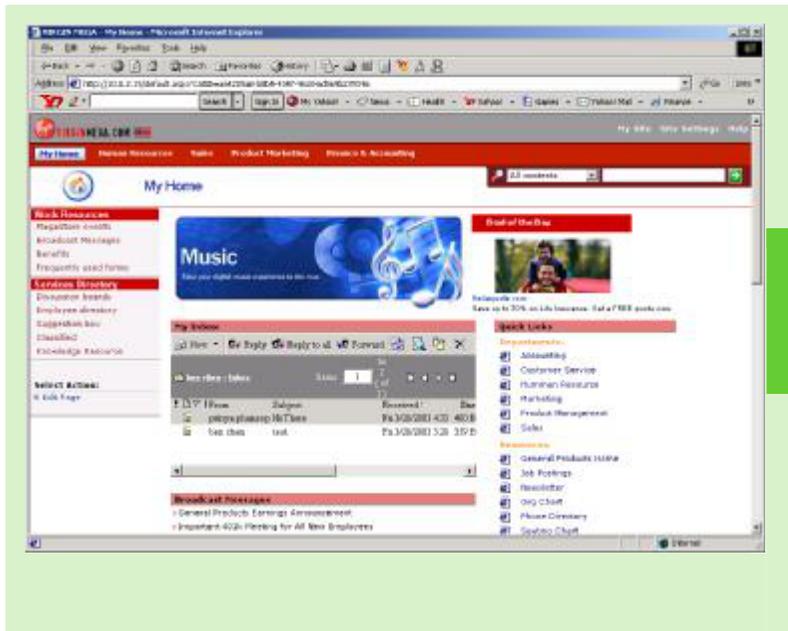
Virgin Entertainment workers have daily access to job-specific information through the corporate portal, developed with Microsoft SharePoint Server

right permissions, and nearly impossible to find information tailored to the needs of an individual manager or employee. A lot of time (and money) was wasted looking for information, and wondering if it was timely or accurate."

Lisa Sullivan, Director of Operations at Virgin's Los Angeles headquarters, describes what can happen when needed information is not found quickly: "The impact can be huge…we frequently need to pull a manager off the floor to find needed information. He or she could end up spending hours finding the information instead of coaching employees and selling product on the floor." Considering the cost of a manager's time and negative impact on sales because of sold-out product or other inventory issues, this can cost hundreds or even thousands of dollars a day in lost revenue for a store.

With continuing corporate growth and increasing competition, Virgin Entertainment needed a better, more cost-effective electronic communication system for corporate Headquarters and its stores. The new system had to streamline all aspects of the company's business processes, enabling managers to spend more time doing what they do best: assisting and selling to customers and providing hands-on leadership and presence.

biggest challenges that modern organizations face: finding, consolidating, and sharing critical information in a single, easy-to-access location. Using customizable Web Parts (re-usable program components that reduce the time and effort needed to locate and manage information from multiple sources), IT managers can design and populate portal sites appropriate to specific positions in the company. For example, store managers will be alerted to a new sales promotion, and can quickly prepare by ordering an appropriate number of product copies. A store manager site could also contain news and announcements, special events information, contact lists, employee directory, links to industry or artist web sites, and viewers for specialized data such as inventory spreadsheets.

In addition to the corporate portal, Microsoft® Windows® SharePoint™ Services will allow departments or work groups within each Virgin Entertainment business unit to create team sites, leading to improved collaboration and sharing best practices. For instance, a group of content managers in the Autoreplenishment Group can collaborate through a team site to design forms, prepare reports, view and respond to inventory adjustment requests, or analyze sales trends in order to anticipate customer demand for specific titles.

Virgin Entertainment, in collaboration with Xavor, a Microsoft partner, is implementing Microsoft SharePoint Products and Technologies to help its 1,500 employees collaborate more efficiently by creating an enterprise portal and collaborative team sites. The portal, based on Microsoft® Office SharePoint™ Server, is the central source of daily information for all Virgin employees. The portal will help overcome one of the

The new portal solution is giving decision makers faster, fuller access to information that promises to help boost revenues and profits while cutting operational expenses. Because the portal was developed and deployed more quickly and cost effectively than competing solutions and is expected to run with relatively low operational support costs, it will contribute to reduced total cost of ownership (TCO) on an ongoing basis.

The portal will eventually touch all departments in the company and will provide each employee with a central "one-stop" location for job-related information. The following examples show how Virgin's HQ departments and stores are realizing the benefits of deploying SharePoint Server and Windows SharePoint Services.

Portal helps Operations Department improve sales by customizing and centralizing business processes and information management.

SharePoint Server helps improve time management for key individuals in the company, resulting in enhanced efficiency of operations. Lisa Sullivan explains: "We push a lot of information to the stores and expect a lot from the managers. Redundancy and lack of automation in this process means our managers can't train employees, or sell product to customers. This is very costly to us." SharePoint Server will give Virgin the ability to execute on two strategic visions: (1) deploying an information system that touches all employees; and (2) quickly giving them only the information they need. "We had to stop overwhelming people with unneeded information," says Sullivan. "SharePoint Server will give us this capability."

For a typical store manager, this will mean he or she will spend no more than the equivalent of 1 day per week in the office dealing with business processes. This will result in an improvement of at least 20% more time devoted to training and sales.

For Sullivan and her Operations team, the portal will also free up time for strategic leadership functions. Previously, all departmental requests and replies for business information were funneled through Operations. This process had become a major information bottleneck. Sullivan and her team members were each spending at least two hours per day

responding to 300-400 emails that frequently requested the same information.

With SharePoint Server information request handling will improve substantially. Rather than Operations bearing complete responsibility for responding to information requests for all departments, each department will proactively provide information to the portal that others can search or browse for when needed. Sullivan estimates that about 40-50 hours per week of her group members' time will be freed up to do substantially higher-value tasks, such as operational oversight and strategic planning.

SharePoint Server helps reduce inventory management costs for the Product Autoreplenishment Group

Effective inventory management can make or break a retailer's profitability. One of the most significant benefits Virgin Entertainment experiences with SharePoint Server is the ability to obtain and respond to inventory data faster and more accurately.

Mark Hoder, Content Manager at Virgin's Autoreplenishment Group, works directly with stores to ensure they have sufficient inventory to satisfy customer demand. "Our mission is simple," he says. "We need to get product into stores so people can buy it." To accomplish this mission, Hoder's team needs to know what the stores need, when they need it, and how to most efficiently order and deliver the product. Previously, this was done through e-mails, fax, or by phone. With SharePoint Server, these often cumbersome and inefficient information channels have been replaced by a single point of contact. Line of Business (LOB) applications will be integrated into SharePoint Server so that inventory can be entirely managed through the portal.

"We needed something that was a simple fit…the familiar Microsoft user interface provided a comfort level, meaning the workforce could easily adapt to the portal concept."

Paul Duchouquette
Senior IT Manager
Virgin Entertainment Group

Hoder describes a typical scenario. "Daily information flow to stores includes inventory on hand reports, new release sales figures, inventory adjustment and special request forms, merchandizing instructions, company policies and procedures, CEO messages, and the like. Previously, this could easily overwhelm a store manager. For example, when a 'negative on hand' inventory report was issued from our team to a store, the manager had to respond quickly. When the information system gets in the way, it can result in lost sales and wasted time."

With SharePoint Server, the Autoreplenishment team and the stores are enjoying a more efficient and accurate workflow. The store manager is now able to access and respond to negative on hand reports from a central location at any time. Hoder describes the benefits: "A lot of time saved, 24/7 access to information, a degree of self-sufficiency that did not exist before. Profitability is enhanced by better use of manager's time and access to shared best practices. We estimate that the portal solution saves up to 20% of a manager's time previously used to investigate and respond to inventory issues."

One -stop information access for all employees

The portal solution will allow easier and more targeted communication for all information workers. Paul Duchouquette says: "People selling product in our stores are our most important employees. We wanted to give them the information they need, quickly and easily, without overwhelming them or the managers."

In a typical scenario, Virgin's information workers will get much of their direction for the day through the portal. They will check the portal when they first clock in, and get up to speed on important issues for the day. They will see specific, targeted information on their personalized home page, for example, a punch list of tasks for when they are not engaging customers.

In addition to daily work directions, news, and announcements, the portal will give workers a searchable, one-stop area for other job-related information—such as job postings, HR announcements, and links to 401K information. Everyone from sales associates to store managers to corporate leaders can access the information they need, on their own schedule, without worrying about its quality or timeliness. Duchouquette summarizes the benefits this way: "The portal is more secure, delivers more accurate and timely information, and saves substantial IT support costs."

Features and capabilities exceed IT Department's expectations with lower TCO

- **Centralized security saves time and support costs**—Paul Duchouquette describes this benefit: "Having all access and security controls defined in one area, using the single sign-on functionality with the Microsoft authentication process, and being able to define further roles within SharePoint Server, were all great benefits. A system administrator's time spent administering multiple passwords and individual permissions, for example, will be cut by up to 50%, or about four hours per week."

- **Easy integration with existing tools increases adoption and reduces training costs**—"We were very familiar with the Microsoft Office System user interface and tools. We needed a simple fit…the familiar Microsoft user interface provided a comfort level, meaning the workforce could easily adapt to the portal concept."

- **Advanced document collaboration functionality improves security and resources**—Coming from IT,

"SharePoint Server is saving a lot of time, providing 24/7 access to information, and a degree of self-sufficiency that did not exist before…we estimate that the portal solution saves up to 20% of a manager's time previously used to investigate and respond to inventory issues."

Mark Hoder
Content Manager, Autoreplenishment
Virgin Entertainment Group

Duchouquette was used to the "check in/check out" system for libraries and objects. "It was interesting how Microsoft brought those concepts into its Office System environment. People can now collaborate on documents securely and without redundancy."

- **Reduced need for infrastructure resources saves ongoing support costs**—Under the old system, network shares were increasing, and more hard drive space and storage tapes were being used. With SharePoint Server , the IT team is working towards decommissioning several servers and decreasing the Network Addressable Storage (NAS). With the portal, the system now requires fewer backup tapes, and shorter backup runs, conserving resources. This will save substantial IT support costs.

- **Cost-effective over the long term**—After analyzing a number

of competing systems, the choice for Virgin was clear: total cost of ownership (TCO) was much lower with Microsoft SharePoint Products and Technologies. Microsoft offered substantially lower initial costs for software and development. And, unlike competing systems in which ongoing support and maintenance costs can be upwards of 20% the initial licensing fees, Virgin does not have to invest substantial money again until a major upgrade due to SharePoint Products and Technologies' out of the box value. Duchouquette summarizes: "We were already heavily invested in Microsoft products. The transition to SharePoint Server was logical and smooth—we were able to stay within budget and got substantially more functionality that expected. "

Microsoft Office SharePoint Server connects people, teams and knowledge across business processes.

About Xavor Corporation

Headquartered in Irvine, California, Xavor has provided business and software consulting services to enterprise companies since 1995. Our Microsoft SharePoint Collaboration and Content team delivers products and services for better insights, enhanced innovation and improved productivity through connected intranet and extranet portals. We perform new implementations, migrations, upgrades and customizations of SharePoint solutions for tomorrow connected enterprises.
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