

Oakhouse Foods

[Food Distribution]

Summary

Oakhouse Foods (Oakhouse) runs a network of twenty franchisees, selling and delivering freshly frozen meals and desserts mainly to the elderly, through most of England and parts of Ireland. They have consolidated all their franchisees on a single Enterprise by HansaWorld system. Since they started to use Enterprise by HansaWorld they have achieved 30-50% annual growth while focussing on successful franchisees, with systems enabling them to reduce the number of franchisees from 75 to 20. Enterprise by HansaWorld has enabled Oakhouse to change its business model, now including their own warehousing, new business and geographical areas.

Web Site

www.oakhousefoods.co.uk

Key Challenges

- Find a system that can support the franchise business model

Project Objectives

- To keep the investment in systems and IT staff as low as possible, yet making sure they had the necessary tools they needed to manage the whole franchise operation effectively
- Removing any rekeying of data and making the system as easy as possible for users

Solution and Services

Enterprise by HansaWorld (Accounts, Stock, Sales and Purchase Orders, Quotations, Wide Area Networking, CRM, Calendar, Task Manager) for 9 concurrent users at Headquarters. Franchisee solution for around 100 users of the same modules as HQ.

Vaughan Data Systems implemented the solution with support from HansaWorld.

Why HansaWorld Enterprise

It represents an unusually strong fit for Oakhouse, as a result of the balance of:

- Ease of use
- Performance over a wide-area network, allowing a single server to be used
- Scalability
- Customisation to precise requirements offered by HAL (Hansa Application Language)
- Flexibility derived from detailed functionality and option to customise
- Speed of response to new requirements by VDS, the reseller
- Integration of CRM and ERP
- Low total cost of ownership.



Implementation Highlights

- The standardisation of hardware, software and telephony have reduced the need to high IT skills
- Oakhouse has required ultra-rapid deployment of Enterprise by HansaWorld solutions at new operations and they have managed to achieve this together with Vaughan Data Systems
- System can handle a weekly load of 15,000 orders, 9,000 reports without serious performance issues

System Replaced

Each franchisee had its own, low-end system, mostly different.

Technical Information

Server hardware - hosted IBM x3800 server
Server operating system - SUSE Linux Enterprise
Client hardware - Entry level desktop PCs
Client operating system - Windows XP Pro

"We chose Enterprise by HansaWorld originally because it was the only affordable solution that came anywhere close to our requirements. Our business has grown with Enterprise by HansaWorld, and we're confident that it will continue to help us grow in the directions we want, whatever those might be."

Tony Blood, Director of Oakhouse Foods Ltd



Oakhouse Foods

Oakhouse Foods is a well-established British company providing a frozen food home delivery service to the elderly throughout the country. Back in 1994 when they started under the name Home Farm Foods, they were one of the pioneers in providing a home delivery service for frozen meals and desserts- years before even the supermarkets started home deliveries. Today, they have the largest range of frozen ready meals and desserts with home delivery in the market. Oakhouse Foods offers a range of more than 300 frozen products, all delivered straight to your door.

Home Farm Foods and its franchisees started to use HansaWorld solutions already in 1999. The implementation, by Vaughan Data Systems (VDS) in conjunction with HansaWorld, has balanced seemingly irreconcilable factors:

- High-end ERP and CRM functionality
- Mid-level cost
- Low-end ease of use
- Negligible initial and ongoing IT support
- Nearly immediate response times for new business ideas.

VDS, working closely with freelance consultants/developers, have performed the implementation in several phases. First there was a fairly standard implementation for headquarters, followed by separate highly tailored small system installations at each franchisee. The system was designed with Oakhouse working alongside two franchisees, and rolled out as a standard blueprint. More recently the franchisee systems have been consolidated onto a single server and data file.

There have been three unusual factors:

- The low IT skills at each franchisee initially caused significant support headaches that have been largely removed by the standardisation of hardware, software and telephony
- Oakhouse is a decisive, fast-moving customer requiring ultra-rapid deployment. For example, they added two new businesses recently (groceries and home care products), and signed an Irish franchisee, both of which were accommodated in two weeks
- HansaWorld has regularly sent engine-level developers to assist with optimising code. Ensuring that the system can handle the average weekly load of 15,000 orders, 9,000 reports, and 18,000 letters without serious performance issues has required close cooperation between HansaWorld, VDS and Oakhouse Foods.

"We have been particularly impressed with the speed with which VDS can tailor our Enterprise by HansaWorld system to meet new requirements. Recently we added two completely new types of business, fresh groceries, and home care products such as crockery & kitchen utensils. Inventory and purchasing, in particular, were substantially different from our frozen foods business, requiring serial number tracking, shorter shelf lives, storage not based at the freezer level and much more besides. Nonetheless we were able to add these revenue lines into the system inside of two weeks, and it was a similar story when a franchisee signed up who was based in Ireland."

Each Oakhouse franchisee is a relatively small business, with low IT skills. Ease of use was therefore essential, requiring simple screens, automations wherever possible, and no IT support – all at a bearable cost (which ruled out all Tier 1 ERP products).



Oakhouse wanted to assist their franchisees wherever possible, by entering customers who replied to central advertising, and even routing calls not handled by the franchisees to a central line where orders could be entered. Oakhouse themselves wanted to keep the investment in systems and IT staff as low as possible – necessitating removing any rekeying, and pushing the architecture of the required solution to be as simple as possible.

Pushing against the requirement for simplicity was the need for advanced functionality, including:

- Automating regular letters and triggering proactive calls based on customer purchasing patterns
- Automatically allocating new customers right down to the correct delivery run per franchisee
- Stock control right down to the correct freezer
- Automating franchisee and central purchasing on complex algorithms
- Integrated credit card processing
- Strong central reporting at many levels, such as sales, conversion and retention by marketing campaign, franchisee and region, and consolidated figures

Simple infrastructure a major bonus

HansaWorld recommended a single, multi-company data file on a hosted IBM Linux server available over the Internet for all functionality. No other software supplier on the market can avoid the need for multiple servers, for example Citrix, MS Exchange, MS Sharepoint, MS SQL Server, CRM etc. IT support for this architecture is negligible, partly because there are so few points of failure.

Franchisees log in over standard broadband, which flip to mobile phone connections if broadband is down. Enterprise by HansaWorld uniquely uses around 1k for each data entry instruction, making the customer's bandwidth investment dramatically lower – most competitors would have required leased lines for the data volumes, and no one else offers real-time mobile data entry.

"Enterprise by HansaWorld's wide-area networking is simple and immediately usable. We recently started a remote warehousing operation, and we retain complete control over it from our central location with no special IT support or third-party products. It has

also been essential in delivering the control we have over our franchisees, allowing us to manage their growth against our own blueprint” continues Blood.

One central server to manage the franchise operation

Each franchisee was given a separate company in the data file, but several registers were shared across all companies. Using a single pricing file meant Oakhouse could enter price changes only once, which in real-time became available to franchisees. Oakhouse operates a central call-centre, which receives calls from prospects responding to TV and press advertising, and also overflow calls that franchisees can't handle from existing customers wanting to place new business. The call centre records data to centralised customer and order screens, and Enterprise by HansaWorld automatically writes these to the correct franchisee company.

HansaWorld has its own application language (HAL), for which the source code is available to partners once one has passed a specific training course. As a result, VDS has been able to tailor the solution precisely, matching all the requirements highlighted above. Programming languages inside ERP packages tend to be limited to Tier 1 and Tier 2 products, and HansaWorld is rare in offering the source code to partners, making deployment much faster.

Franchisees concentrate on a few main functions, leaving Enterprise by HansaWorld to automate the remainder of their tasks:

- Entry of telephone orders, including credit card processing. Enterprise by HansaWorld automatically assigns these to a van, time and date for delivery, and prints picking and delivery notes and the route instructions for the driver in conjunction with notes such as payments to pick up, special delivery instructions etc. Invoicing also requires minimal user intervention.
- Proactive chasing of repeat orders, based on reports produced by Enterprise by HansaWorld
- Some mail outs based on reports produced by Enterprise by HansaWorld, although HQ primarily does these
- Purchasing from HQ based on a tailored algorithm which looks at previous sales and then sends a Purchase Order which is automatically picked up by HQ and written to their system as a Sales Order
- Stocktaking of each freezer on a cyclical basis
- A few other standard ERP features, such as receiving and paying cash, some credit control, and accounts.

Also their primary screens have removed all unnecessary fields, keeping their use as simple as possible.

“Ease of use was paramount for us. Enterprise by HansaWorld’s simplicity has meant our franchisees can shift a huge workload with few IT skills and even fewer resources, at a low cost to them and us,” says Blood.

Oakhouse performs more sophisticated CRM tasks centrally. In particular they run a barrage of reports, for example looking at success of specific marketing campaigns, acquisition, retention and purchasing patterns by customer, franchisee, SKU and region, and general reporting on franchisee performance. They also monitor the activity level of their own telesales operatives.



Revenue growth around 50% per year

Targeted mail shots give Oakhouse an immediate 20% increase in customers and revenues, which they largely retain on an ongoing basis. Similarly proactive chasing of regular customers based on previous purchases is essential to their business.

Tailored purchasing algorithms are used heavily by the more sophisticated franchisees, and have enabled them to reduce stock levels by 25%.

Although trading has been difficult in the last year, generally revenue growth has been around 50% per year. Since having Enterprise by HansaWorld they have reduced the numbers of franchisees from 75 to 20, and each franchisee has seen 25-50% growth per year. Staffing numbers have remained pretty static despite this growth, for example with HQ Enterprise by HansaWorld users staying at nine for the last three years. They have one IT person, who concentrates on data analysis rather than support – the latter being handled by VDS.

Customisation has proved faster to implement than expected. Two new product lines, fresh groceries and home care products, were added recently, with Enterprise by HansaWorld tailoring completed in two weeks.

Enterprise by HansaWorld has enabled Oakhouse to change its business model, now including their own warehousing, new business and geographical areas. They can run many aspects of their franchise network, including providing accounting assistance.

“Where else could you find a system that is simple enough for small businesses like our franchisees to use, complex enough for us to perform sophisticated proactive CRM, scalable enough to handle hundreds of thousands of transactions per month, and automated enough to underpin our significant growth without staffing increases?” concludes Blood.

Plans for the future

- Direct integration with an external database tool via Enterprise by HansaWorld/Oracle functionality
- Using real-time handheld clients for franchise goods receipts, to speed up this process and minimise error
- Further solidify Enterprise by HansaWorld use with investment in the software and modules