



Allegro BI Customer Success: Key Foods Stores Cooperative

## Key Food improves analysis with QlikView, saves six figures in six months

Every day, people across the New York City area count on Key Food Stores Co-op, Inc. high quality food at low prices. The supermarket group includes 112 independently owned food markets in the five boroughs of Manhattan, as well as Nassau, Suffolk, Westchester, Orange, Putnam, and Dutchess Counties, and in New Jersey. Located on Staten Island and owned by the individual stores, the co-op's corporate headquarters provides retail support to each store, developing broad-based corporate merchandising programs and individualized ones tailored to the needs of diverse communities.

### Longtime Legacy, Immature Intelligence

Operating in a very competitive market, Key Food must constantly stay ahead of its competition and stand out for customers and grocers by offering the lowest prices available. Founded in 1937, the co-op has been a presence in the area for 73 years but, until recently, its corporate business intelligence (BI) was dangerously immature.

Major players in a market that depends on sales analysis and forecasting capabilities, Key Food lacked critical basic insight into day-to-day events and any ability to perform long range forecasting. "Simply put, we had no useful intelligence about our operations," says Steve Pfirman, director of information technology (IT). "Our data was very inaccessible; reporting tools were inflexible, unintuitive, and extremely slow. We could create small reports in-house but larger ones were developed offshore. Either way, my department's time was spent preparing and revising reports. We were seen as a data lock box in the eyes of others across the co-op."

Accounting and merchandising data were stored in disparate, unrelated systems. For merchandising information, Key Food relied on a custom developed ERP system, created by developers in Pakistan using Oracle Database. A request for information funneled through Key Foods IT to the offshore developers and back again, a process that could take up to a week to complete and days to refine. Accounting information was locked in a very complex Microsoft SQL application and its users spent days preparing and correcting reports.

"Our systems and reports were as good or as bad as we designed them," said Pfirman. "Generally, grocery store people are not software designers. So our buyers, when requesting reports, often didn't know what information

### Solution Overview

#### Key Food Co-op, Inc

73 years old supermarket co-op, owned by 112 stores and purveyors of fresh, affordable grocery products

#### Industry

Retail - Supermarket

#### Function

Executive, Sales, Operations, Finance

#### Geography

New York City, surrounding counties, and New Jersey

#### Challenges

- Improve analysis capabilities
- Integrate data from unrelated systems

#### Solution

Key Food deployed QlikView to 25 employees in fewer than two weeks and then expanded its use to all 112 of its stores. Using QlikView, Key Food is now able to analyze profit and loss for all 112 stores, and report accounting behaviors every day. Using QlikView Enterprise Server, Key Food leverages millions of rows of data stored in two distinct sources to gain immediate – and the first time ever – visibility into day-to-day performance.

#### Benefits

- Saved six figures in six months
- Improved forecasting abilities
- Decreased time spent on reporting, saving hundreds of hours
- Improved performance measures

they needed or how to ask for it. We'd create reports and need to adjust them, over and over. Reports took too long to produce to be useful and lacked drill down capabilities -- forecasting was impossible.

This data "black hole" was holding the co-op back from strategic planning. "BI was not our specialty, and we needed it to be in order to stay relevant in the marketplace," said Pfirman.

### **Out with the Old, In with the New**

In 2008, developing a robust BI program became part of a corporate strategic initiative. Key Food hired internal analysts, and, as the newly promoted director of IT, Pfirman began looking for BI tools. "My department had been such a logjam for so long," he said. "I set out to find a solution that would make us enablers."

He explored several options, including the co-op's offshore vendor, ORACLE, and SAP Business Objects. "For each of them, the solution was always data warehousing," says Pfirman. "We needed something more flexible and faster to implement. No one wanted to wait the six or more months it would take to implement a data warehouse and then wait while it was refined and adjusted."

An ongoing relationship with Allegro BI, a QlikView reseller in the U.S. and Canada, brought Steve back to QlikView. "I first saw QlikView's powers at the National Retail Federation Big Show and was awed," he said.

Key Food invited Allegro BI in to present to their co-op's buyers and CFO. Taking just two days, Allegro developed and presented an application with current Key Food data from their custom ERP with merchandising information down to the SKU level.

"The buyers were skeptical at first. But as we presented information relevant to them you could see the lights go on in their eyes," said Ronald Anderson, Allegro BI's founder and president. "Until we showed them their data with a dynamic, flexible, intuitive BI tool, they didn't know what was possible. They were operating in blindness, and we literally provided insight to a degree they could not have imagined. They challenged us with different purchasing scenarios and when we were able to respond in front of their eyes, they became believers."

QlikView appealed to Key Food's corporate staff for its ability to merge multiple data sources, speed to implement, flexibility, usability for non-IT staff, and its ability to search millions of rows of data. Qlikview's simple infrastructure, with no need for a data warehouse with all its associated costs was appealing from an IT perspective.

### **Changing Business**

Key Food engaged Allegro BI in July 2009 and started with two applications, Gross Profit and Accounting. With the former, buyers and the co-op's CEO use QlikView to analyze key data that impacts the company's day-to-day bottom line and long-term growth. Daily, they are



able to analyze product and brand performance across stores and know which items are selling at a loss or profit. "We can now track profits and loss on any scale that's needed, large or small, by day, week, month, year" said Pfirman. "This immediate visibility leads to immediate opportunity to adjust buying behaviors."

The accounting department uses QlikView to track customer and vendor invoices, watch the general ledger, and monitor performance in key areas such as profits and loss, and the balance sheet. "We used to rely on static reporting, which tells you what happened but not *why* it happened," said Pfirman, "Now we are able to look at activities from multiple perspectives and in a matter of minutes, not days or weeks – and we have answers to questions we didn't even know we had."

The benefits of immediate visibility are felt throughout the co-op. "We are reporting at levels we were never able to before QlikView," Pfirman said. "Now our CEO can see – on his dashboard – daily performance across multiple dimensions. He no longer has to wait for a report that contains stale information by the time it's finished."

### **Time for Strategy**

Within six months of implementation, QlikView more than paid for itself. Profit and loss analysis showed many previously missed opportunities and products that were selling at a loss in excess of six figures, more than the cost of QlikView. "It's been a very rewarding six months," Pfirman said.

The co-op has also saved hundreds of hours of reporting time. The IT department alone has 40 extra hours a month -- previously spent on report development -- for more direct business issues.

### **Limitless possibilities**

QlikView has also freed analysts, buyers, and accounting staff from tedious, laborious reporting tasks and enabled them to invest this new-found time and effort into strategic initiatives. One such initiative is to gain better insight into individual store performance. Within the next year, Key Food plans to roll out a contributions analysis application that will show where individual stores shop for product when they aren't buying Key Food brands. The application will also track the profit margins of these products in an effort to show the cost effectiveness of buying within the Key Food brand.

Key Foods is currently implementing QlikView for direct use in all of the stores by incorporating Tlog data from their point of sale systems.. "The stores are heavily focused on the bottom line and loss prevention," said Pfirman. "We want to help them do better analysis, such as understanding what the top selling products are by brand or who the best cashiers are. With QlikView there's no limit to what they can know about all aspects of their business operations." The co-op also plans to use QlikView to track marketing efforts, looking at which advertisements bring the most return.



## About Allegro Business Intelligence

**Allegro BI is an industry leader in implementing QlikView solutions** that enable organizations to analyze their data more efficiently and make better business decisions. Allegro BI is 100% focused on the QlikView product family, and our company is staffed with experts in all facets of QlikView deployment and development.

Allegro BI has offices in New York and New Jersey, servicing clients throughout the United States and Canada. Our clients realize measurable results: faster time-to-decision, improved information understanding, and greater business insight. The top reasons organizations choose Allegro BI are:

- Focus on QlikView - Allegro BI is focused exclusively on implementing QlikView products . This allows our consultants to gain deep experience in projects of varying complexity and to develop in-depth proficiency.
- Business knowledge - Allegro BI has put special emphasis on attracting and developing business and vertical industry skills. Our consultants understand the business context of projects and can provide insight into the ways QlikView can add strategic value to a client organization.
- Client-centric delivery - At Allegro BI we focus on our clients' best interests and seek to deliver solutions that best meet their needs and objectives.