Case study

Powerful retail solution drives MYDIN’s marketplace advance

Malaysian retail leader achieves targets with HP retail solution and back office IT infrastructure

Industry
Retail sales

Objective
To initiate a bold move from an emporium concept focusing more on non-food items, to a larger emporium, supermarket and hypermarket encompassing both food and non-food items to be at par with international retailers and to be well positioned for the next wave of retail technology

Approach
Introduce compatible retail solutions, including Mobile POS, and back office technology with 24/7 national support services to ensure a seamless customer experience

IT matters
• Provided powerful retail systems with complete range of retail peripherals
• Introduced mobile POS technology and digital signage capability
• Supplied back office IT capability to support expansion into hypermarket space
• Complemented retail solution with five year warranty support
• Supplied technology solution to support Government retail community initiatives

Business matters
• Boosted volume of customer revenue by up to 180 percent
• Slashed goods intake process from days to minutes
• Improved inventory efficiency
• Lifted customer engagement with mobile technology solution
• Eliminated customer frustration by reducing checkout times in stores

“In assessing vendors to help our transformation, we didn’t initially think of HP. But then we saw HP had created a new internal retail solutions group, hiring people with a heavy hitting retail background and creating retail technology solutions. They weren’t just talking technology. They were talking retail.”
— Malik Murad Ali, IT director, Mydin Mohamed Holdings Bhd

Smart deployment of retail solutions enhanced with back office IT capability transforms business for retail leader

MYDIN’s bold plan to step into the hypermarket format in 2005 has changed many perceptions. This home-grown giant is no longer walking at a slow pace, it is now ready to expand and move ahead with a complete transformation with technology. HP became MYDIN’s partner as IT service provider and provided advanced retail Point of Sale (POS) solutions, including Mobile POS systems, strong back office IT infrastructure and 24/7 nationwide partner support. This helped MYDIN become Malaysia’s number one local retailer offering simpler shopping and a faster checkout – a retail experience that is keeping its customers satisfied.
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Challenge

Bold expansion plan into hypermarket space

Mydin Mohamed Holdings Bhd is a Malaysian company with a long and venerable history in retailing and wholesaling. Today, it is the nation’s number one local retailer. It owns a major chain of hypermarkets, emporiums, bazaars, mini-marts, convenience stores, no-frills mini markets, malls, premium grocery stores and premium restaurants across Malaysia.

There are two challenges guiding MYDIN’s modern operation. One is the classic 21st century challenge of competing with large and successful global retailing organizations. The second dimension is on rules and regulations governing Malaysia’s Retail Industry.

MYDIN decided these two challenges could be managed. Its strategic business move was to embrace the right technology to compete with the global competition. MYDIN also encourages the same sense of family and belonging which it promotes among its own employees to be extended to its customers.

Raised retailing stakes

MYDIN raised the stakes in its retailing ambitions in 2006, adopting a blueprint to move from mainly food stores into the world of hypermarkets, Malik Murad Ali, IT director, was the architect of the bold plan which demanded that the right technology be deployed to handle the speed, power and innovation needed to drive today’s retail IT solutions.

In technology terms it would be a combination of customer facing retail point of sale (POS) devices and a back office IT capability that could support the processes.

MYDIN realized its incumbent IT supplier couldn’t meet this capability. Malik recalls: “We began an assessment of IT vendors, but didn’t consider HP a participant in the retail space. Then we saw HP had created a new internal retail solutions group, hiring people with a heavy hitting retail background and creating retail technology solutions. They weren’t just talking technology. They were talking retail. The HP 24/7 support capability and five year warranty across Malaysia added yet another important element of certainty.

“Our move into the hypermarket space was challenging because we set a high expectation among our customers. It was not easy, in truth. They didn’t want to find things out of stock. They wanted a speedy checkout, not the traditional retail irritant of long queues.
Solution

Confidence at every step
“HP was with us every step of the way, proving to be a partner I could rely on with great confidence.” MYDIN began with the HP RP5 Retail System, model 5700 working as a back office workstation and a storefront POS system. It upgraded to the more powerful HP RP5 Retail System, model 5800 as a POS, a store server and a media player for digital signage.

MYDIN has since installed the next generation HP RP7 Retail System and HP LD4710 and LD4720tm Digital Signage Displays touch screens with HP MP8200 Digital Signage player. “The RP7 is one of the most versatile devices you can have in a store. It can be used as POS or small digital kiosk. We use the digital signage in our malls as a poster - an information point for customers,” Malik explains.

MYDIN has also begun deploying the HP MX10 mobile POS solution in its high-end stores. The HP ElitePad Mobile POS solution can be used throughout the store to verify prices, check inventory and even complete the sale.

While MYDIN developed its sophisticated retail technology capability, it also looked at the broader HP Enterprise product solutions and decided HP could handle the full package of back office support. “Between 80 and 90 percent of the desktop computers have been converted to HP Compaq t610 Thin Clients. I do believe HP is the only vendor in the retail space offering a solution that is fully enterprise ready.”

Benefits

Tangible benefits for company and customers
Malik is overseeing a technology revolution delivering tangible benefits to both his organization and its customers. He refers to the goods entry process. “Unloading, checking, sorting and placement in the store could take up to two days. Now within minutes the goods are visually checked, scanned and placed in the store. Our inventory update is also dramatically faster. It used to take 60 or 70 cashiers an hour or two to complete this process. Now it takes a much shorter time.”

That second dimension, MYDIN’s corporate social responsibility commitment, is clearly visible in its participation in the Malaysian Government’s TUKAR Programme. Malaysia’s sundry stores had been losing out to big global retailers. The TUKAR program encourages companies like MYDIN to act as mentors for the local retailers. TUKAR or Small Retailer Transformation Program was initiated by the Ministry of Domestic Trade, Co-operatives and Consumerism Malaysia (MDTCC) under one of the 13 Entry Point Projects (EPPs) to rationalize the Malaysian Government’s National Key Economic Areas (NKEAs) program.
MYDIN was selected by the Malaysian Government’s among the large-format retailers to help transform the traditional sundry shops to a more modern concept. There is no fee imposed to the mentee stores as this is part of MYDIN’s Corporate Social Responsibility (CSR) program and yet the mentee stores are reaping benefits following the transformation program.

Malik explains: “MYDIN donates the technology to the retail shops to ensure retailers are given the best available technology so that they really can trust the device from the outset. That has to be a brand they can trust. HP is the answer with their proven POS solutions.

**Transform, innovate, modernize**

“We are helping to transform, innovate and modernize the small shops so that they can compete. For example one shop was barely reaching revenue of RM500 (USD157) per day. That is tough on the owner facing a continuous uphill struggle to make ends meet. The mother would open the shop looking and feeling demoralized. The TUKAR program has lifted the shop’s revenue to RM5,000 (USD1,570) per day. The owner now comes to work smartly dressed, enthusiastic and making a profit.”

Seeing the success of the TUKAR program, the government asked MYDIN to handle a new community initiative. Prompted by the Malaysian Prime Minister’s concern about the increasing cost of living affecting low income citizens in the urban areas, the Kedai Rakyat (people’s shop) 1 Malaysia initiative, or KR1M was launched.

It is a no-frills mini market project putting emphasis on products manufactured by SMEs to increase, enhance and expand manufacturing capacity as well as sales. Most of the items sold carry the KR1M logo, and the majority are packaged in smaller pack size to ensure the low income consumers can still buy according to their needs and within their means. The prices are low as they focus on generic packaging.

MYDIN, as the operator of KR1M, provides assistance in shop fit-out, equipment and supply chain management. With HP involvement it supplies technical expertise as well as training. Malik explains: “We have worked with HP to deploy POS retail systems at a fast pace, opening 15 KR1M stores in just 30 days.”

**One HP and One Malaysia parallel**

He says there is a “neat parallel between the One HP philosophy of software bringing together personal systems, infrastructure, servers, storage and networking with the 1 Malaysia goal of preserving and enhancing the nation’s unity through diversity.”

Looking ahead he says: “we have built a wireless foundation across all our stores to be ready for the next retail technology wave. I believe the natural evolution of retailing fulfillment will be driven by the smartphone, since it shares the same technology and platform.”

While he regards the future as exciting, he keeps realism close to hand. “You can’t do it overnight. We have a long term strategy and we have a lot of confidence in HP’s capability to accompany us, and in the HP vision for where retail solution technology is headed.”

**Customer solution at a glance**

**Application**
Retail and back office infrastructure solutions

**Hardware**
- HP RP5 Retail System, model 5700
- HP RP5 Retail System, model 5800
- HP RP7 Retail System
- HP Compaq t610 Thin Client
- HP LD4710 LCD Digital Signage Display
- HP LD4720tm LCD Digital Signage Display
- HP MP8200 Digital Signage player
- HP LJ 1212nf Multifunction Printer

**Software**
- HP Device Manager

**HP Services**
- HP 24/7 support

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