

Case study

Celaton

The Carphone
Warehouse

A blue sign with white text is mounted on a building facade. The sign reads "THE Carphone Warehouse" in a bold, sans-serif font. A thin teal horizontal line is positioned below the word "Warehouse". The sign is attached to a dark blue pole. The background shows a building with large glass windows and a dark brown tiled roof under a clear blue sky.

**THE Carphone
Warehouse**

The Carphone Warehouse

The story of The Carphone Warehouse's rise to success is impressive in its brevity and scale. We might be forgiven for assuming that the company has a supporting technology infrastructure provisioned by the leading names in the industry but we'd be wrong. Carphone Warehouse is keen to take systems that address specific business issues and that involves a selection process that takes in the large and the small with equal opportunity.

Simplicity is the name of the game and this may well account in part for the success of The Carphone Warehouse. After all, the answer to a business issue does not have to be complex to be effective, something that The Carphone Warehouse found when it first selected Celaton to implement its inSTREAM™ technology to automate the handling of its accounts payable.

At the time The Carphone Warehouse had no in-house skill or system for this type of business processing management and it was experiencing the pain associated with massive commercial success alongside a largely manual process. Celaton was offering a cloud based, cost-effective, proven and sensible approach to a significant, yet straight-forward, problem. A blend of technology and outsourcing was to be implemented that would eventually enable The Carphone Warehouse to achieve a long term strategy to streamline and automate all of its critical paper based information.

The Challenge

The Carphone Warehouse, like any fast growing retail business, receives huge volumes of paper-based documents, parcels and special delivery items every day via its Mailroom. Every department and individual from Call Centre Operator to Chief Executive relies on this function to deliver their post quickly and efficiently in order to operate effectively. This daily influx of mail includes everything from sensitive financial information, regulatory notices to general correspondence. "This paper is critical to the business, but the handling, storage and protection of it demanded high levels of manual intervention and did not allow central control and visibility of the information across the group." commented Per Norrgren, Professional Services Director.

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Celaton are unique,
their solutions require
low effort but deliver
high measurable
return

Nick Willcox
CFO
The Carphone Warehouse

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With company growth doubling year on year the traditional Mailroom could not scale up to cope with current requirements let alone future demands and growth that was predicted (and subsequently achieved).

Nick Willcox, Chief Financial Officer said "Paper based information is incompatible with the electronic data held in our IT systems. And this makes it almost impossible for the staff to connect with relevant information about customers and suppliers across the business globally. However, It's not about turning paper into digital documents, it's about extracting and making the information buried in that paper process valuable to the business, protecting it and delivering it to where it will have value. Our company growth has been impressive, almost doubling year on year, but it hasn't always been easy. However, just as we don't like to over-complicate issues, we don't like to over-complicate the solutions to those issues."

"Our first dealings with Celaton were the result of a fortuitous phone call and the relationship has been building since then. Their pragmatic and practical approach to our situation was a breath of fresh air in a market that takes some pleasure in weaving complexity into solutions. The need was simple - Celaton understood that and their inSTREAM™ technology provided a solution that matched, while providing an effective system that relieved the business pain it was addressing."

Keeping things simple has led to a successful implementation and a strong business relationship between The Carphone Warehouse and Celaton. "They consistently deliver on their promises and have earned trust in all parts of the business. Celaton have always been able to justify and demonstrate return on investment and therefore we were able to launch inSTREAM™ into many parts of the business without months of tendering and preparing complicated business cases. The rapid and successful deployment of inSTREAM™ has enabled our business processes to be centralised and made it possible for us to achieve our strategy of shared services."

The Solution

It was agreed that a blend of technology and outsourcing was the ideal solution to implement and, having now accrued several years' experience in this area, The Carphone Warehouse chose to work with Celaton to provide a solution to meet the needs of the business.

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Underlying the solution was an agreement that defined the way the service would be delivered and the service levels that Celaton must achieve. In order to meet the service levels, Celaton had to apply its technology and experience to gain maximum efficiency in what was a very manual intensive process.

Celaton took responsibility for some outsourced tasks through its Service Centre, a highly automated, clinical environment that is the hub through which all mail items addressed for The Carphone Warehouse are processed. The daily process starts in the early hours when most of The Carphone Warehouse mail is collected from various Royal Mail sorting offices (some is delivered directly via PO Box) to Celaton. An experienced team work on the daily influx of mail following flexible business rules that define how each item of mail is processed. "We make extensive use of our own inSTREAM™ technology to help us achieve ambitious service levels. The business rules that guide the processes are defined by our customers and may need to change without notice." said Brian Tuxworth, Service Centre Manager.

Email, faxes and electronic data streams are received directly into inSTREAM™ in the 'cloud' but that still leaves, on average, 15,000 items of post that the Service Centre processes in to inSTREAM™ every day for The Carphone Warehouse. The majority of post is opened prepared and electronically scanned into inSTREAM™ where it completes processing into the customers ERP, CRM and messaging systems. Business rules also define that some items will not be opened and Celaton hand delivers these mail items directly to recipients in the traditional way before 8am. "These hand delivered items may be for individual who don't want their mail opened or other reasons. In the early days of our agreement, a large percentage of mail items were hand delivered but as confidence in the service increased and staff realised that they could be even more productive they quickly requested that their mail be part of the automated process." said Brian.

The Measure of success

"The operational cost of automating and outsourcing the mailroom function was 70% less than owning it in house. That aside, the technology and expertise that Celaton has used to deliver the service has enabled even greater capability and scalability than was imagined. " said Willcox.

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Less than six months after the start of service, Celaton was called upon once again to work its magic on the highly sensitive customer cash back offers system that were expected to grow beyond (and subsequently did) 20,000 items per week. This project was required quickly to cope with the significant level of customer demand and is now, thanks to Celaton, functioning with ease having replaced a somewhat clunky process that was previously in place. Nick Willcox says, “Celaton has established a strong track record with us. Their solutions and expertise represent excellent value for money and return on investment and they tick all of the boxes in terms of functionality, technical excellence and support.”

The Next Steps

Nick Willcox comments, “We’re implementing an ERP system that takes a huge investment and significant effort without an obvious payback but it is necessary for a company of our profile. Celaton solutions and services are quite different in that they require low effort but provide high, measurable return. The improvements in performance alone are testimony to their power to impact a business where it really counts.”

Where processes improve

A strong emphasis on customer service is paramount in our consumer-oriented business. Customer Cash-back offers have become a highly sensitive subject recently and the spotlight that the regulators have turned on our sector means that they must be honoured quickly, invoices paid on time and correspondence dealt with promptly. Celaton has brought significant benefits to these areas of the business with rapid and measurable returns.

In one example, inSTREAM™ has reduced a 30 day Cash-back process to 5 days. The impact of this and the other implementations is a dramatic improvement in customer satisfaction which further impacts on the financial viability of the company. The Carphone Warehouse estimates a significant saving on the Cash-back side of the business alone as a result of the implementation of around £400,000 primarily due to lower contact rates from customers driven by a shorter turnaround time.

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Nick Willcox adds, “Celaton’s solutions have touched every part of our business and improved the company’s ability to react to changes in the market whether instigated from inside or externally. This agility means that despite the size of our organisation, we are able to implement and support new offers in an incredibly short time scale. And, with greater automation comes improved scalability which is essential in a company where accelerated growth through acquisition is a matter of course. Now, despite the size of our company we are able to respond to our customers as though we were still an SME. In this competitive market that is a real coup!”

The people perspective

Celaton has always ensured that its technology works for people and not the other way around. As a result, its systems and services have been well received by staff at The Carphone Warehouse. Especially in the finance, HR and Mailroom departments. For those involved with month and year end procedures in Finance their task has been made achievable. With invoices scanned, processed and filed accurately the relevant information is on hand to produce the reports required by managers and directors across the company. With improvements in efficiency come greater job satisfaction, less stress and a happier team. Although hard to measure in real terms, the level of satisfaction can be felt in the efficiency improvements. Willcox estimates that there has been a significant reduction in the cost of accounting staff alone of over 35%. In addition, he reports less complaining among staff members, less churn and, generally, a happier working environment. Budget holders are happier and work more effectively because they have clear visibility of their department’s financial situation which is essential to making the right decisions.

From the customer perspective, service improvements are always appreciated. Our ability to process cash-backs quickly has an enormous positive impact on the customer’s experience of our company. This improvement results in fewer customer calls to our help desk staff, enabling us to reduce operation costs in our call centres. We all know that a happy customer calls much less than an unhappy one!”

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Meeting regulations

inSTREAM™ on its own does not enable a company like The Carphone Warehouse to meet with all regulatory demands placed upon it but it does make a significant contribution. If we look at the invoicing process it is clear that there are real advantages gained from inSTREAM™. Having invoices processed and stored electronically and filed systematically means that retrieval is simple and accurate. For tax purposes this is essential, especially when the number of invoices processed is growing significantly year on year. Willcox adds “Because of inSTREAM™ we have gained approval from HMRC to keep our financial records in secure electronic storage rather than archive boxes. Regulators visiting the company have gained a good perception from systems that are ordered and precise and this perception counts highly.”

Willcox explains, “Financial documents are so important and they must be retained for several years to meet with regulations. We have to be able to lay our hands on invoices immediately when requested to do so by Revenue and Customs. Even with a robust manual system invoices were often mislaid and we can now show that this is not a problem for us - the perception that we have everything under control most certainly counts in our favour. From an internal perspective, we now have a system in place that can handle the growing number of invoices processed and makes the data held in the invoices readily available for managers to quickly and easily draw out the information necessary to create financial reports at the end of each month. This is real progress.”

Conclusions

Each of inSTREAM's many implementations at The Carphone Warehouse has been carried out to meet a specific business need. This has required Celaton to investigate and understand the company's requirements in some detail and to come up with the relevant solution. On each occasion Celaton has been sure not to over-complicate the process and has delivered cost-effective and efficient solutions in short time scales with inSTREAM™.

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Nick Willcox concludes, “The idea that something has to be complex to be good is ridiculous. On the contrary, I believe that the ability to keep things simple is an art form in its own right. Celaton have proved that they can take our requirements and deliver results that meet our expectations and they can turn it around quickly. The benefits of Celaton’s inSTREAM™ have been felt across every part of the organisation and out in our customer base. Because of this inSTREAM™ has been implemented in many other parts of the business including Legal, Contract Management, HR, Customer Services and Shared Services. Celaton play a key role in our system and solution development as they continue to help us to improve our back office processes.

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