Business Requirements

After some time of analysis and communication to different stakeholders, another meeting with the management board was set. This time, the meeting was about what they actually wanted in the end. This is a summary of the conversations.

Klaus clearly stated that he wants Eltron to expand its market by offering their products to those living outside of the scope of physical stores. Given the fact that orders are coming via the German web portal, there is potential.

Juta stated that, with or without the web portal, she really needs to be able to track and trace every individual order and also, get an aggregated view. She simply cannot improve anything without having access to vital data such as the performance of the supply chain. She needs to be able to monitor the performance of the supply chain.

Hans continued to clarify that sales must increase and reaching to new markets is key. Expanding our customer base and getting lucrative customer segments is important. He further emphasized that quality in our service is integral part of our value proposition. That means more than just smiling and competence. Our store staff are very good but we must be able to offer our customers better information as well. We have to give them good and precise ETA:s, we must be able to give them full information about their orders, keep customers fully informed about their orders throughout the process all the way from buying to delivering as full transparency is part of state of the art quality service.

Silva commented that we have SLA:s and it is in our best interest to ensure they are upheld. If our partners fail in their quality, we will be blamed by the customer. Klaus agreed with all the points mentioned and also pointed out that besides all of this, we need to start looking at cutting costs as the current structure will not be sustainable in the future. We cannot charge much more, so costs need to go down.

Anna continued by saying that we must remember that our ERP system in Germany is too integrated and rooted to be changed but perhaps a solution where it is “relieved” is an option. One of the problems we face today is that the ERP is to difficult to develop and to enhance with new functionality. Whatever solution we find, it has to be flexible and adaptable so we can add to it. If we fail here, we will have a costly solution to maintain and that is not an option.

Klaus concluded with saying that we also have to find a way to be “nimble” in all our core processes. We should be able to grow our web shop, offer customer care via phone and email at the same time as we keep our well established physical presence. Perhaps a few stores can be closed or opened but that is not the way forward. I want to be able to enter the Belgian market easily, I want to be able to enter markets such as Netherlands, France and so on without having to invest large sums of money.
Following this meeting, there was a meeting with the marketing and the finance department. In this meeting, the question of benefits was discussed. Based on market analysis, benchmarking and some other techniques, they believe that with a fully functional web portal, they will get additional 16 000 EUR (all numbers are in thousands of EUR) annually in increasing revenues. It would be reasonable to see the revenue grow by about 5% per year. As the physical space is not required as with stores, the gross margin is better and estimated to 65%. If Eltron uses its current logistical structures in cities with stores to expand their market to surrounding stores with personal services such as installing, the revenue increase would be 4 000 EUR annually. As this would be an extension of the physical stores, the gross margin will be less at 50%.

With a web portal solution, the salaries required to maintain the service would be 600 EUR annually. For reaching markets around physical stores, the current salaries would increase by 15%. With new or enhanced IT support, it is estimated that the maintenance would increase with 30% and grow by 5% per year after that. If the solution makes use of the current warehouse structures in place and also manages to engage the store warehouses as “satellites”, the web portal can be sustained with additional 50 EUR a year and the adjacent markets (to physical stores) with additional 50 EUR per year. These costs would most likely grow by 7% per year. Finally, it would be required to invest additional 100 EUR per year for marketing divided by 70% for web portal and 30% for adjacent markets. Klaus had previously remarked that this project should be profitable with an investment horizon of 4 years and a discount rate of 14%.

Additional Documents

As part of the analysis process, additional documents were found or created. They are in no particular order, nor is there any further descriptions.

Taavi had taken upon himself to model a few aspects of how the new solution could look like. He focuses on primarily on how online orders and delivery. The first graph describes a high overview of the process by which products are sent to customers. The second model captures some of his ideas about how stores can be used to deliver products ordered online. This would perhaps be most useful when Eltron tries to reach the markets around their stores. The third diagram outlines some of his thoughts on multichannel delivery. Multi-channel delivery refers to the different ways the goods can be delivered to a customer such as pick-up in the store, direct delivery to the customer, and delivery to a close by location (post office or parcel terminal).
Courier service might be linked to pick-up location through ZIP areas...

In this location these pick up locations available – now find courier service

Order products that exist in shop portfolio

Order products that do not exist in shop portfolio

Presales order

Pre-requisite: Shop must have this product in material master (per country)!!
Part 3 Submission:

The fourth part of the Capstone Project covers continuation of current state analysis. In this part, you are to describe, discuss, motivate, model, and analyze the capstone case concerning the following aspects.

1. **Scope Definition:** The additional information that has been presented might merit modifying or refining the scope. If you do so, please comment how and why the scope has been refined or modified (as compared to previous scope).
2. **The Future State:** Describe the future state according to what has been covered in class.
3. **Risk Assessment:** Conduct a brief risk assessment where you identify the 2 or 3 of the most important risks and discuss how to approach these risks.
4. **Change Strategy:**
   - **Alternative Solutions:** Given the information in the case, identify at least two main alternatives that the future state can be realized. Describe and discuss these alternatives.
   - **Gap Analysis:** Given the current state and the future state, conduct a gap analysis.
   - Compare the different alternatives according to criteria discussed and recommend the one you find most suitable. Please motivate your recommendation.
Base your results on the capstone project text. In this part, you do not have the estimates of the project costs. You will have to apply one of the estimation methods and based on your proposed solution, calculate an estimated project cost. These numbers should be explained with enough detail so the reader can follow your reasoning. However, as the data is not available, the accuracy of your estimations is not considered when grading as long as they stay within the bounds of reason.

If needed, you are free to make assumptions about other parts of the case if (1) the assumptions do not conflict with anything in the text, (2) the assumptions are clearly stated and reasonable.