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COLES TAKES NEXT STEP IN DIGITAL TRANSFORMATION

World-class global trade and finance platforms to enable Smarter Selling strategy

- **SAP S/4HANA and SAP Ariba implementation enable procurement savings and streamline processes**
- **Infor GT Nexus platform to reduce import freight costs and working capital, improve availability**
- **Continued investment in Coles' technology-led supply chain and finance systems**
- **Builds on strategic partnership with Microsoft, utilising Azure cloud capability**

Coles Group has taken a significant step in its ongoing digital transformation strategy, adopting world-class global supply chain management and core finance and procurement platforms to improve product availability for customers while enabling efficiencies in supply chain to support Coles' Smarter Selling strategy.

Coles Group has successfully migrated its legacy core finance system to the **SAP S/4HANA** platform, improving the speed and stability of Coles' financial systems. This has also enabled the deployment of the **SAP Ariba** procurement solution.

The combination of SAP Ariba and S/4HANA will enable significant cost savings in procurement by centralising management of purchasing for goods not for resale, allowing for consolidation of suppliers and improved trading terms.

Coles Chief Financial Officer Leah Weckert said the implementation of the two SAP platforms was an important milestone in the continued modernisation of Coles' systems, which would enable the delivery of future transformation projects and support ongoing improvement in business processes.

"We had a very ambitious five-month timeline to implement SAP S/4HANA and we adopted a very innovative implementation approach with specialist partner **Acclimation**, utilising a toolset from **SNP**. This was a remarkable collaboration between the finance and technology teams," she said.

"SAP Ariba was also implemented at pace and is fundamentally changing how Coles purchases goods not for resale right across the business. It's a foundational part of our Smarter Selling strategy."

Built by global enterprise company Infor, **GT Nexus** is a global trade platform that will streamline imports, reducing costs and modernising Coles' international supply chain. Coles will implement the world-class solution next year, the first organisation in Australia to directly do so.

The GT Nexus platform is a scalable solution which will enable Coles to:

- Reduce working capital through lower stock in transit and distribution centre stock holdings;
- Reduce transport costs, including freight, demurrage and customs clearance; and
- Simplify transactions with freight service providers.

Coles Executive General Manager Operations and Transformation Kevin Gunn said the GT Nexus platform would enable real time visibility of international stock.

"Availability is a key issue for customers and some popular items, such as light globes, herbs and spices and kitchen essentials like foil and garbage bags, cannot be sourced domestically so we need to look to international suppliers," he said.

“By understanding where our stock is while in transit, we can better plan our stock movements to enhance availability for customers and reduce the time taken to move products into our stores, improving our use of working capital by reducing the time inventory spends in our supply chain.

“It will also support improved efficiencies through the supply chain by minimising the need to move stock between states, resulting in fewer truck movements which will also improve road safety and reduce carbon emissions.”

Infor Nexus Vice President Brett Egglestone said the speed of business today demands a supply chain capable of controlling the end-to-end flow of documents, data and inventory.

“The Infor GT Nexus platform will provide multi-enterprise connectivity to help Coles digitise the flow of information between its trading partners and provide a single system of record to orchestrate the physical and financial supply chain,” he said.

“We are very excited to partner with Coles and be part of its intelligence-driven supply chain strategy.”

Both projects are leveraging Coles' strategic partnerships announced over the past 18 months.

“We have committed to being technology-led in our stores and throughout our supply chain to reduce costs while delivering an even better shopping experience for customers and making life easier for our team members, GT Nexus is another investment in this,” Coles Chief Information and Digital Officer Roger Sniezek said.

“We have leveraged our strategic partnership with Microsoft to implement SAP S/4HANA in the Azure cloud. This gave us significant agility through the implementation project and was a key enabler of the short timeline. The development work Coles will need to undertake to integrate into the GT Nexus platform will also be hosted in Azure.

“For SAP Ariba, Accenture were our key implementation partner, again leveraging our strategic partnership. By working together with all our global partners, we are seeing clearly that we are able to deliver our strategy at pace.”

BUILDING TECHNOLOGY AND DIGITAL CAPABILITY

The announcement is the latest in a series of global partnerships and developments through which Coles is building its technology and digital capability.

July 24, 2019: [Coles signs long-term strategic partnership](#) with global digital leader Accenture to enable Smarter Selling and Inspire Customers strategies.

July 9, 2019: [Coles signs strategic partnership with Microsoft](#) to transform its operations and drive deeper business insight.

March 26, 2019: [Coles enters partnership with Ocado](#) to bring the world's leading online grocery platform, automated fulfilment and home delivery solution to Australia.

March 1, 2019: [Coles partners with Optus](#) to roll out a high-speed network, driving store efficiencies and innovation.

February 12, 2019: [Coles implementing SAP systems](#) to transform store support functions in the areas of HR, indirect procurement and financial reporting.

October 5, 2018: [Two new ambient automated distribution centres](#) to be built by German automation specialist Witron as part of the modernisation of Coles' supply chain.

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