

# Increasing Visibility of Merchandise Flow

Magnit optimizes supply chain and retail operations at all stores in Russia.

**Customer Name:** Tander

**Industry:** Retail

**Location:** Russia

**Size:** 119,942 employees (average number as of June 30, 2011)

## Business Impact

- Stock checks can be completed faster and more regularly
- Annual savings of staff hours
- Stock turnover increased



Case Study

## Challenge

Founded in 1994, Tander began as a wholesale distributor of household chemical goods and cosmetics. The company's decision to diversify three years later led to the creation of Magnit, one of Russia's best known and largest food retail networks, with annual net sales of about RR156,596 million (\$5,471 million).

Magnit's success depends heavily on integrating and optimizing operations across a highly distributed supply chain that comprises 64 regional branches, 13 distributions centers, 4460 stores, and 119,942 employees. Helping ensure continued cost leadership and a lean retail approach are key elements of this strategy within a fiercely competitive, fast-moving marketplace.

"We're always looking for new opportunities to increase sales and profit, while providing customers with the best shopping experience possible," says Oleg Goncharov, Deputy CEO and IR Director, Tander.

Better management of budgets and operating expenditure is only part of this puzzle. It also involves the (often hidden) costs associated with ineffective business processes that delay or prevent retailers from achieving their full potential.

Like many forward-thinking companies, Magnit realized that the best way to master these challenges was to create an environment where information flows efficiently and effectively across the supply chain, providing all parties with the same real-time view of retail operations. "Inventory management is a prime example. It is important that our stores don't run out of product, but equally we don't want to carry excessive stock because storage costs money," says Igor Youdytsky, CIO, Tander.

## Solution and Results

By taking a holistic approach, based on Cisco® Borderless Network Architecture, Magnit has transformed distribution and inventory management with a wireless solution that will also enable future retail improvements to be introduced faster and at low cost.

"Cisco was the only partner who made a commitment for maintenance (mean time before failure). They also looked beyond our day one requirements for improving logistics and stock control," says Igor Youdytsky. "Taking an architectural approach helps accelerate deployment time for new solutions, such as video, security, and context-aware services, by removing the need for expensive upgrades or complex integration tasks."

By moving product more efficiently between the distribution center and the point of sale at the store), Magnit expects to increase stock turnover, which will help boost profit margins.



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## For More Information

To learn more about how Cisco is helping retailers around the world to transform inventory management, please go [here](#) ●

For more information on Borderless Networks, please go [here](#) ●