

## REI gears up with strategies guided by IBM DB2 OLAP Server.

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### Overview

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#### ■ Challenge

*Respond to management's demand for timely, accurate reporting on performance of departments and stores, budgetary information and strategic plans*

#### ■ Solution

*Financial reporting system built on online analytical processing solution from IBM*

#### ■ Why IBM?

*IBM solution functioned natively on IBM @server® iSeries™ machine, enabling use of systems that are already familiar to staff members*

#### ■ Key Benefits

*84% savings in time required to generate monthly management reports; near real-time availability of budget information; 75% less time required to produce strategic plans and models; 20% fewer employee resources needed to generate reports; ability of staff to focus on analytic activities as opposed to hand keying data; more accurate reports with better tracking of most recent data*



*By responding quickly to its customers' needs, REI has grown over the years to become the largest consumer cooperative in the United States, serving over 2 million active members.*

Recreational Equipment, Inc. (REI) has been helping customers answer the call of the wild since 1938, when the company was formed as a co-op for Pacific Northwest climbing enthusiasts. Now with 2.3 million active members, REI is the leading retailer of quality gear for camping, hiking, skiing and other outdoor activities.

Based in Kent, Washington, REI has 70 retail stores in 24 states, an online store at [www.REI.com](http://www.REI.com) and a Web-based discount outlet at [www.REI-OUTLET.com](http://www.REI-OUTLET.com). The company also maintains a call center and catalog sales. With nearly 7,000 employees, REI posted \$805 million in sales last year.

*“DB2 OLAP Server helps us analyze our information using an intuitive business language. And because DB2 OLAP Server integrates seamlessly with Excel, we can provide the reports we want without hand keying information.”*

*– Greg Chisum, Software Engineer, REI*

## Rapidly implementing low-cost on demand solutions

### Key Components

#### Software

- IBM DB2® OLAP Server, Version 8.1
- IBM DB2 Universal Database™

#### Hardware

- IBM @server iSeries

REI is not only known for its pitons, axes, kayaks, tents and backpacks, however. Since it launched its first Web site in 1996, the company has garnered praise and awards for its savvy marketing decisions, particularly in the area of multi-channel marketing. Using its Web channels, the company can drive customer traffic to its brick-and-mortar stores. At the stores, outdoor enthusiasts can use kiosks to access either Web site again to order out-of-stock items or get further information on any of the company's 45,000 unique products.

Despite its marketing strengths, however, REI lacked the ability to sense and respond to market fluctuations because its outdated financial reporting processes could not keep up with management's demands for performance data. REI's financials—including its general ledger, financial reports, payroll and human resources—ran on a third-party financial management system hosted on an IBM @server iSeries machine. The system could only produce paper reports that had to be entered manually into Excel spreadsheets for further analysis and reporting. Monthly management reporting, annual budget reporting and strategic planning operations suffered from the system's lack of flexibility.

In addition, too many analysts were spending too many hours hand keying information for reports. There was also widespread confusion regarding what was the most up-to-date information, leading to inaccuracies that could have made their way into business decision-making. Without more robust and timely reporting capabilities, REI risked losing the leading edge it had developed through years of outstanding planning and execution.

#### Robust, flexible reporting solution

Wanting to be more responsive to the reporting needs of its managers, analysts and strategic planners, REI sought a solution that would not disrupt its user base and create the need for massive retraining. Impressed with the analytical capabilities of Hyperion Essbase software, it chose IBM DB2 OLAP Server, Version 8.1—which includes Essbase—as its analytical and reporting engine. IBM DB2 Universal Database is the foundation of DB2 OLAP Server and powers the data warehouse, working natively with the iSeries and allowing users to leverage the same processes they were familiar with to query and analyze data. The group uses Showcase Warehouse Builder from SPSS Inc.—with DB2 OLAP Server—to structure the DB2 data warehouse.

*“There are other OLAP solutions out there which fit different niches and have different functionality. But having used DB2 OLAP Server and talked to other people in the industry, I think the consensus is that DB2 OLAP Server is the best solution for financial reporting.”*

*—Julie Nulton, Senior Financial Analyst, REI*

Integrating seamlessly with Excel software as well as with the iSeries, DB2 OLAP Server has transformed financial reporting processes at REI. Today, reporting functions occupy 20 percent fewer employees who spend far less time than they did previously, giving them more time to analyze data.

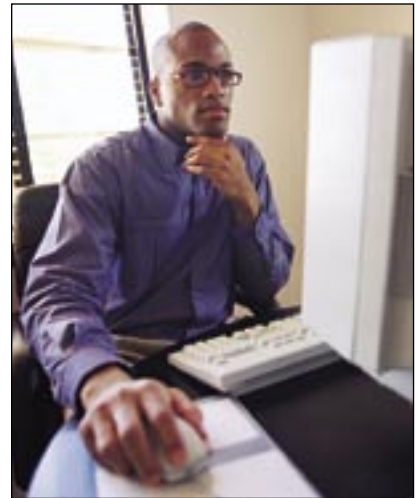
Analysts generate digital copies of management reports and e-mail them to managers in as little as 16 percent of the time it took before. Leveraging the ability of DB2 OLAP Server to calculate, consolidate and retrieve information from its multidimensional database, analysts can integrate budget information with historical year-over-year data and combine this information with performance data in near real time. Strategic plans, both near-term (six month) and long-term (five year), are available within one hour of requests—one quarter of the time it used to take to generate a report. Since there is only one source of information, there's no more confusion or inaccuracies.

"DB2 OLAP Server helps us analyze our information using an intuitive business language," says Greg Chisum, software engineer at REI. "And because DB2 OLAP Server integrates seamlessly with Excel, we can provide the reports we want without hand keying information. The DB2 OLAP Server solution gives our users a great deal of flexibility, enabling them to do special calculations, generate their own columns and introduce new factors, so they can tailor their reports to management's needs."

#### **Integrated processes for financial communications**

REI powers DB2 OLAP Server on an iSeries 820 system. Data is transmitted in batches to DB2 Universal Database from Excel spreadsheets that issue from the financial management system. Users query the data on Microsoft® Windows® systems using Excel and Visual Basic front ends, repackaging day-to-day financials on Excel spreadsheets.

"There are other OLAP solutions out there which fit different niches and have different functionality. But having used DB2 OLAP Server and talked to other people in the industry, I think the consensus is that DB2 OLAP Server is the best solution for financial reporting," says Julie Nulton, senior financial analyst, REI.



*REI's managers need up-to-the-minute results to change course quickly and respond to fluctuating market conditions.*

*"Now our managers can tailor our strategies more specifically to insights we provide through modeling outcomes. That's the kind of foreknowledge that can have a positive impact on our business results in the future."*

*— Julie Nulton*

Hundreds of users throughout the company access the 10 licenses for DB2 OLAP Server. Four data marts provide information for financial reporting (129.0MB), budgets (12.1MB), strategic plans (96.2MB), and merchandising and sales (8.7MB).

In the coming months, REI plans to focus on strategic planning to take advantage of the modeling and forecasting capabilities it has gained with its DB2 OLAP Server solution. Strategic plans, which formerly existed on hand-keyed spreadsheets, now exist as real-time information in a file that can be used to sharpen plans for future initiatives. "In response to a

query from a manager, we can produce a live report within an hour, enabling REI to be an agile player in the market. Now our managers can tailor our strategies more specifically to insights we provide through modeling outcomes. That's the kind of foreknowledge that can have a positive impact on our business results in the future," says Nulton.

#### **For more information**

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Route 100  
Somers, NY 10589  
U.S.A.

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