

Mervyns Achieves the "Impossible": IT Independence in Less Than a Year

Mervyns' IT Challenge

Target Corporation sold Mervyns to a private equity group in 2004 with the stipulation that its former retail division would achieve information systems independence by August 28, 2006. To comply, Mervyns launched the Mervyns Advanced Retail Systems (MARS) project on October 1, 2005. That gave the company less than 11 months to complete a project so huge and complex that industry insiders and observers said it was impossible. They were wrong.

Not only was the MARS project completed before the imposed deadline, it came in on budget. Among the many who were instrumental in making "the impossible" possible was a team of IT specialists from a professional services company called B2 Integration. Under the hands-on leadership of Steve McElveen, the company's president, B2 Integration helped Mervyns undertake the largest IT project of its kind ever successfully completed.

B2 Integration's Challenge

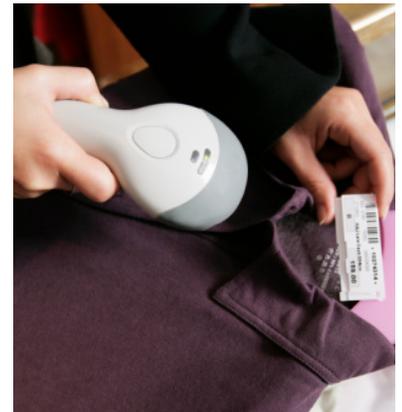
The "situation on the ground" B2 Integration faced upon joining the MARS project team was daunting. Not only was there no IT organization yet in place to address the technical requirements, there was no IT infrastructure within which to begin work on and to support the new applications! It would be difficult to identify a more limiting obstacle for an information-systems focused project. Finding a way around it was the first of many challenges B2 Integration confronted in the ensuing months.

The team's next step was to begin integrating software applications into a cohesively functioning enterprise management system. Under the leadership of its recently appointed CIO Kurt Streitz, Mervyns had selected six software vendors to provide the company with applications in merchandising, supply chain/warehouse management, point-of-sale (POS), human resources (HR), electronic data interchange (EDI), and finance to replace 526 Target legacy applications. It was essential that each application be integrated with the others to enable the smooth flow of data throughout the company. It was also essential that all Mervyns data residing in the Target IT systems be brought into the Mervyns systems to support business operations and ensure Mervyns' ownership of its full data history.

As certified experts in EDI data conversion and integration, and software application integration, the B2 Integration team's role was to:

- integrate all new and disparate application suites so they could "talk" to one another
- convert Target's data for integration into Mervyns' new systems
- implement a new EDI process and system to enable rapid document exchange and communications between Mervyns and its trading community

These processes had to take place while Mervyns continued its normal retail business operations in 189 stores, a task more than one observer has compared to changing the tires on a moving vehicle.



Mervyns Department Stores

Mervyns LLC, a \$2.5 billion department store headquartered in the CA Bay Area, is a popular department store chain offering fashions and home décor for the whole family. With 189 stores and two distribution centers, Mervyns' business operations are extensive.

A private equity group bought Mervyns from Target Corporation in 2004. As part of the sales contract, Target agreed to continue providing Mervyns with IT support for two years. Initially, Mervyns determined to have a replication of Target's systems in place when the support contract expired.

In April 2005, however, Mervyns hired Kurt Streitz to take on the role of Chief Information Officer (CIO). Streitz recommended the "impossible": rather than replicating Target's legacy business systems, implement a brand new best-of-breed applications and do it before the support contract was up in August 2006.

Mervyns' senior executive team agreed to the plan. Within months, the company launched the Mervyns Advanced Retail Systems (MARS) project. There was less than a year available to complete it.

Mervyns Achieves the Impossible Continued**B2 Integration at Work**

The most vital component of the MARS project was undoubtedly the conversion of Mervyns-related data from Target's to Mervyns' IT systems. As Matt Dutton, director of the MARS project's Project Management Office (PMO), notes, "Without data conversion, Mervyns would have ceased to exist." For that reason, Steve McElveen's first order of business was to establish a good working relationship with Target's technical transition team. Since Target considered much of the company's technical documentation proprietary, B2 Integration was forced to decipher many processes and deduce many formulas on their own while working toward achieving data independence for Mervyns. To continue transferring data during the transition period, B2 Integration built temporary interfaces between Target's systems and Mervyns' transition systems that permitted maintenance of data flow until Mervyns' full-fledged new enterprise-wide systems became operational.

Simultaneous with the Target data conversion process, B2 Integration developed the "bridges" (middleware) that allowed the array of enterprise software applications Mervyns had selected to function cohesively despite their differing operating systems and database structures. A suite of more than 10 merchandising applications, for example, had to interface with both one another and with the suite of supply chain and distribution, finance, POS, HR, and other applications. While B2 Integration worked to integrate these applications, Mervyns installed new POS infrastructures in all of its stores. For the B2 Integration team, that meant converting the POS applications in **189 stores** within two short months. In each store, the POS conversion took place during a single night. When the store opened the next morning, the new system had to be up and running.

To achieve the third element in the Mervyns systems conversion mix – Electronic Data Interchange (EDI) integration – B2 Integration had to bring **1500 trading partners** from a wide range of industries on board and integrate them into Mervyns' EDI process. Among these industries were suppliers, banks, consolidators/deconsolidators, and transportation companies. Integration of each individual partner organization obliged that organization to create an entirely restructured trading relationship with Mervyns based on the new EDI requirements. Once integrated with Mervyns, each partner's system had to be tested and certified to ensure that it met all EDI and trading standards. Development, testing and certification of all the new EDI systems occurred over a period of eight months.

On-boarding the 1500 partner organizations took Steve and his team only four weeks.

B2 Integration and Mervyns Achieve Objectives

On August 5, 2006, Mervyns celebrated its "independence day." In the weeks after full systems conversion, B2 Integration addressed any post-implementation issues and assisted Mervyns' employees with the transition to a steady-state IT organization. By the beginning of the holiday shopping season in November, all issues were resolved and the company enjoyed smooth IT operations throughout the season. To this day, Mervyns' IT system continues to serve the company well.

Mervyns was more than pleased. "I cannot say enough about the B2 Integration team," states Mervyns' CIO Kurt Streitz emphatically. "We needed a team that could perform under extraordinarily tough conditions. They were the calm center of an incredibly complex and difficult situation. We needed a team that could challenge conventional wisdom and think outside the box. They amazed us continually with their ability to develop solutions to seemingly insurmountable technical problems. We needed a team that was able to accelerate progress on any given part of the project at a moment's notice. They delivered every time. They performed a near miracle." PMO director Matt Dutton agrees. "B2 Integration overcame a mountain of obstacles to achieve the biggest data conversion and application integration project ever undertaken in so short a timeframe. It really was a near miracle."

When asked about their phenomenal achievement, the B2 Integration team is candid about the challenges they faced. "People often ask how in the world we managed to pull off the Mervyns integration project. They think a million things must have gone wrong along the way," the company's president Steve McElveen acknowledges. "I tell them, 'Things did go wrong! There were innumerable difficulties, but we overcame them. The only option for us was success, and we made it happen.'"