



shoeby

WHEN YOUR DIGITIZATION JOURNEY TRULY SUPPORTS YOUR ORGANIZATION'S CORE VALUE

AN INTERVIEW WITH MITCH VAN DEURSEN
CEO AND OWNER OF SHOEBY

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Xebia

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Digital Transformation soon will be celebrating it's 21st birthday, making it a good moment to assess how Digital has transformed corporates and how it has matured in the past decade. To celebrate this occasion, Xebia has decided to launch a series of interviews with top Digital Transformers in the market to shed light on the practical side of rolling out such transformations in organizations.

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To contrast with the Digital Transformation in a large complex multinational, we would like to shed light on what such transformations look like in smaller, more entrepreneurial companies. The next experience we would like to share is the transformation journey of Dutch retailer Shoeby. Shoeby is a Dutch family owned retail business that started its existence by opening its first store in the South of the Netherlands (Den Bosch) 40 years ago. Since then, Shoeby has grown to around 225 stores and a digital landscape including own online shop, app and a marketplace. At the heart of everything Shoeby does is one simple value – putting the client at the center, focusing on personal attention and service. Shoeby delivers this via its cozy shops at strategically optimal locations in smaller towns and via its online store, offering unique trendy collections at affordable prices to suit the needs of the mid-segment, tailored to each client by personal shoppers in brick and mortar stores and personalized offers in our online store.

Even with customer centricity at the core of its business, just like all brick-and-mortar businesses, so was Shoeby running the risk of being disintermediated by online retailers (e-tailers) and had to devise a strategy to respond to stay alive and to continue to deliver on its promise to its loyal customers. With customer at heart and external context in mind, Shoeby quickly but pragmatically embarked on a digitization journey. Xebia spoke to Shoeby CEO, Mitch Van Deursen, about his journey.

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Xebia: What do you think makes Shoeby special in the e-tail space? What differentiates it?

Shoeby: Our customer promise is at the heart of everything we do, regardless of the channel so I would not call our business e-tail per se. We build our (omni)channel strategy around the needs of our customers. For our boutiques, this means we are always close and available to allow people to see and experience our collections, to let our personal shoppers (who personally know each of their clients) offer an optimal outfit.

Our online channel we use to communicate and interact with a specific customer segment in a specific way and understand what drives their needs and preferences to be able to respond and build our business around it. Since we stand for consistency in quality we deliver, we are always busy with innovation within specific client segments and this is where our channels help us by giving us the right insights. Today, 90% of our revenue is traceable to the end client via our loyalty program & CRM.

Xebia: So, what does digital transformation mean in the context of Shoeby?

Shoeby: Digital transformation for Shoeby is about focusing on three key areas. First, digital capabilities that enable the speed of change and innovation, to deliver better operational decisions but also to create a constant flow of structural customer value. Considering oversupply of retailers, how fast are we able to recognize the needs of our customers and translate this knowledge into effective business decisions? Second digital capability is API's. API's help us stay flexible, scalable and to make less mistakes in the operations (which is increasingly more important), enabling testing and learning to be responsive to the market, to stay afloat and continue to grow. Third and last capability is enabling efficient processes (process automation) which is essentially about making human processes more simple and regular processes more complex and better by using Machine Learning.

Xebia: How did your digital journey start and how was it scoped?

Shoeby: It started off with the set up our e-com channel in 2010 as we wanted to be competitive and stay relevant to our existing customers. We then set up the CRM system to manage our customers and start collecting customer data with our loyalty program. The next logical step was to focus on giving our customers the right product and service offering based on the needs we saw reflected in the data, so we moved on to developing a dedicated innovation capability. To then be able to deliver the right offering to the right customer, we started the digitalization of marketing. Thereafter we also focused on digitizing client processes and optimizing customer journeys. We also developed new touch points and set up a unified, omnichannel strategy to make sure our clients receive an experience which is channel agnostic and that the customer journeys are seamless. It has been a very organic, stepwise transformation to support our client centric strategy.

Today we have eight digital teams, one dedicated specifically to AI and Machine Learning, primarily in the optimization of operations processes. As part of our omnichannel strategy, we plan on building a "Store of the future" where customers can merge digital and physical experience, to inspire, let experience, and get data about the customer behavior to allow us to test and learn further.

The scale of our business allows us to do that very quickly, one example is building the data warehouse in two months last year, and that with over 70 applications.

Xebia: How do you prioritize where you need to focus on in your digital journey?

Shoeby: Our Digital teams have clear digital goals that are directly linked to our business goals. They have the freedom to prototype with data and technology a-la lean start up and have end-to-end responsibility to make choices and deliver on the set goals. We then

prioritize the roadmap jointly with product owners. There is, however, a bottleneck to this way of working and that is people. It is important for digital teams to have a vision, ground up innovation and a specific culture that welcomes initiative, risk taking and ownership. This is not easy, since not everyone is comfortable with such end-to-end responsibility. This is something we continuously try to address.

Xebia: How do you measure success of the transformation? What has been the impact?

Shoeby: In our organization only two things count – revenues and investments. Everything that we do in our digital teams is measurable, we have dashboards for every project, and I can truly say that we are a data-driven organization. Of course, there is room to become even more data-driven, we need to go further and integrate a data way of working on all levels of the organization, including the business. We have a BI team but still need a better integration into business processes to change people's way of working, to allow them to translate insights into real time action. In terms of investments, we have 2 organizational structures and the investments into digital are simply driven by the amount of cash we have. If one gets cash, we invest that cash in the other, and the more fat we cut, the more we can invest in our digital growth. As for investment strategy, we only think long term and don't care about how much we invest. We want to deliver qualitative growth and leave all cash in the company.

Xebia: What is your ambition for future digital capabilities (what's next)?

Shoeby: Our next step would be to invest into new business models. We invest in Retail analytics & solutions or automation of the supply chain; this is something we could offer other retailers in the future. These are mainly Machine Learning Based solutions and here, we are going to cooperate with other Retailers, as we believe we need a better cooperation with them to achieve the desired results. Not a single omnichannel retailer has enough data to defeat the capacity of Amazon, so we need to combine our forces in a smart way. We do that under the Entity of AIR (Artificial intelligence for Retail) or AI4R.

Xebia: If you could imagine Shoeby's future, what is your ideal vision of the company and its stores (both physical and digital)?

Shoeby: The ideal scenario would be a brand with a clear purpose and a strong message, to have a vision for a better world and take a role in making it better, hyper automated due to continuous innovation, super-omnichannel with new emerging channels and niche *(lifestyle focused as opposed to specific product focus)*.

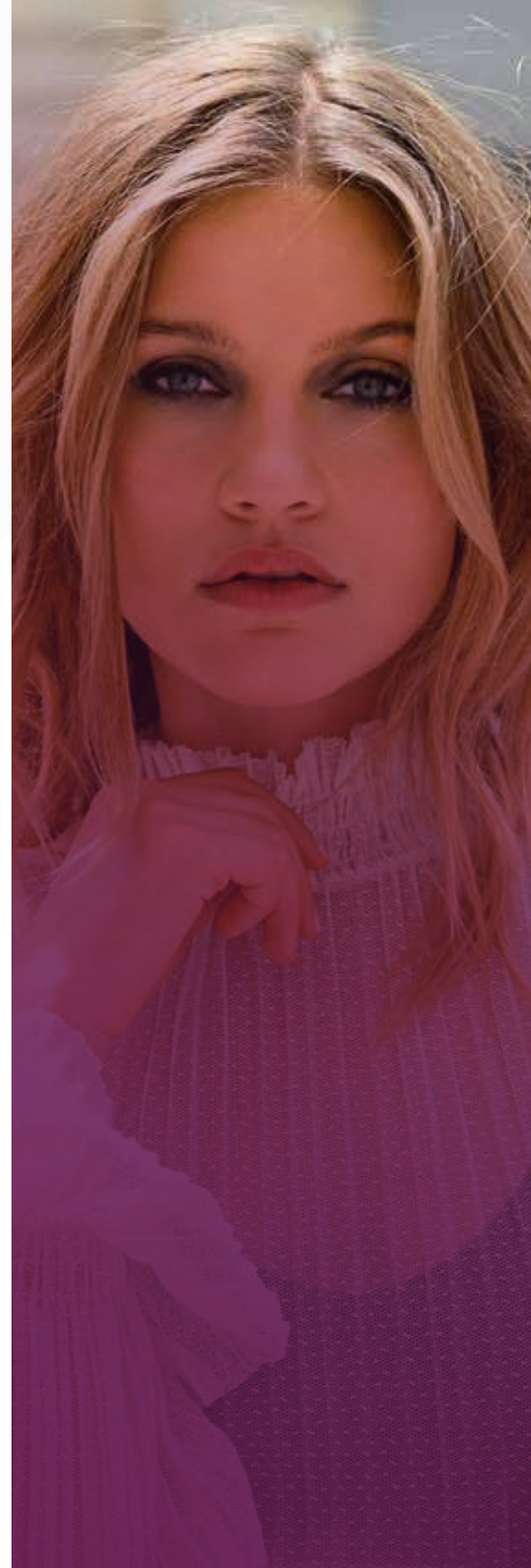
Xebia: Lastly, the entire retail world in the Netherlands froze at hearing the news of Amazon's plan to come to the Netherlands. What is your reaction to that?

Shoeby: Amazon clearly poses a huge danger for the SME sector in the Netherlands in general, not only retailers. It will be interesting to see how Amazon will play its game here. However, we see the arrival of Amazon as a huge challenge but also an opportunity. Amazon is more innovative, more visionary, more daring to invest in speed and efficiency and we can certainly learn from it. I know our proposition is strong enough to compete and I think we can find a model which will create a win-win for everybody.

Comparing this experience with digital transformations at large multinationals, smaller entrepreneurial organizations seem to be better positioned to reap the benefits of digital transformation, bringing ideas to market much quicker due to a clear vision and a (relative) lack of organizational complexity. One common element, however, that complicates any digital transformation is lack of people with the much needed agile, entrepreneurial mindset. For any company, "going agile" remains still to a great extent a nominal term because people with a truly agile mindset that would work in a corporate environment are hard to find.

There are other commonalities, like having clear organizational goals and true leadership driving the transformation, having the basic capabilities in order, making the transformation a pragmatic, step-wise process and business value driven process, testing and learning instead of creating complexity with big-bang transformations, are all true to any organization regardless of its size. Why is this an important contrast? Digital transformation at companies like Shoeby, where digital transformation is "incubated" if you will, make case in point for critical success factors and the right approach for shaping an effective digital transformation.

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Mitch van Deursen - CEO and owner of Shoeby

