

Operational Excellence: Business Support Division (BSD)

Teimur Shternlib
Deputy CEO for Business Support

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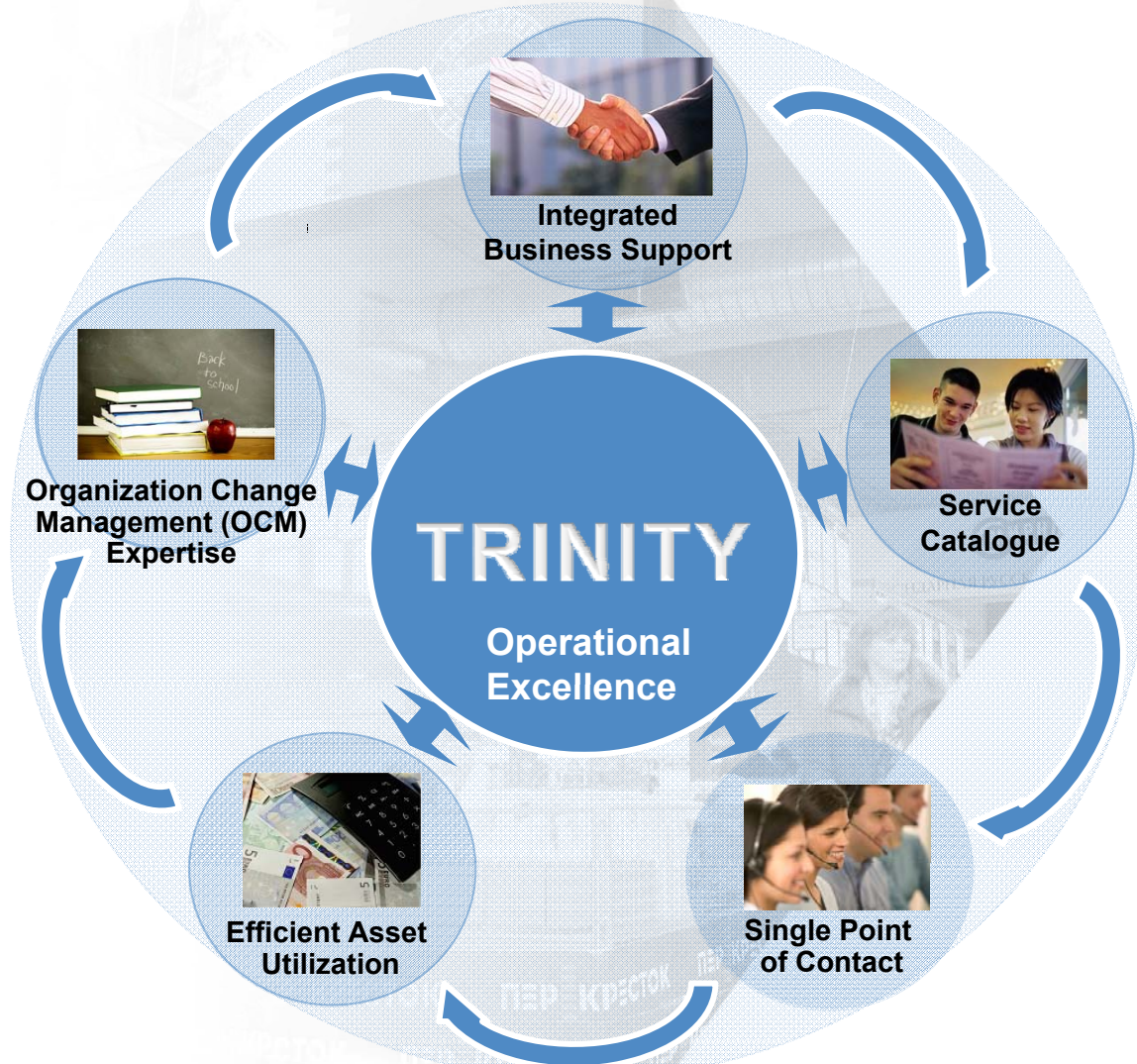
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... will Create Conditions for Improvements, Economy and Effective Human Resource Usage



2008: DOIT, Exploitation & Branches

- **Single Point of Business Support** – users address incidents and problems to different services
- **Integrated Business Support** – various divisions are responsible for business support, no clear coordination
- **Service Catalogue** – services are not described; business divisions cannot choose service level

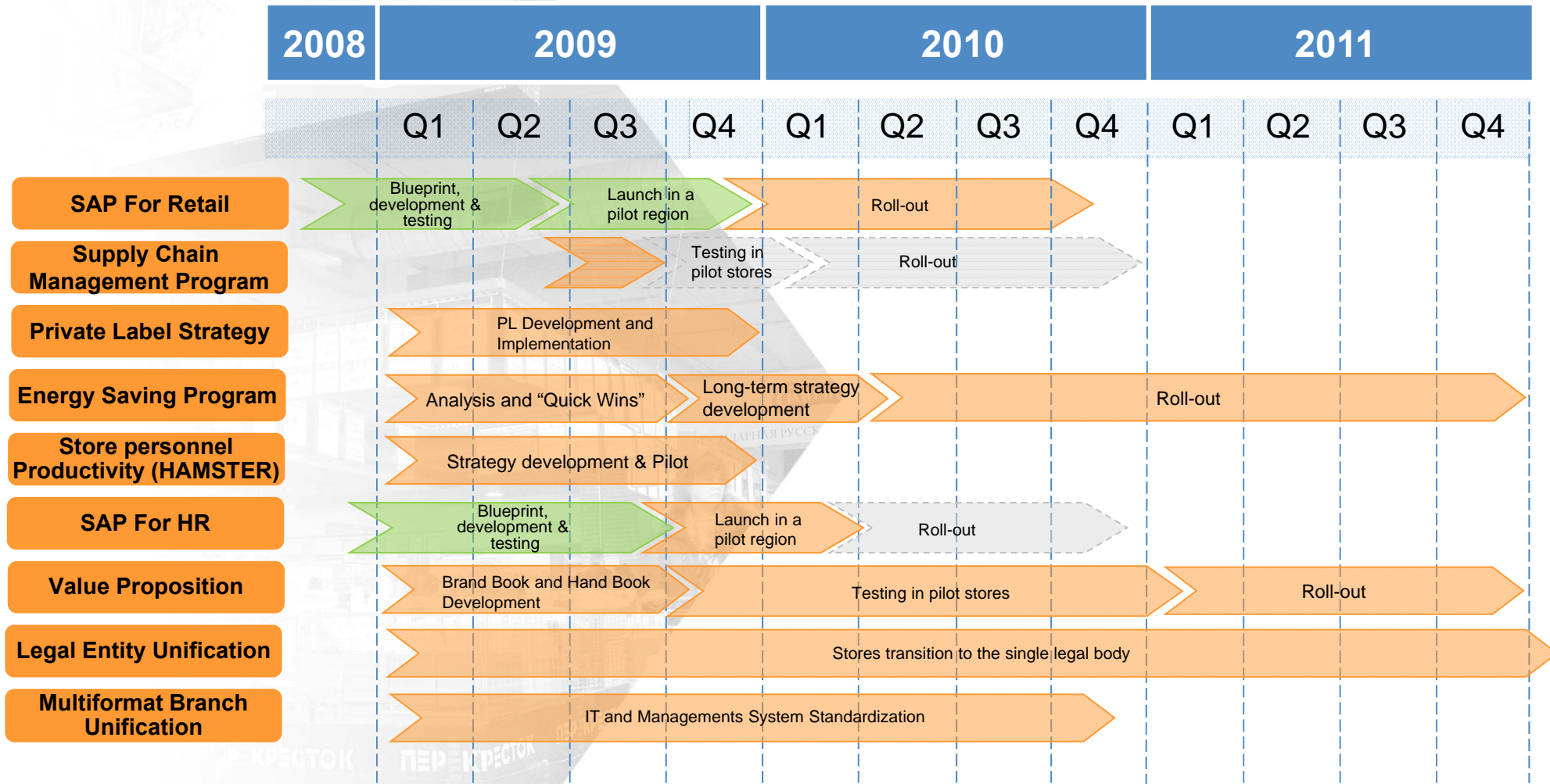


2010: Business Support Division (BSD)

- **Single Point of Business Support**– users address all the incidents and problems to single call-center
- **Integrated Business Support** – BSD supports all systems: MEP and IT
- **Service Catalogue** – all services are described; business users can choose adequate service level
- **Efficient Asset Utilization** – OPEX decrease as a result of synergy between divisions
- **OCM Expertise** – basic OCM experience accumulated in the course of organizational changes



Company Strategic Projects Roadmap



Project Management Maturity Growth

BSD Projects

BSD Strategic Programs (“Milky Way”)

X5 Strategic Projects

Project Administration

- Collection and accumulation of the project information (project archive at SharePoint)
- Formation of the project knowledge base (project lessons generalization)
- Consolidation of the projects status information (mutual influence analysis)

Methodological Support

- Methodological support of the certain projects (project managers and projects participants)
- Project managers and projects participants coaching
- Quality control of the certain projects (QA procedures, correspondence to the templates)

Mentorship

- Development of the methodology and recommendations for projects realization
- Coaching of the project participants, assurance of the effective projects realization
- Participation in projects management

Management

- Projects scope definition
- Provision of the management resources
- Projects resource, time, risk and change management
- Responsibility for projects results delivery



• **How it happens...**



- How to optimize?
- How to make a decision?
- Who is responsible for it?
- ...???



• **But in X5:**

Transparency

- Single Business Process data repository
- Single description methodology

Predictability

- Interconnected Business Processes model
- “What If” analysis

Effectiveness

- Application of the simulation tools (search for the optimal model)

Measurability

- KGI control
- KPI control

Continuity

- Processes are repeatable
- Responsibility and authority of the employees is defined



- High-level X5 Business Processes model is developed
- Store personnel, logistics, multiformat office processes are described
- “PROMO” and “Assortment” processes are developed and being implemented now

... Supporting Company-Wide Efficiency and Scalable Growth with Integrated ERP Platform, Using Best of the Breed solutions strategy

2008 IT Infrastructure

In-Store:

- Different IT platform at supermarkets, hypermarkets and discounters

Logistics:

- Several warehouse management systems (WMS)

Head office:

- 1C for finance and HR (different for Perekriostok and Pyaterechka), a number of database management systems, Excel

2012 IT Infrastructure

In-Store:

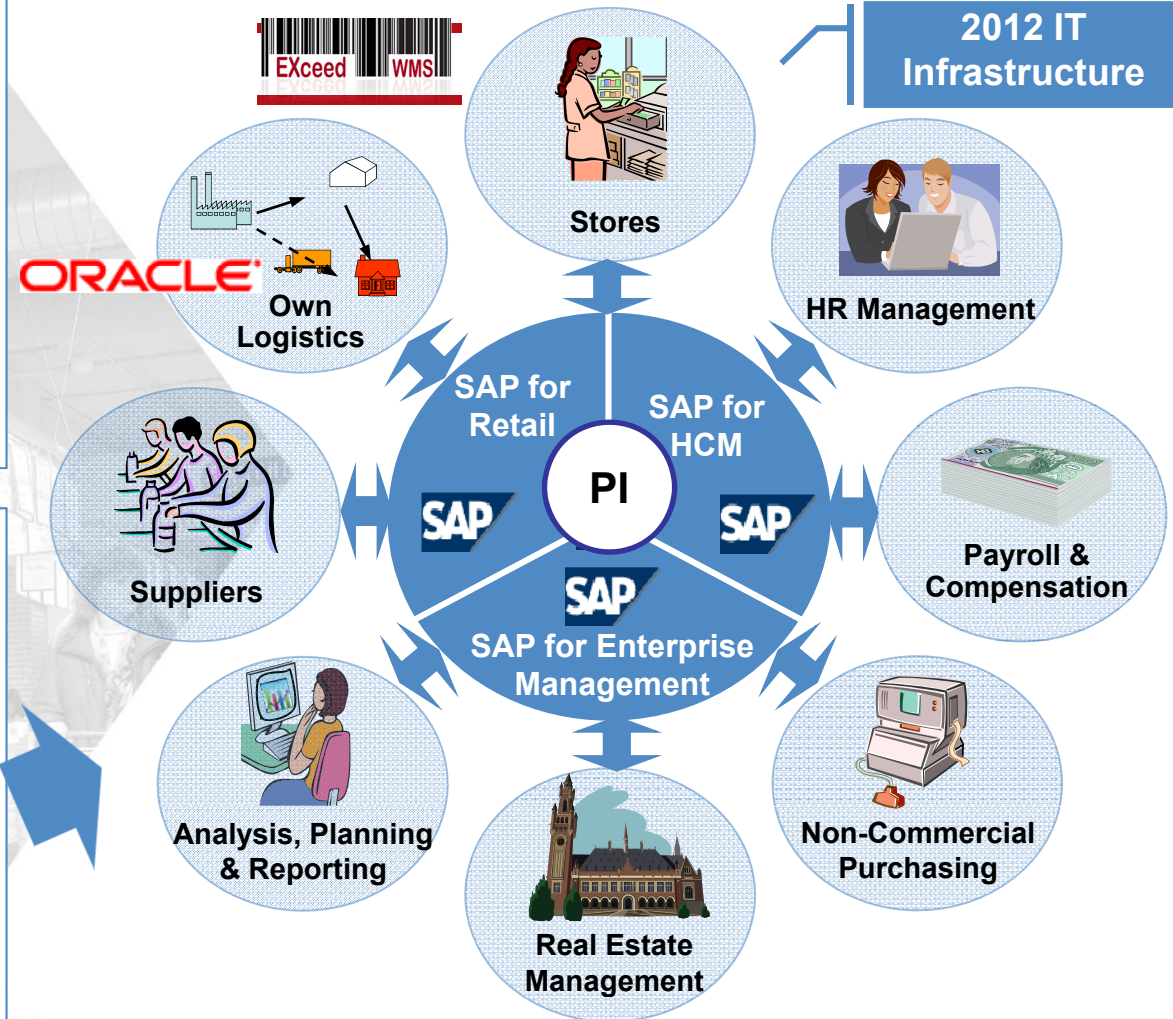
- Unified IT platform across formats; scalable and fully compatible with SAP

Supply Chain:

- Single WMS, complemented by voice picking; fully compatible with SAP (Exceed)
- Transportation management system (Oracle); fully compatible with SAP

Head office & Integration:

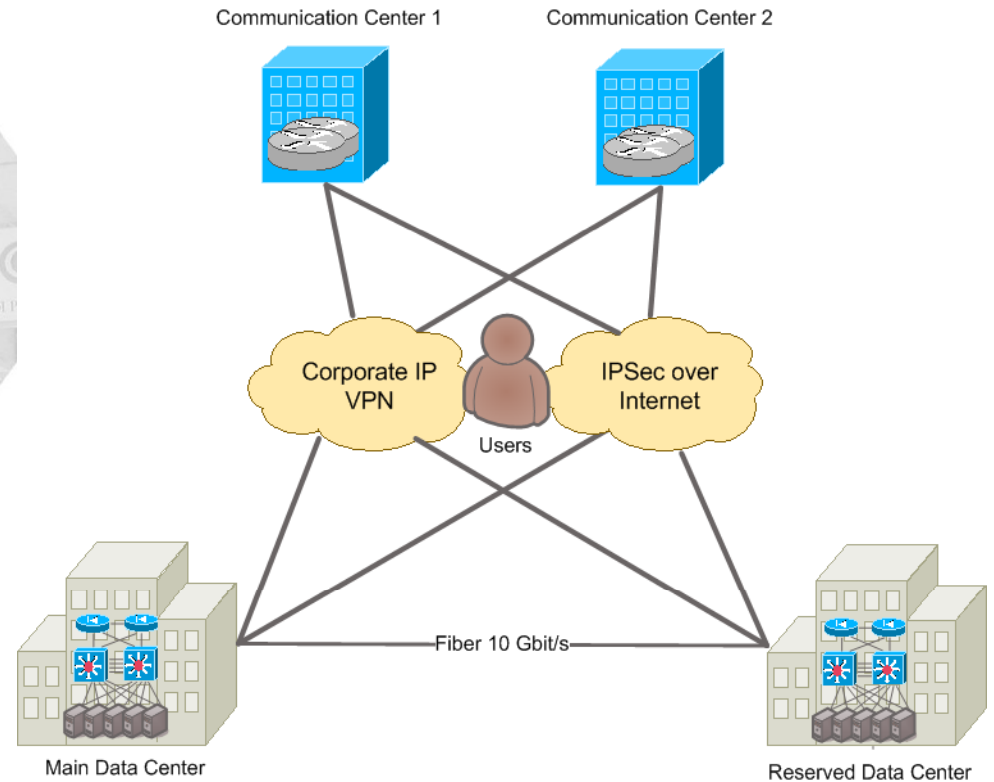
- SAP for Retail, SAP for HCM, SAP for EM, SAP PI



... is Available 24x7x365



- Duplicated Networks, Data and Communication Centers
- Recovery Contracts on Fixed-Time Basis
- Resources On-Demand
- Easily Scalable
- Proactive Monitoring System



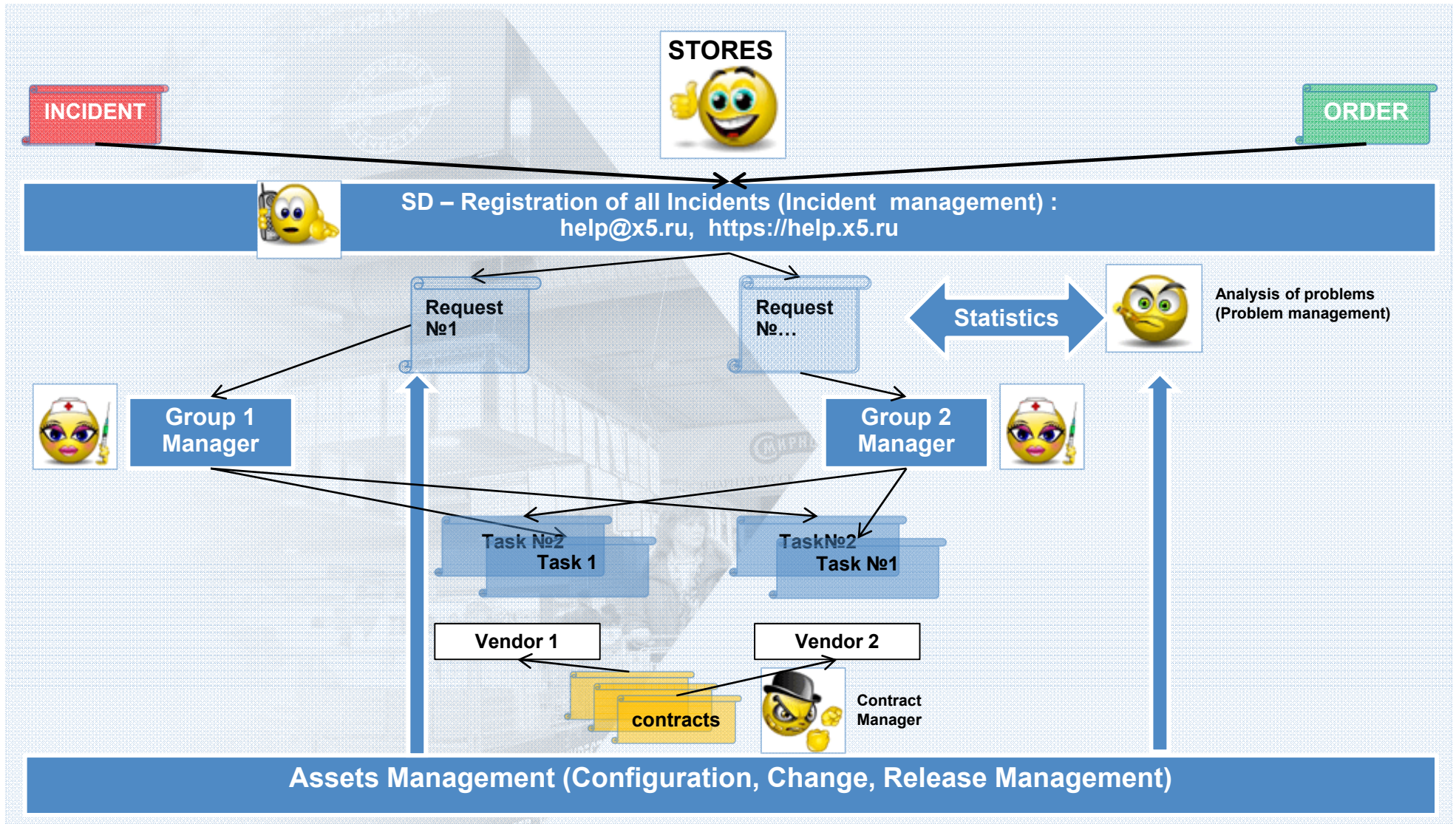


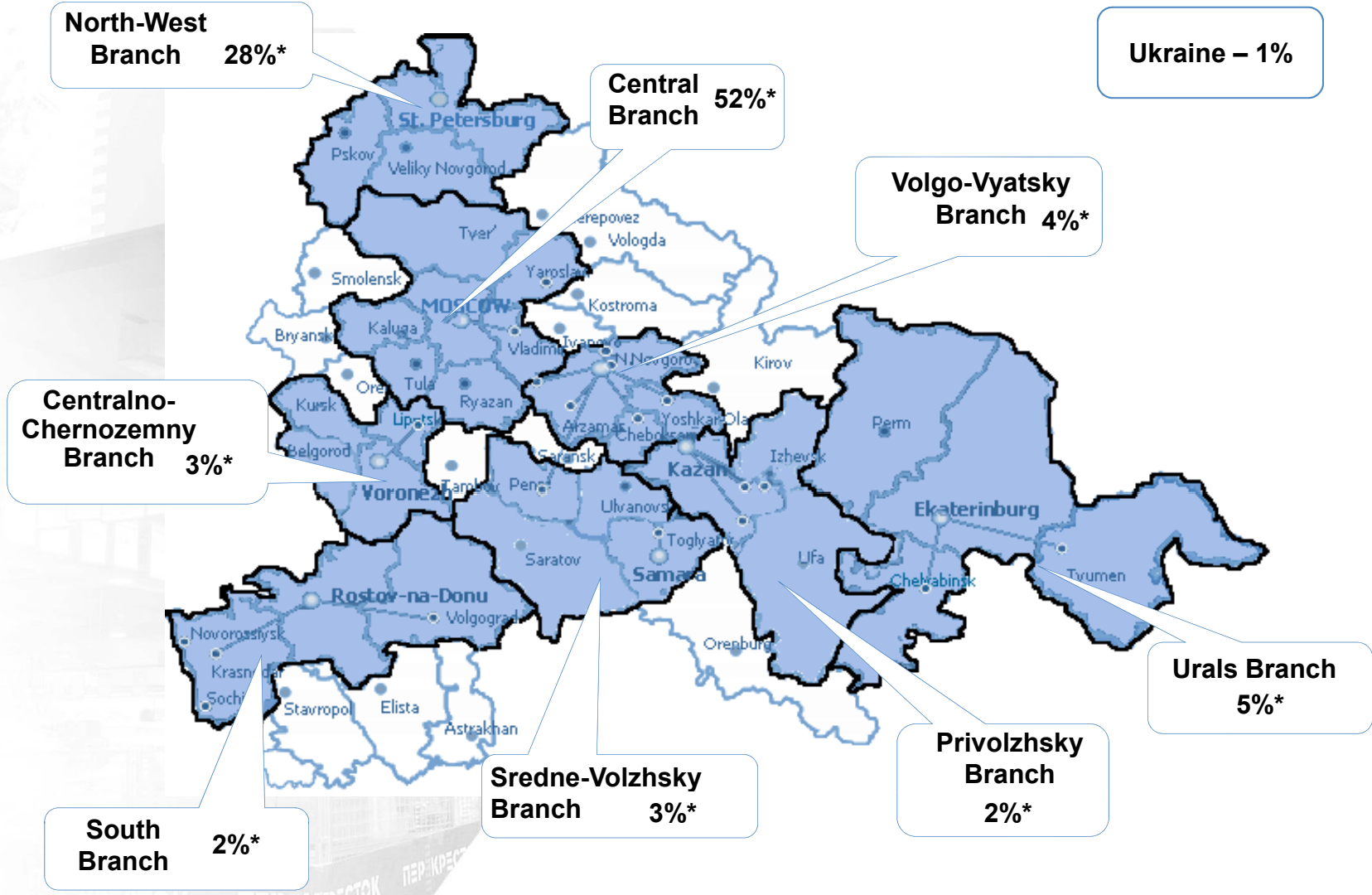
... is Aimed at Reducing power consumption up to 30% till 2012

The Main Streams of Energy Saving Program:

- Energy Purchase in Bulk, Rates Optimization
- Energy Producing (Gas Power Station, Inverting)
- Inventory of Actual Use
- Energy Loss Enhancement
- Change Corporate Standards of Refrigeration and Lighting Equipment to Energy-Efficient
- Scheduling of Load-Peaks
- Remote Monitoring and Control
- Innovations Research and Deployment



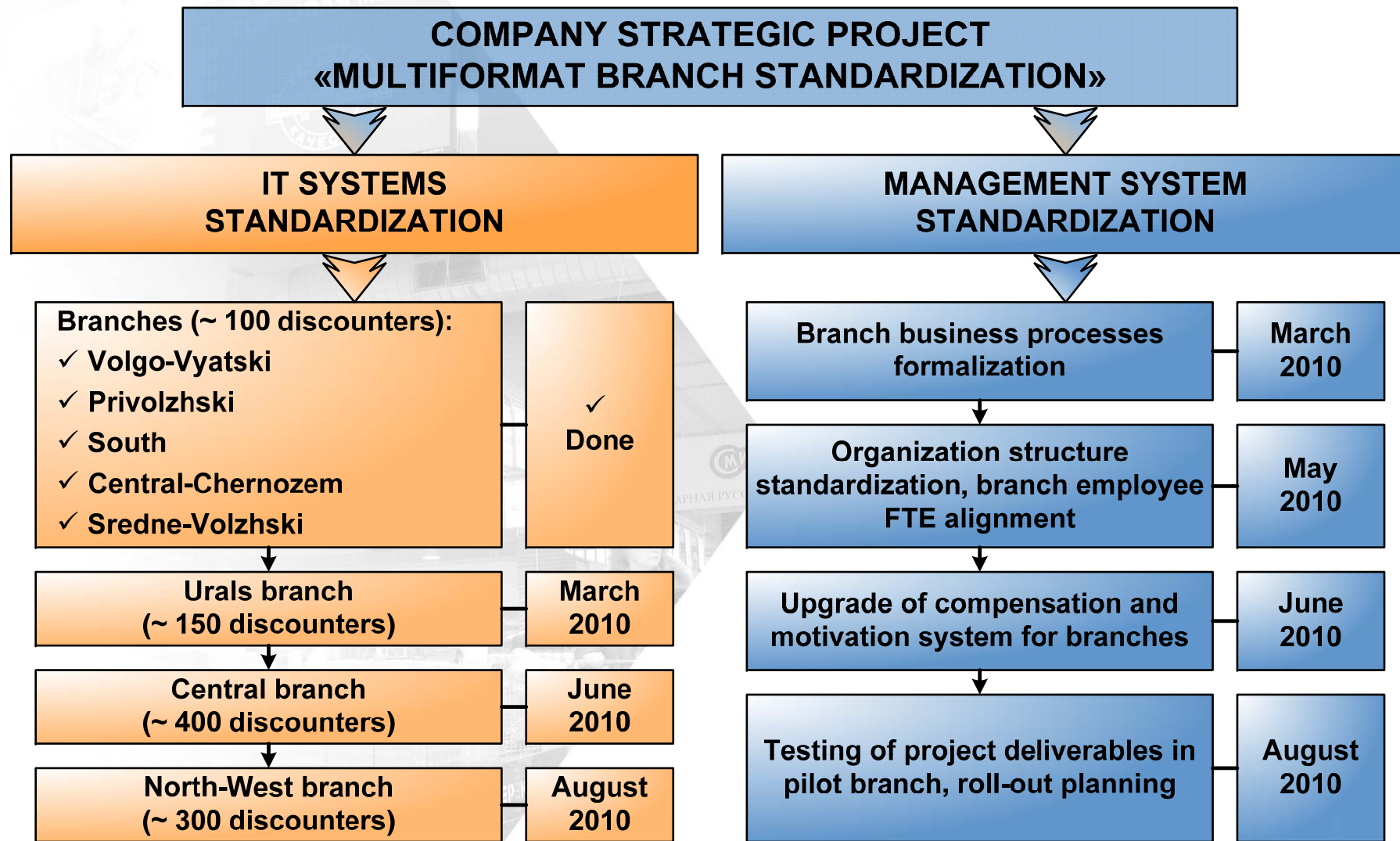




■ X5 Existing Operations as at 30 September 2009



* % of total X5 net retail sales for 9M 2009



BSD

We work for you!

