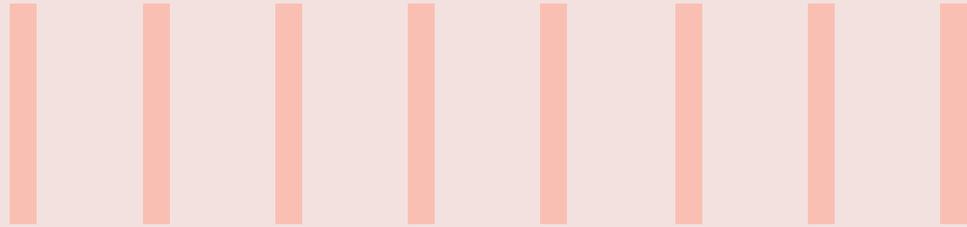




THE JOURNEY OF A THOUSAND MILES BEGINS WITH ONE STEP

SIAM MAKRO ESTABLISHES DIGITAL
FOUNDATION ON ORACLE ERP TO
SCALE RETAIL OPERATIONS IN CHINA





Siam Makro Public Company Limited is a wholesale retailer in Thailand, serving over 3 million customers across food retailers, grocery stores, offices, and hotels, restaurants, cafe clients.

In 2019, Makro set up operations in mainland China by opening a store at Guangzhou, in Guangdong province. Infosys designed the digital landscape and geared it for expansion across China and deeper engagement with consumers. Our team implemented Oracle Retail and E-Business Suite (EBS) Financials to address the dynamics of the Chinese market and regulations.

Step 1: Implement global solution and integrate it with the local landscape

Makro is growing its retail footprint across Asia, specifically in South Asia, South East Asia and mainland China. The company partnered with Infosys to chart a digital journey for its greenfield retail operations in China. Makro wanted a robust digital landscape to navigate the scale and

complexity of the retail ecosystem in China. Infosys implemented Oracle Retail and E-Business Suite (EBS) Financials on the public cloud by leveraging the solution deployed in Makro Thailand and customizing it to meet local market requirements and regulatory guidelines.

The Great Wall of China: The long tail of retail

The retail industry of China is a growth engine powered by innovative digital technology across the value chain. The local industry has pioneered unique models in digital wallet and social commerce. In 2019, China's retail industry registered sales of 41.16 trillion yuan (US\$ 5.99 trillion).

Step 2: Understand unique retail dynamics, tailor solution to address local business needs

Makro needed to address local business dynamics for establishing business operations in China. The company wanted an IT foundation to be designed and built at scale to manage the volume and size of the Chinese retail market.

Makro adopted a global Oracle retail solution for operations in Thailand. This system had to be implemented in China

while customizing it for the Chinese market, and aligning it with local payment systems, taxation, audit, and regulations.

Infosys architected a future-proof application and infrastructure landscape to drive expansion of retail operations in China as well as meet data reporting norms of the Makro headquarters in Thailand.

Postcard from People's Republic of China

Retail in China has unique dynamics with some parallels to retail in the United States of America. Case in point: Alibaba's Singles' Day is China's equivalent of the Black Friday or Cyber Monday in the US. On November 11, 2019, the online 24-hour shopping marathon grossed sales of US\$ 38 billion.



"Siam Makro has plans to grow across Asia, specifically in mainland China. The Chinese retail market is fundamentally different from that of Thailand in demographics, consumer behaviour, payment systems, regulation, and other aspects. Infosys was the perfect partner to help Makro understand the local context. The Infosys team successfully implemented a global Oracle solution for retail operations in China. It works for the Chinese marketplace while also being integrated with the Siam Makro ecosystem."

- Paul Howe, Group CIO, Siam Makro Public Company Limited



Step 3: Prepare for exponential growth, implement cloud solution for hyper scalability

Infosys conceptualized a scalable IT landscape and implemented an Amazon Web Services (AWS) cloud solution for Makro's greenfield retail operations in China.

Our team deployed the Oracle Retail suite to help Makro streamline interconnected functions, from inventory to fulfillment. Infosys also deployed Oracle EBS Financials to align data collection and reporting

across payables, receivables, and ancillary finance and accounting functions. We hosted the solution on AWS cloud to enable scalability and expansion of Makro's footprint in China.

Step 4: Configure a global solution for China, a parallel retail universe

Infosys helped Makro successfully launch operations in China by customizing the solution for the local retail ecosystem:

- **Incorporation of business entity**

Local legislation does not permit a retail warehouse to procure directly from a supplier in the same region. Infosys' solution enabled Makro (Guangzhou) Food Co., Ltd. to manage transactions between the supplier and sourcing location.

- **Compliance with value added tax (VAT) provisions**

The VAT rate levied on goods procured from a small-scale enterprise differs for goods procured from a VAT-registered supplier. Infosys incorporated this exception into the taxation module of the solution.

- **PRC Generally Accepted Accounting Principles (GAAP)**

Local accounting guidelines make it mandatory for a continuous Voucher

Number. Infosys customized Oracle EBS to generate it via the company code.

- **Local wallet integration**

Chinese consumers use digital wallets such as Alipay and WeChat Pay to transact. Infosys integrated local payment gateways with the Oracle General Ledger module to enable seamless transactions via digital wallets.

Infosys partnered with several local technology service providers for point of sale, mobile payment, handheld sales force automation, order management system, customer relationship management, campaign management, B2B supplier portal, e-membership; cloud infrastructure, cloud managed services; networking; and e-banking.

Walled garden: China's digital wallet landscape

China has an alternative payment ecosystem dominated by Alipay and WeChat Pay digital wallets, and QR codes. It leapfrogs magnetic credit / debit cards, bypasses intermediary banks, and replaces cash to accept payments from consumers. This mechanism offers ease of use and convenience, while altering the dynamic between merchants, banks, and technology service providers. Each digital payment platform has more than one billion users. From day 1, Makro ensured shoppers could pay using their preferred digital wallet.



Step 5: Ensure all modules of the solution function seamlessly from day 1

Our solution is customized to meet Chinese business needs, as well as Makro Thailand's data reporting guidelines. It is embedded

into the local retail ecosystem across finance, accounting, and fulfillment. Infosys conducted training in Mandarin and

English, and helped Makro adopt change management for onboarding a team of local IT professionals.

For more information, contact askus@infosys.com



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