Case Study:
MESTERGRUPPEN

Analytics Supporting
a 3x Increase in Revenue

Quick Facts

Organization: Mestergruppen

Industry: Building supplies

Location: Oslo, Norway

Revenue (turnover): Norwegian Krone (NOK) 8.5 billion

Employees: 1,400

Customer since: 2014

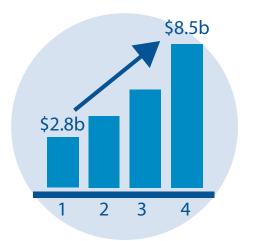**Website**: www.mestergruppen.no

KEY TAKEAWAYS

❑ Diver® Platform has supported Mestergruppen's revenue growth, in which it has tripled its turnover from NOK 2.8 billion to NOK 8.5 billion in four years.

❑ Mestergruppen uses Diver for price optimization, resulting in a gross profit margin rise between one and one-and-a-half percent.

❑ The organization is integrating predictive functionality into Diver to help examine customers' credit scores, easing the burden on staff.

❑ Diver helps make inventory management easier for Mestergruppen, saving employees time.

BACKGROUND

Mestergruppen is one of Norway's largest building materials and supplies companies. The organization owns a number of retail chains, operates property development through Mestergruppen Eiendom, and offers architectural and consulting services through Unikus, Blink Hus Arkitekter, and Klepp Prosjektering. Over the past five years the company has made a number of acquisitions of various companies and brands. This—along with a strong Norwegian housing market—has led to the company growing to 1,400 employees and tripling its revenue to NOK 8.5 billion.

Mestergruppen's revenue growth, in which it has tripled its turnover from NOK 2.8 billion to NOK 8.5 billion in four years.

"

"Diver is really fast and allows us to pull in lots of different data sources and integrate the data."

—Jørn Halvorsen, BI and pricing leader at Mestergruppen

THE CHALLENGE

The housing market is particularly challenging in that it is heavily impacted by upturns and downturns in the overall economy. When times are good, the housing market soars; when times are bad, the market tanks. In addition, there are several trends influencing the housing market right now. These include:

☐ *A rise in urbanization in Norway.* This means that land is scarce and housing is expensive.

☐ *The Millennial generation entering the housing market.* They have new ideas about how to live — they are more open to smaller houses as well as renting instead of owning.

☐ *The rise of the sharing economy, exemplified by Airbnb in the housing space.* In the next five to 10 years, we might see more families living together or house-sharing via Airbnb or other online platforms.

As a building supplies company, Mestergruppen would like to be one step ahead of the housing market so it can anticipate trends. The ability to make data-driven decisions is key to this. However, for many years, the decisions Mestergruppen made were based more on gut feel than on facts.

In 2014, a new CEO took over the organization and wanted to develop reports that would give him a clearer idea of how the company was doing in various areas of the business. The organization also wanted to be able to predict trends and take action based on the data they were able to capture and view.

When times are good, the housing market soars; when times are bad, the market tanks.

> ## THE GOAL
>
> *Mestergruppen wanted an analytics solution that could:*
>
> ❏ Give the organization a better idea of its business on a daily basis.
>
> ❏ Be installed quickly and provide answers fast.
>
> ❏ Handle its many different sources of data.

THE SOLUTION

Mestergruppen installed Dimensional Insight's Diver Platform before the end of 2014, and had sales models up and running within a couple of weeks. It has about 400 Diver users throughout the organization, including everyone from upper management to people receiving goods in the warehouse. Diver is currently pulling together data from several ERP systems, several CRM systems, and other sources including legacy systems and credit scoring.

"Diver is really fast and allows us to pull in lots of different data sources and integrate the data," says Jørn Halvorsen, BI and pricing leader at Mestergruppen. "We do a lot of pre-processing in the ETL tool to get all our different ERP systems harmonized, and I've found it's just really easy to do in Diver."

Mestergruppen uses Diver for:

❏ *Inventory management and sales:* Mestergruppen has 30,000 SKUs in its warehouse, and all of the stock is in

Diver. Workers in the warehouse can track whether they've received the correct shipments or if there are slow-moving items that might sell better in another area. Similarly, sales managers are keeping track of the sales for the branch they are in, as well as overall sales. Reports are made available to different customers who can log in and get information. Every day, information from Diver is provided to upper management to keep track of sales and budget operations.

❏ *Sales and price optimization:* Diver works with software that Mestergruppen uses to figure out what kinds of prices can work in different markets. The software obtains and analyzes data through Diver and then feeds results back into Diver to produce information that Mestergruppen can use to set its prices.

❏ *Credit scoring:* Diver helps ease the burden on a small credit department staff that is working with 30,000 companies buying supplies from Mestergruppen.

Diver is pulling together data from several ERP systems, several CRM systems.

> **"** *We do a lot of pre-processing in the ETL tool to get all our different ERP systems harmonized, and I've found it's just really easy to do in Diver."*
>
> *—Jørn Halvorsen, BI and pricing leader at Mestergruppen*

THE RESULTS

Using Diver in its price optimization work has helped Mestergruppen's wholly owned stores see a rise in gross profit margin of between one and one-and-a-half percent. Overall, since it began using Diver in 2014, Mestergruppen has tripled its revenue (turnover) from NOK 2.8 billion to NOK 8.5 billion.

Diver is also part of an in-house solution Mestergruppen has been developing using its data sources as well as artificial intelligence to look at credit scores. By combining information from a credit scoring partner with its own data in Diver, Mestergruppen can predict which companies might be risky to work with, and which companies its credit department might need to focus its attention on.

Over the past five years the company has made a number of acquisitions of various companies and brands.

WHAT'S NEXT

Mestergruppen has been continually rolling out its ERP system to its franchisees, and they get access to Diver once they are on that system. Those franchisees usually only see the reports produced by Mestergruppen, but the organization would like to see more of its franchisees using Diver on their own to increase profits.

In addition, Mestergruppen is looking forward to the release of Diver Platform 7.1, which includes some easier visualizations and will better enable self-service among the organization's user community.

LESSONS LEARNED

Overall, Halvorsen says he is quite happy with Mestergruppen's Diver implementation. "The tools are quite versatile and we can do most of what we want to do with it. The ETL is so powerful, we can really put lots and lots of different data sources in it and it just sorts it all. It's really fast, and it will get most people up and running in a very, very short time."

About Dimensional Insight

Dimensional Insight® is a leading provider of analytics, data management, and performance management solutions, offering a complete portfolio of capabilities ranging from data integration and modeling to sophisticated reporting, analytics, and dashboards. The company is a six-time Best in KLAS winner in healthcare business intelligence and analytics, most recently ranking #1 in 2019. Founded in 1989, Dimensional Insight has thousands of customer organizations worldwide. Dimensional Insight consistently ranks as a top performing analytics organization by customers and industry analysts in its core market segments including healthcare, manufacturing, and beverage alcohol.

For more information, please visit https://www.dimins.com/