

Harvey to take on Officeworks

The new stand-alone OFIS chain of stores will be aimed squarely at Wesfarmer's recent acquisition

Fran Foo

THE battle for the office supplies market will heat up next year when Harvey Norman launches its OFIS chain of stores aimed directly at Wesfarmer's Officeworks.

The chain will be coupled to an online store.

OFIS general manager Paul English said the first two office furniture and stationery stores, in Auburn and Albury, NSW, would open in March.

Five months ago Harvey Norman executive chairman Gerry Harvey flagged plans to tackle Officeworks head-on with stores originally planned to be launched by Christmas.

His ambitious plan includes the establishment of 100 OFIS stores over 10 years.

Wesfarmers has since swallowed Officeworks together with its parent, Coles, for a whopping \$20 billion.

Mr Harvey has had an obsession with Officeworks, reportedly attempting to buy it when Coles was initially up for grabs, then considering pinching it from Westfarmers.

On both occasions he didn't lodge a formal bid.

Officeworks has more than 100 outlets nationwide and generates annual sales of \$1.3 billion, but even with these figures its market share is less than 16 per cent.

OFIS will operate as a stand-alone business run by Mr English, a 14-year Harvey Norman veteran.

Its product selection will be

similar to that of Officeworks, he said.

While the company would rely on some resources provided by Harvey Norman, it would choose its own stable of suppliers, and determine what IT products to sell.

"That means we won't be selling everything Harvey Norman Computers is selling," he said.

"But suffice to say, we've been talking to the established

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Paul English, OFIS general manager

players... the HPs, Toshibas and Acers of the world.

"You've got to have those leading brands in your offering."

Mr English said OFIS would not carry Dell computers as the vendor moved to shed its direct-only model across the Asia-Pacific.

"We're not really interested in Dell," he said.

"Harvey Norman, as a company, is about building long-term relationships and we can't see that with them."

Mr English said the OFIS online store would go live in mid-2008.

"We deliberately scheduled it

this way so we could first build up the business, then move online.

"The web offering will cater for business to business, and business to customer."

Like Officeworks, OFIS would also allow buyers to purchase products through its website and, in future, obtain business and shopping advice.

"We'll introduce general advice on how to make your business more cost-effective.

"This won't necessarily happen on day one, when we launch the website, but we want to make it a very user-friendly environment.

"The home business market is growing about 7 per cent per annum and we need to provide this segment with the right products and resources.

"So the OFIS website will have both purchasing and information components."

Mr English said the ERP backend for financials, distribution, warehouse management, CRM and point of sale would be provided by Pronto Software.

Pronto would also deliver solutions for OFIS's website, he said.

Financial terms were not disclosed, but Mr English said Pronto was chosen ahead of SAP. One reason was that "they really understood what our needs were and (they) weren't some huge corporation".

He said Pronto was already being used successfully in "some aspects of Harvey Norman", without elaborating.