

Capgemini

SUBWAY



# SUBWAY DRIVES DIGITAL TRANSFORMATION TO DELIVER A BETTER BRAND EXPERIENCE

Iconic global brand selects  
Capgemini as its strategic  
digital-transformation partner

Subway, one of the world's largest quick-service restaurant brands, serves freshly made-to-order sandwiches, wraps, salads, and bowls to millions of guests across more than 100 countries in nearly 37,000 restaurants every day.

The brand is on a multi-year transformation journey to build a better Subway, including transforming its digital experience and reinventing its approach to technology to better meet the needs of guests and franchisees around the world.

## Building a better Subway

Subway is building a better business with four primary strategies. The first is better food, the second is operational excellence to ensure a consistent guest experience, third is access and convenience for guests via digital channels, and the last strategy is dynamic development. The company chose to work with Capgemini as its strategic and implementation partner for the digital transformation.

"I look at Capgemini to be the first thought-partner we speak to, and they can share experiences working with other quick-service restaurants who have also embarked on digital-transformation journeys," says Donagh Herlihy, Chief Digital and Information Officer for Subway. "We're humble. We listen and learn from everyone. Capgemini brings in very helpful advice on strategy, options, governance, and structure that is very valuable."



## Refreshing the digital platforms

Subway's digital platform was originally built for the North American business, but its capabilities were limited as it was not designed to be international. Subway recognized the need to address those issues and Capgemini was a key partner in that process.

While the effort to refresh its digital platform started in 2019, the initial plans were completely disrupted by COVID-19, as Subway needed to first address the urgent needs from the pandemic, such as offering curbside pickup.

"We had to get curbside up and running," says Herlihy.

"So, we refactored the app and the website to support digital ordering as the primary channel for the business. The old app and web experience as well as the digital stack just weren't fit for the purpose. [The refresh] resulted in a brand new experience for guests that was much easier to use."

Subway and Capgemini also worked on the APIs and the infrastructure underneath the technology, not just to scale to a much bigger business in North America, but to allow the technology experience to be rolled out internationally.

"Due to our recent efforts, globally, our digital sales have seen double-digit growth from 2021 to 2022 and tripled since 2019," says Herlihy.

"Direct integration to our PoS is very critical so guests have a seamless experience in the restaurant. For our restaurants, it is just another order popping in."

Subway also refreshed its catering business in North America, which includes a simpler and faster online ordering experience with new, easy-order options. It is also piloting new interactive, fully unattended smart fridges that are stocked fresh daily by a nearby franchise location.

"We are doing a lot of work in the digital space with a focus on making it easier for our guests to access the brand and treat them with the greatest respect," says Herlihy.

"We constantly track guest feedback on the overall experience and what we see is our guest satisfaction metrics are all rising," continued Herlihy.

"Part of it is the convenience, but also a sense of control. If you are ordering on a digital platform, guests are in control of all the elements. All of the work we are doing on experience is turning into more traffic in restaurants and on digital channels. Most importantly, franchisee sales are impressive."







## Restaurant technology transformation

Subway also re-examined its in-store technology. Its existing point-of-sale system and menu platform are proprietary and deliver the majority of sales. While it provides a strong backbone for the business, it was also in need of a refresh. A network that includes thousands of franchisees brings a lot of technology complexity.

“Franchisees are tough critics and we need to make sure we are supporting their technology needs,” explains Herlihy.

“When I joined, the feedback from franchisees was tough. We had a team working on some of the challenges, but we needed more capacity. We added talent on both the Subway and Capgemini sides so we could make progress on the issues that needed to be fixed.”

As a result of recent efforts, technology satisfaction amongst franchisees is rising. For example, menu publishing became much easier. Before the update, the thousands of restaurants around the world each had to make 30 menu changes per year, an estimated 1.2 million updates. Franchisees had to do this themselves, and many of them own more than one location.

“It was a tremendous waste of time and it often meant that when we would launch a new menu or promotion, the franchisee didn’t publish it because it was too much work,” says Herlihy.

“A guest would ask for an offer and the restaurant would not have it. The new menu auto-publish (function) we developed with Capgemini automates all the administrative work and the franchisees control what they choose to accept and the changes they want to make. Franchisees always have final control over pricing and menu options. These simple in-restaurant changes take friction away from the day-to-day running of a restaurant so our franchisee can focus on other things.”

Franchisees can now also mark out-of-stock items easier. As every business responds to ongoing supply-chain issues, out-of-stock continues to be an issue. Now if a restaurant is out of a protein, a franchisee can mark the item out-of-stock and it will make the change across all of the digital platforms so, no matter how a guest interacts with the restaurant, they will not be able to order anything that involves that protein. Previously, restaurants had to go through the entire menu to take out each sandwich that was impacted and then repeat it across the other digital platforms.

“Working with Capgemini, we did a lot of work on refreshing the user experience for our PoS,” says Herlihy.

“We wanted to make it more contemporary so it was easier for our sandwich artists to learn how to use it. It was not intuitive for digital natives who grew up using a tablet.”



## Building an even better Subway

"For me, we are at the bottom of the second inning of a transformation and the great thing is we are winning," says Herlihy. "We have momentum and we have some confidence. But we have a large task ahead of us. We will continue to relentlessly improve what I call the North America digital platform.

"In the restaurant, we have made a lot of progress automating menu publishing but the backend platforms are really difficult to manage technically and administratively for the people who maintain the data. We are looking at transforming the menu platform foundation and starting with a blank page. This is an area where we are working very closely with Capgemini on whiteboarding, architecting, and visioning at the beginning. We want to build something that is relevant for a very digital company.

"It is super helpful when Capgemini helps us shape our strategies, and that is why Capgemini is in the room as a partner as we plan what is next. They are shaping strategies and how we are going to market in the coming years with all of these digital programs. They are there as an equal partner and their voice is super important."

### DONAGH HERLIHY

CHIEF DIGITAL AND INFORMATION OFFICER  
SUBWAY



Capgemini took on the digital platform and then started helping Subway with other areas and they got more savvy about our strategies and about our industry, and they started to bring ideas and suggestions and what I call thought partnership. And we really welcome that. We have a diverse technology leadership team with hospitality and retail experience, but we don't have the depth of technology knowledge that a company like Capgemini can bring. ”

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