

# TECHNOLOGY SOLUTIONS GUIDE



## RETAIL SUPPLY CHAIN SHIFTS TO UNIFIED MODEL

Simplifying the supply chain is one of the most difficult, daunting tasks a retailer will face. While retailers must do all they can to differentiate from the competition, streamlining the supply chain is a difficult transition to pull off. For retailers, updating the tech stack and breaking down siloes to include everything from buy online ship to store to returns management and recovery of loss, is a significant project that takes time and patience to complete. However, customers' what-I-want-when-I-want-it demands only highlight the importance of making the shift to seamless inventory visibility, allowing retailers to save the sale and reduce out-of-stocks and markdowns.

Shifting to a unified supply chain provides many benefits: increased margins, maintaining an innovative outlook, and the capability to work with a variety of vendors. This unified process can then be leveraged to sourcing a vendor as far or near as necessary — from across the street to across the world. The key here is finding a solution that provides one view across multiple geographies and multiple systems.

Having a single view of purchase orders and a unified end-to-end buying cycle (which covers a connected procure-purchase, record-report and order-cash process stream) enables an integrated and fully networked supply chain ecosystem. For retailers, the ultimate goal is to ensure that merchandise or inventory moves seamlessly in the supply chain and point-to-point transactions take place between stakeholders without financial or operational roadblocks.



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## UNIFIED SUPPLY CHAIN

**Q** What is the most significant benefit in shifting to a unified supply chain?

**DIANE NEAVEN:** Integrating the supply chain can deliver numerous, substantial benefits to the top and bottom line. As a result of extended omnichannel capabilities on the back end, it enables retailers to fulfill orders across the enterprise and to deliver more of what customers are asking for. The immediate wins are that you save sales when a desired item is out-of-stock. Retailers also get to pull merchandise from locations where it's not selling, which helps avoid markdowns and optimize profit. Long term, retailers also build loyalty by delighting customers and meeting their expectations.

**MARK GARLAND:** Without question, increased profit is the greatest benefit. A unified supply chain is inherently more streamlined and cost efficient. A retailer implementing a unified supply chain will realize the following benefits: differentiating itself in the marketplace, consistently meeting the desires of the customer, and delivering more value to the customer by connecting the customer relationship across all channels. These lead to more profit.

**KARIN BURSA:** For many retailers unifying the supply chain is a big opportunity. Think big picture. Think visibility. Think better

**“FOR MANY RETAILERS UNIFYING THE SUPPLY CHAIN IS A BIG OPPORTUNITY. THINK BIG PICTURE. THINK VISIBILITY. THINK BETTER ALIGNMENT AND INCREASED ACCURACY...THE BIG BENEFIT? THE ABILITY TO DELIGHT CUSTOMERS AND DRIVE HIGHER PROFITABILITY AT THE CORPORATE AND CHANNEL LEVELS.”**

— KARIN BURSA, VICE PRESIDENT, LOGILITY

alignment and increased accuracy. Bringing together what is happening in longer sourcing and production time horizons with what's happening today in retail channels — all channels — wholesale, retail, online.

The big benefit? The ability to delight customers and drive higher profitability at the corporate and channel levels. These benefits are a result of connecting what happens in a demand-driven planning process that cost effectively positions inventory at the appropriate distribution center with pull-based capabilities that keep retail doors stocked with the appropriate mix of merchandise on a daily basis.

**Q** How does a unified supply chain help satisfy customers' growing demand for what they want, when they want it, where they want it?

**GARLAND:** Retailers understand the customer is in control. Stocking too little inventory leads to lost sales and poor customer experience. Yet, having too much inventory ties up capital and makes excessive markdowns necessary. A unified supply chain considers consumer behavior across all channels, such as in-store, online, click and collect, and from any device. We're built upon the principle of, "Right Product, Right Place, Right Time, drives the Right Profit." This approach enables the retailer to have the correct amount of inventory for efficient fulfillment across the enterprise. The customer gets what she wants every time without the retailer risking excess inventory.

**NEAVEN:** To fulfill the promise a retailer makes to the customer, they need to have the merchandise available. But these days, that merchandise may not be at the customer's location or sitting in a warehouse ready to be shipped. A unified supply chain allows retailers to open up other stores and channels as fulfillment centers, and to greatly increase the odds that the retailer can say "yes" to the customer's order request.

Today's best solutions help retailers include wholesale in that omnichannel fulfillment mix, in addition to brick-and-mortar stores, online stores, catalog, and more. That's supply chain "nirvana," and it's huge — it opens up a whole world of new possibilities. Most retailers who can't currently do that want to be able to get there.

**“AS A RESULT OF EXTENDED OMNICHANNEL CAPABILITIES ON THE BACK END, A UNIFIED SUPPLY CHAIN ENABLES RETAILERS TO FULFILL ORDERS ACROSS THE ENTERPRISE AND TO DELIVER MORE OF WHAT CUSTOMERS ARE ASKING FOR. THE IMMEDIATE WINS ARE THAT YOU SAVE SALES WHEN A DESIRED ITEM IS OUT-OF-STOCK.”**

— DIANE NEAVEN, SENIOR DIRECTOR AND SOLUTION PRINCIPAL OF RETAIL ENTERPRISE SOLUTIONS, EPICOR SOFTWARE CORPORATION



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**Q** What are some obstacles retailers must overcome when transitioning to a unified supply chain?

**BURSA:** Often we hear from retailers they still view each channel as a separate entity — planning and allocating inventory in silos — brick-and-mortar, online, mobile, catalogue, etc. This habit presents consumers with multiple shopping experiences — inventory available in one channel but not the other. Retailers also lose the ability to plan and purchase inventory based on an integrated view of projected sales across the business.

Once the mindset is changed and an integrated view of the multi-channel enterprise is in place, another obstacle must be overcome, the use of inefficient and error-prone tools such as spreadsheets to manage mission critical merchandise, allocation and supply chain planning. Planning and allocation software can help retailers ensure the right inventory is positioned in the right locations to maximize sales and accelerate inventory turns without the need for margin eroding discounts.

**GARLAND:** For some retailers, the challenge will be integrating diverse channels into one system. They may have different technologies and human resources in place for each channel, so a unified supply chain requires a new way of thinking about product and how to deliver it for a better customer experience.

“THE COMBINATION OF VISIBILITY AND CONNECTIVITY BREAKS DOWN BARRIERS THAT TRADITIONALLY EXIST BETWEEN BUYERS AND SELLERS AND ALSO BETWEEN INTERNAL DEPARTMENTS SUCH AS FINANCE AND SUPPLY CHAIN, WHICH OFTEN HAVE CONFLICTING GOALS WHEN DEALING WITH SUPPLIERS.”

— TAMARA SAUCIER, VP OF RETAIL INDUSTRY SOLUTIONS, GT NEXUS

Suitable retail technology considers existing systems and simplifies the process in each channel. Creating a unified supply chain may sound overwhelming to some retailers, when, in fact, the right technology should remove the complexities of managing disparate channels.

**NEAVEN:** Unifying supply chain operations sounds straightforward but it's quite complex. In many cases, multiple channels are not supported by the same systems. The retailer's wholesale ERP may be communicating well with wholesale customers, but how does it connect with the stores? These and related technology issues present obvious barriers that can only be crossed with integrated solutions.

But there are also human, store operations, and other factors to consider, and which can't be overlooked. For example, if stores are setup as fulfillment centers, do they

have the physical space and staff to actually pick, pack, and ship? Do the associates have the time, directives, or incentives to do that job correctly, or will they be inclined to treat it as an obligation and focus their attention elsewhere in the store? Beyond investing in the right infrastructure, a holistic plan is needed that includes training and change management to make that investment pay.

**Q** How can the cloud help retailers better manage both the physical and financial supply chain?

**TAMARA SAUCIER:** Cloud allows retailers to connect with trading partners in a single shared ecosystem. Data, goods and capital flow electronically in an automated environment. All parties, internally and externally, have visibility into this information. The combination of visibility and connectivity breaks down barriers that traditionally exist between buyers and sellers and also between internal departments such as finance and supply chain, which often have conflicting goals when dealing with suppliers.

Finance executives prefer to pay as late as possible. Supply chain executives view this as harmful to the healthy flow of goods. If capital doesn't make its way into the supplier's hands on time, then there's a risk of delay. A cloud model allows retailers to look holistically at the physical and financial sides of the supply chain to deploy initiatives such as early payment discount programs, helping the supplier

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— MARK GARLAND, VICE PRESIDENT SALES & CLIENT DEVELOPMENT, 4R SYSTEMS



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get paid faster while lowering capital related cost and risk.

**NEAVEN:** Competitiveness and competitive advantage demand that retailers proceed toward a unified supply chain as quickly and efficiently as possible. That's where the cloud comes into play. It delivers the benefits of advanced omnichannel solutions and supply chain capabilities without the burdens of implementing and managing all the systems in house. Typically, it also gets the retailer up and running in less time. Cloud-based solutions free the business to focus on the business instead of the IT, while supporting effective financial management with predictable costs over time.

**GARLAND:** The cloud has enabled a new level of communication and access to data like never before. This is also true when utilizing a unified supply chain. The real time aspect and shared data across channels mean better, and faster, decision making, as well as accelerated time to realizing economic benefits.

**Q** Half of retailers are not using integrated processes or systems to manage their supply chain – do you see this changing over the next 24 months?

**BURSA:** Spreadsheets and homegrown solutions are still the most common tool used

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– DIANE NEAVEN, SENIOR DIRECTOR AND SOLUTION PRINCIPAL OF RETAIL ENTERPRISE SOLUTIONS, EPICOR SOFTWARE CORPORATION

by today's retail planning teams including merchandise planning, allocation and supply chain functions. A recent survey shows as high as 65% are still relying on these error-prone tools. We are increasingly seeing more retailers evaluating their options as they see and learn from other industries such as CPG and apparel. Advanced supply chain solutions deliver better visibility, allow retailers to allocate and plan more effectively, and drive better margins and customer service.

Over the next 12 to 24 months we see the retail industry taking great strides to implement advanced supply chain solutions to help drive their profitable growth. In today's ultra-competitive market, growth at all costs is no longer acceptable — it must be balanced with driving exceptional customer service across all channels and improving the bottom line.

**GARLAND:** Retailers are already in tune with

the need to move toward a unified supply chain. Some are well on their way to making this a reality in their retail enterprise, while others are considering the most effective solutions. Those who want to lead in retail will move this direction.

**NEAVEN:** Omnichannel is already driving this. Consumers' expectations for services and service levels have increased everywhere they interact with the brand. They don't see or care what channels they are operating in — they don't think in those terms. Consumers live in a right-now, point-and-click universe of near limitless choice, and they want to be able to get whatever they want, whenever and however they want it. If the retailer they are shopping with can't do that, that customer will simply walk or click away.

This demand for broad choice and fast, easy fulfillment is absolutely real, here and now. It's costing retailers who are ill-equipped to meet that demand millions of dollars they simply can't afford to lose — in lost sales and lost customers. So meeting customers expectations, while at the same time improving margins and efficiencies, is no longer an option — it's an imperative.

The technology is now available to meet that imperative. So without question, both the pace and scope of omnichannel change will continue to increase through 2015 and beyond, as will retailers' progress toward the kind of unified supply chain nirvana that until recently was a just a dream. **RIS**

“SPREADSHEETS AND HOMEGROWN SOLUTIONS ARE STILL THE MOST COMMON TOOL USED BY TODAY'S RETAIL PLANNING TEAMS INCLUDING MERCHANDISE PLANNING, ALLOCATION AND SUPPLY CHAIN FUNCTIONS. A RECENT SURVEY SHOWS AS HIGH AS 65% ARE STILL RELYING ON THESE ERROR-PRONE TOOLS.”

– KARIN BURSA, VICE PRESIDENT, LOGILITY





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COMPANY NAME/ WEBSITE	RELEVANT PRODUCT/SOLUTION	KEY CLIENTS
<b>4R Systems, Inc.</b> <a href="http://www.4rsystems.com">www.4rsystems.com</a> SEE AD ON PAGE 23	Science and technology solution to profit optimize multichannel inventory allocation, replenishment, seasonal & fashion allocation and buying, and markdown solutions	Family Dollar, Hess Express, The Vitamin Shoppe
<b>ANT USA Inc.</b> <a href="http://www.antusa.com">www.antusa.com</a>	Buyer's Toolbox Enterprise (Planning, Forecasting, BI)	Forever New, Puma, Things Remembered
<b>Celerant</b> <a href="http://www.celerant.com">www.celerant.com</a>	Multi-Channel Retail Software	Buffalo Exchange, Cato Fashions, Farmer's Furniture, Metropolitan Opera
<b>Epicor</b> <a href="http://www.epicor.com">www.epicor.com</a> <a href="http://www.quantisense.com">www.quantisense.com</a> SEE AD ON PAGE 25	QuantiSense Retail Analytics	Burlington Coat Factory, Destination XL, Michael Kors
<b>GT Nexus</b> <a href="http://www.gtnexus.com">www.gtnexus.com</a> SEE AD ON PAGE 27	Procure to Pay, Supply Collaboration, Supply Chain Visibility, Supply Chain Intelligence, Transportation Management	Abercrombie & Fitch, Dick's Sporting Goods, Williams Sonoma
<b>Intelligrated</b> <a href="http://www.intelligrated.com">www.intelligrated.com</a>	Order fulfillment software to optimize warehouse and in-store fulfillment	N/A
<b>JDA Software</b> <a href="http://www.jda.com">www.jda.com</a>	Intelligent Fulfillment Suite (Demand Forecasting, Transportation, Management, Warehouse Management, Warehouse Labor, Replenishment, Allocation)	ACE Hardware, DSW, Michael's
<b>Jesta I.S.</b> <a href="http://www.jestais.com">www.jestais.com</a>	Vision Sourcing and Demand, Vision Merchandising, Vision Store, Vision Mobile, Vision Financials	Guess? Inc., Puma, Town Shoes
<b>LeanLogistics</b> <a href="http://www.leanlogistics.com">www.leanlogistics.com</a>	True SaaS Transportation Management System (TMS), Managed Transportation Services	CHEP, Meijer, ShopKo

COMPANY NAME/ WEBSITE	RELEVANT PRODUCT/SOLUTION	KEY CLIENTS
<b>Logility</b> <a href="http://www.logility.com">www.logility.com</a> SEE AD ON PAGE 29	Logility Voyager Solutions	Big Lots, Bon-Ton, Maurices
<b>Manhattan Associates</b> <a href="http://www.manh.com">www.manh.com</a>	Transportation Management Solutions	Dick's Sporting Goods, The Home Depot, PetSmart
<b>NGC</b> <a href="http://www.ngcsoftware.com">www.ngcsoftware.com</a>	NGC Supply Chain Management/Global Sourcing	Destination XL, Foot Locker, VF Corp.
<b>OneView Commerce</b> <a href="http://www.oneviewcommerce.com">www.oneviewcommerce.com</a>	OneView Commerce Store	Discount Tire Corporation, E-Plus Gruppe, O'Reilly Auto Parts
<b>Oracle</b> <a href="http://www.oracle.com/retail">www.oracle.com/retail</a>	Oracle Retail Supply Chain Planning and Execution	Best Buy, Morrisons, Orscheln Farm & Home
<b>Quantum Retail Solutions</b> <a href="http://www.quantum.com">www.quantum.com</a>	Q Allocation and Replenishment	Famous Footwear/Brown Shoe, New Look, Mark's and Spencer
<b>Software Paradigms International Group LLC (SPI)</b> <a href="http://www.spi.com">www.spi.com</a>	BWM Merchandising Advantage, Shiloh Analytics Advantage	GlaxoSmithKline, Saks Fifth Avenue (HBC), Zumiez
<b>SPS Commerce</b> <a href="http://www.spscommerce.com">www.spscommerce.com</a>	SPS Commerce	Costco Wholesale Club, Scheels, Winn-Dixie
<b>Symphony EYC</b> <a href="http://www.eyc.com">www.eyc.com</a>	Merchandise Management and Store Operations, Omni-Channel Fulfillment and Supply Chain Optimization, Demand Forecasting and Shaping, Pricing and Insights Execution, Customer Marketing and Loyalty, Customer Insights, Localized Assortment and Store-Specific Space Planning	Ahold USA, Dollar General, Sprouts Farmers Market
<b>TradeStone Software</b> <a href="http://www.tradestonesoftware.com">www.tradestonesoftware.com</a>	Product Lifecycle Management (PLM)	American Eagle Outfitters, Lowe's, Urban Outfitters