

# SPEAK

"As the market matures and perceptions towards the cloud change, more businesses will begin to trust in it as a viable and secure IT supply model"

**Wladimiro Bedin, BEDIN Shop Systems**



MICROSOFT TECHNOLOGY IN RETAIL, CONSUMER INDUSTRIES AND HOSPITALITY

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## Virtual pioneers

Dassault Systèmes 3D innovation drives retail strategy at Kimberly-Clark

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Supply chain | End-to-end connectivity  
Self-service | Enriching in-store experiences  
Dynamics AX for Retail | Bringing new channels together

# MARKETWATCH

THE LATEST NEWS IN RETAIL, CONSUMER INDUSTRIES AND HOSPITALITY

## JustEnough and Cole Systems align for Dynamics

JustEnough Software, a provider of demand management solutions, has partnered with Cole Systems. The two companies can help Microsoft Dynamics AX users gain important retail planning functionality on top of their enterprise resource planning (ERP) platform.

JustEnough's Merchandise & Assortment Planning, Price & Markdown Planning, Space Planning and Allocation & Replenishment solutions are fully integrated with Dynamics AX. DAVIDsTEA, a premium tea retailer based in Canada, is one of the first companies to benefit from the partnership between the two companies. The retailer had enlisted Cole Systems to implement Dynamics AX. When it then expressed interest in adding advanced planning capabilities on top of Microsoft's ERP system, Cole Systems steered the retailer toward JustEnough.

David Weiner, Cole Systems' chief executive officer, said: "We knew JustEnough was the right software provider to help DAVIDsTEA bring more sophisticated demand management solutions on board. Cole Systems' industry expertise and experience paired with JustEnough's best-of-breed technology will help many retailers searching for an efficient, cost-effective way to take their businesses to the next level."



JustEnough and Cole Systems' partnership is strengthening their Dynamics AX offering

"Together, we can help Microsoft Dynamics AX users gain the planning functionality needed to improve business processes and grow market share," said Malcolm Buxton, JustEnough's president and chief executive officer.

JustEnough also jointly hosted an event with Cole Systems and Keyora for mid- to enterprise-level organisations using the Microsoft Dynamics suite on 22 September in New York City. Representatives from

Carol's Daughter, an upscale retailer of natural beauty products and a Dynamics AX for Retail customer, were at the event.

"Companies like Carol's Daughter are a great example of businesses that understand they can now have access to the best of both worlds: Microsoft's scalable and adaptable ERP solution, as well as best-in-class technology that will enable them to solve even their toughest retail problems," said Buxton.

## Waitrose selects Wincor Nixdorf for self-service

Waitrose has chosen to implement Wincor Nixdorf self-service technology across its branches in the UK. The agreement will see Wincor Nixdorf providing equipment and services across Waitrose supermarkets, including its convenience branches. Using self-service checkouts the retailer aims to speed up transaction times, minimise queues, reduce the space taken up by traditional checkouts and improve the customer experience.

Waitrose estimates that at least 20 per cent of transactions are now channelled through the self-checkout terminals, with that figure significantly higher in some city centre locations. This has reduced queue times and, as a result, enabled Waitrose partners to focus on interacting with customers and delivering quality service. "The results so far have

been very encouraging and we are excited at the prospect of delivering this service to more of our customers", commented Graham Heald, director of retail services at Waitrose. "Excellent customer service is central to Waitrose's success and transaction speed is a vital part of that, as is choice in the way customers wish to transact. This technology gives people an alternative payment option which is fast, easy-to-use and means their in-store journey from entry to checkout is a smooth one."

The implementation is part of Waitrose's multi-channel payments strategic initiative. Already this has helped it become one of the first retailers to make handheld scanners available to customers who then pay at the 'Quick Check' tills.



# An integrated approach to multi-channel

Peter Leith offers tips to help retailers meet customer demand, increase profits and build brand awareness with a cohesive cross-channel strategy

There's no denying it: the emergence of new selling channels has changed the face of retail. Online, mobile and now social media channels – like Facebook, Amazon and Groupon – will not simply fade into the background. E-commerce makes it easy for consumers to browse their favourite retailers' websites 24/7, and the ability to make purchasing decisions and read product reviews even faster with the proliferation of smartphones, tablets and online retail apps is fuelling the m-commerce fire.

Research from Retail Systems supports this shift: 89 per cent of retailers realise their multi-channel customers are their most lucrative ones. Not surprisingly, this same study indicates that more and more retailers are starting to understand that the customer's ability to review and make a selection online can drive business in bricks and mortar stores. Additionally, a Google survey of American consumers found that mobile shopping grew more than 200 per cent from Black Friday 2009 to the same day in 2010. It showed that 59 per cent of smartphone owners used their devices for holiday shopping last year. Of those, 80 per cent used their mobile devices to research products and then headed into the store to buy them.

As shoppers are getting more sophisticated, new selling channels continue to crop up – and retailers must keep pace. What's perceived to be the 'best deal' may be different from person to person – some value the ability to pick up products in store, some want free shipping, while others need to know they can return an online purchase at a store near them. There is a bonus to this complexity: retailers are realising that the costs associated with growing their customer base through online channels is significantly less than the resources required to open new physical stores.

Retailers must then go to market with an integrated multi-channel retail planning approach. The key word is 'integration' – and that means building well-planned links across selling channels to increase brand presence, grow customer loyalty and maximise sales.

JustEnough Software offers the following tips to help retailers achieve this goal:

**Analyse demand within each channel.** Accurately evaluating demand across all selling channels will provide insight into which products are the most and least successful – whether it's through their social media presence, e-commerce site or in stores. As a result, retailers can put together a cohesive, cross-channel planning strategy that will impact all aspects of the business – from merchandising to operations and finance.

**Place importance on effective assortment planning.** Some experts think assortments apply only to more traditional selling channels. But they are actually defined as getting the merchandise mix correct – regardless of the channel. Understanding the nuances between online shoppers, those who rely on social media to make decisions and consumers who prefer to shop in the store – or any combination of the three – is crucial to creating assortments that will appeal to the retailer's mass customer base.

**Centralise inventory management.** Avoid segmenting stock by channel; holding inventory together in the warehouse enables retailers to meet demand across any channel – gaining the confidence of their consumers and maximising sales. Having the flexibility to send stock where demand dictates lowers excess inventory at the end of the season, and decreases inter-channel stock transfers and the need to reduce prices to offload it.

"Savvy retailers know technology is their ally when it comes to presenting customers with a seamless, consistent and enjoyable shopping experience – regardless of the channel"

**Leverage pricing and promotional opportunities.** Some research indicates that pricing and promotional inconsistencies between a company's mobile and online channels and their bricks and mortar stores can annoy shoppers. But is it possible that discrepancies in pricing and promotional adjustments across channels could actually drive foot/click traffic? Would doing so help retailers offload unwanted inventory for the highest possible prices? It's a scenario worth exploring in today's multi-channel retail environment.

Savvy retailers know technology is their ally when it comes to presenting customers with a seamless, consistent and enjoyable shopping experience – regardless of the channel. Retailers should look for planning systems that can help them present a single brand image across all channels, building customer loyalty and maximising profitability.

*Peter Leith is director of product strategy at JustEnough, a global leader in demand management solutions*

# INFORMATION FREE FLOW

As supply chains become longer and more complex, managing them becomes ever more challenging. Karen McCandless finds out about the technology that can help ensure success

**Retail is becoming an increasingly competitive and more global business. Managing suppliers around the world is a challenge for most retailers but, with more complex supply chains, many companies have ended up with decentralised processes and disparate data repositories. Add to the mix a lack of visibility and collaboration, the need for greater transparency and consumers that are looking for more value from their purchases, and you've got a real headache for retailers.**

"Retail supply chains are more complex and dynamic than ever before," says Colin Masson, worldwide director, operations solution category at Microsoft. "As observed by Gartner in its analysis of the seven retailers that made the 'Gartner 2011 Supply Chain Top 25,' supply chain leaders have expanded their definition of the supply chain beyond traditional plan source, (make) and deliver capabilities to include network design and change management, new product design and launch, and customer service. For these

retailers, retail performance has become synonymous with supply chain performance."

Guido van Osch, global industry director for retail and distribution at To-Increase, describes the stumbling blocks that retailers come up against when considering supply chain management. "Important trends are the need for visibility and integration. Closer collaboration between stakeholders – for example, carriers, wholesale and retail – leads to outsourcing of activities, which in turn creates a demand for transparency of processes in supply chain execution. Overall, we are creating supply chain networks that are more dispersed and complex."

With the advent of e-commerce, retailers are serving consumers in an increasing number of countries across the world, which has contributed to this complexity. In many cases it has also resulted in a weaker supply chain, both from a data perspective and physically. "Lead times from overseas vendors are markedly longer than in the past,





“With somewhere between 70 per cent and 85 per cent of actual buying decisions being made at the shelf, retailers must focus on consistently fulfilling consumer expectations during every interaction to be successful; this is by no means a process only objective but one that also requires the right technology”

Andrea Cencini

TXT e-solutions

while at the same time vendor performance is less reliable,” says Bill Harrison, Demand Solutions president. “There is a greater abundance of data than ever before, but most companies lack the tools and discipline to make sense of that data.”

Atul Jalan, CEO at analytic solutions provider Manthan Systems, attributes the data management problems to the departmentalised approach to collaboration in most retail organisations. “Supplier technologies often lack enterprise-wide vision and data integration across the sourcing lifecycle, along with no analytic capabilities,” he says. In line with this, a recent survey from Gartner revealed that only 15 per cent of retailers having supplier management processes aligned with business objectives, while only a quarter of them are electronically connected to 50 per cent or more of their suppliers.

Susan Olivier, retail industry solutions director at Dassault Systèmes, agrees: “Companies still have a lot of different sources of data. Typically organisations have

different systems for managing this data, such as order management and goods movement. Bringing that information together across a system’s boundaries in as near real time as possible is very important. This includes information that is internal to the company but external data as well.”

Increased collaboration and visibility of processes across the whole chain are two ways in which retailers can help solve the data management problem and, in turn, gain competitive advantage in the industry. “In a post-recessionary economy, supplier collaboration is one of the most critical steps that can help retail chains achieve cost controls and improve profits,” says Jalan. “With varying IT environments and innumerable operational and logistical challenges, end-to-end supplier collaboration has often been like the elusive ‘last mile’ that even the most seasoned retailers find hard to conquer.”

“Collaboration is key, as is giving users as much visibility as possible as early as possible,” explains Olivier. “Classic product

## The warehouse evolution

**Guido van Osch explains how accuracy, productivity and visibility are all essentials for effective supply chain execution**

Current trends in warehousing and distribution are making accuracy, visibility and productivity a three-word mantra for effective supply chain execution. Across multiple industries, profits and growth depend on a company’s ability to meet higher customer expectations. To keep pace, businesses need optimised logistics processes that let them move quickly in new directions and at the same time, ensure they go beyond fulfilment for products and services. They must also continuously deliver added value that keeps customers coming back and meet a new world of standards for quality and accuracy.

In the upper market, these new standards have been set by different dominant

stakeholders within the value chain. However, more mid-market retailers, manufacturers and distributors are confronting these changes. They grow autonomously, have international ambitions (or their competitor has) or they try to strengthen their position in the value chain by integrating forward and/or backward in the value chain.

Supply chain integration (in different kinds of formats) can lead to a closer collaboration among different stakeholders, for example, logistics service providers, distributors and retailers. Common scenarios include the outsourcing or acquisition of a company’s activities. In the case of outsourcing, the need for real-time sharing of information and

integration of different information systems increases, which in turn will enhance visibility.

In practice, the need for visibility is more relevant for the logistics and/or warehouse manager, who requires real-time information about daily operations. The increased usage of warehouse automation, like material handling equipment, and the implementation of cross-channel strategies, which lead to diversified flows of goods and information to either stores or end-users, significantly increases supply chain complexity. With the introduction of cross-channel strategies an increasing number of orders with less volume per order run through the systems. As a result,

lifecycle management technology includes a lot of that data, but often the right people don't have visibility of that data. Companies need to take our one version of the truth and make it more available."

Having the right system in place to manage all this data and connect the sales information to supply chain information is one way that will help retailers achieve a more agile and nimble supply chain, which is crucial to providing a free flow of information across boundaries. "The appropriate technology can provide visibility into the current status of goods in the supply chain, as well as reasonable projections of future supply and inventory performance," says Harrison. "Software tools and disciplined processes are the only solutions for transforming a babble of data into dependable and actionable knowledge."

"Fully integrating all sales channels and the end-to-end systems that manage the transportation process streamlines the entire service, providing visibility over all stock and deliveries wherever they reside in the



management by exception that demands deep, instant visibility is becoming an essential business practice.

In addition, a changing workforce and an increased lack of resources are putting new pressures on warehouse productivity. In order to overcome resource issues and also to ensure companies meet higher service level agreements and guarantee accurate production, warehouse automation can be used to meet quality assurance standards by reducing errors and increasing productivity of daily operations.

The rapid pace of change is creating a true 'warehouse evolution' that begins with automated storage and replenishment, and

includes extended supply chain networks, which share information, infrastructures, and cross-company and multi-channel resources. Systems, processes and people come together to give organisations the accuracy, productivity and visibility that can support a complex, volatile marketplace.

*Guido van Osch is global industry director of Retail and Distribution at To-Increase, the largest non-reseller ISV for Microsoft Dynamics AX and Microsoft Dynamics NAV developing solutions for highly specific industry verticals, including retail, manufacturing, wholesale, distribution, construction and food*



"Systems, processes and people come together to give organisations the accuracy, productivity and visibility that can support a complex, volatile marketplace"

Guido van Osch

To-Increase

“Dynamics AX for Retail can help retailers to take control of the supply chain – the flexibility allows customers to easily manage the supply chain implications of adding new channels to market”

Russell Dorset

Maginus

supply chain,” adds Russell Dorset, sales and marketing director at Maginus.

Of course, it can be easy to focus on having the right system in place to manage this data and forget about the role the end user plays in all of this. Retailers need to consider how better managing the supply chain can improve the shopping experience for the customer. “Ensuring that the supply chain produces and delivers the right amount of product to retailers is key,” says Greg Marmulak, vice president of professional services at JustEnough Software. “From the retailer’s point of view, it builds confidence that they won’t face product obsolescence issues at the end of a selling cycle. But at the end of the day, for retailers it’s all about servicing the end consumer. Making sure that the products shoppers want to buy are immediately available is important – whether they’re purchasing them in a bricks and mortar store or online. Retailers must be able to balance the need to meet customer demand with managing their inventory levels

and the integrity of their pricing. If they are successful at doing so, they will benefit from increased customer loyalty and profitability.”

Keeping a focus on the customer when managing the supply chain means that solutions that manage cross-channel operations are becoming more and more important. “Supply chain performance is about fulfilling the retailers brand promise with shoppers, which for many means a fundamental transformation to demand-driven retailing, and delivering a consistent brand/shopping experience across multiple channels,” says Masson.

“The goal for forward-thinking retailers is to re-organise their entire business towards the customer,” says Andrea Cencini, TXTPERFORM managing director at TXT e-solutions. “A better understanding of customer demand and using these insights to their full potential will improve business processes, enable personalised offerings and give customers the power to browse, enquire, buy and return on any channel that most fits their needs. Best in class retailers are replacing

## New product introductions and their effect on the supply chain

The increasing speed at which products are being introduced has thrown another challenge into the supply chain management mix for even the most innovative retailer. Susan Olivier, retail industry solutions director at Dassault Systèmes, explains: “Retailers are being pushed to bring out more new products in less time, as customers constantly want to see new products in store. Companies thus need better visibility to deal with a shortening timeline.”

Internally within a company the supply chain team is often the last to find out about the introduction of new product categories so companies must gain a better view of the product line and new product introductions (NPIs).

David Andrews, director of marketing communications at Reflexis Systems, comments: “Due to the global nature of commerce, retailers of all kinds can source products from all over the world. Additionally, the number of NPIs, promotions, and special offers for products such as food and beverage, beauty items, and general merchandise is increasing. Even in a difficult economy, this trend will continue, as NPIs and promotions can generate a significant upswing in sales for retailers. This puts increased pressure on the supply chain and stores

to ensure these NPIs and promotions are executed correctly and to avoid out of stock conditions.”

In addition, Andrews believes that due to the increasingly global nature of supply chains and the increase in stock keeping units available for purchase in stores, product recalls are skyrocketing and posing an additional challenge for retailers to manage.

He says: “With the proliferation of sourcing options, retailers have to do their best to ensure the products they offer conform to safety and health standards in their manufacture and handling as products travel through the supply chain. But recalls will continue to be an unhappy fact of life for retailers. So when a recall is issued, retailers have to ensure they pull suspect products from their shelves as soon as possible and provide the necessary in-store signage to inform and assure their customers.

“I don’t think these trends are going to go away. In fact, barring a giant meteor crashing into the planet, they are going to accelerate. Retailers need to provide their workforce with tools that drive best-practice response to conditions that are changing by the minute to better serve an increasingly tech-savvy and informed consumer.”

## FEATURE SUPPLY CHAIN MANAGEMENT



traditional retail models with many connected channels, enabling multiple purchases to be managed at various times with different supply routes. This allows retailers to meet the emerging customer need of flexibility but with a consistent brand message and puts the customer first throughout the transition.”

As customers become more accustomed to being able to select the channel in which they engage with retailers, solutions that provide demand planning and functionality are playing a greater role in supply chain management. “With somewhere between 70 per cent and 85 per cent of actual buying decisions being made at the shelf, retailers must focus on consistently fulfilling consumer expectations during every interaction to be successful; this is by no means a process only objective but one that also requires the right technology,” says Cencini. “As a result there is continued focus on planning solutions and particularly those

that provide end to end integrated planning (from product development to merchandise planning, assortment, replenishment, down to the shelf), coupled with performance management capabilities.”

Cencini continues: “Now more than ever companies need the most advanced planning capabilities as well as the ability to analyse, diagnose and correct their supply chains. The combination of planning functionality and performance management offers a level of insight supply chain managers all need; a deeper understanding of the future and cause-effect implications of each decision.”

These demand planning technology and analytical solutions can also provide the necessary agility to meet the needs of consumers that are becoming ever more demanding and technology savvy, and to help sustain their business in a changing economy. JustEnough’s Marmulak explains:

“Retailers must put technology and infrastructure in place to adapt to a faster, more agile supply chain. What’s great is that with the advent of cloud-based solutions, retailers of all sizes have access to best-in-class planning technology. This is a cost-effective option for many businesses that would otherwise have to wait until they had the IT infrastructure in place to support advanced demand-planning solutions. As such, retailers will be able to respond quickly to a faster supply chain, providing their customers with the products they want, in the right location, at the right time and for the right price.”

Microsoft Dynamics AX for Retail is one solution that can help retailers manage the increasing number of factors that they need to consider to effectively manage their supply chain. The global ERP solution offers retailers out-of-the-box capabilities for point-of-sale, store

management, supply chain and merchandising. As Dorset explains: "Dynamics AX for Retail can help retailers to take control of the supply chain – the flexibility allows customers to easily manage the supply chain implications of adding new channels to market."

Looking to the future, it is fair to say that the ways retailers manage their supply chains will continue to evolve, especially with the change in consumer habits and an industry that continues to move at what sometimes seems like breakneck speed. Cencini explains what she thinks will play a part in the future: "There will be continued emphasis on retailers being demand driven and getting the most out of their downstream data, as well as using solutions that help analyse the right data and translate that into meaningful supply chain decisions with localised assortments and replenishment in a timely fashion."

"I expect even closer collaboration between

suppliers and retailers, elimination of barriers and greater sharing of information," says Harrison. "The condition for this greater cooperation is that the supplier must be able to use the shared information in order to provide a better service to his retail customers."

"The ultimate goal will be to create a real-time supply chain network in which multiple internal IT networks exchange information," adds Van Osch. "ERP systems provide all kinds of integrated, standardised tools with predefined formats and protocols that enable supply chain integration so companies can actually benefit from closer cooperation."

"Retailers who do nothing to deliver a 21st century shopping experience are doomed," says Masson. "Many of the retail executives who have visited the Microsoft Retail Experience Center, or customers of our growing network of Microsoft Retail Stores, would agree that the technology to deliver the

21st century shopping experience is already available from Microsoft and its partners. Microsoft's unique combination of consumer channels and devices, consumer and enterprise software, retail applications, and an open platform-based approach that fosters partner innovation, provides a credible, differentiated and sustainable path to shopper-centric experiences and demand-driven retailing."

Masson concludes: "We're not advocating a complete rip and replacement of today's spaghetti architectures in retail – our open platform and choice of innovative partner solutions provide lots of interoperability with existing investments, and enables phased deployment, but we are advocating a rethink of monolithic architectures that don't support the transformation to demand-centric retailing. A traditional piecemeal approach to supply chain at this stage would be like rearranging the deck chairs on the Titanic."



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