



Catalogue Management for Fashion Retailers

Case Study

Client Profile

The client is among North America's largest Pet retailers and wholesaler, with several hundred corporate and franchise stores and eight Distribution Centers (DC) spread across the US& Canada. The client is growing via store openings and through acquisitions. A key differentiator for the retailer is its private label strategy within the pet food category. The retailer also merchandises branded product from several of the major global manufacturers and from small, local suppliers.

Business Problem and Complexity

Having completed a major Microsoft Dynamics Navision ERP implementation, the retailer wanted to increase the utilization of the ERP. The retailer wished to increase back office efficiencies within finance and inventory management. Its supply chain consisted of 500+ suppliers, many of whom were private label manufacturers. A large chunk of the monthly purchases was tied to large, branded manufacturers and there was also a long-tail of small suppliers that provided specialized products. The retailer evaluated its options for implementing EDI with its supplier base and decided that it did not want to increase its IT footprint. SPICE was engaged to provide a turnkey, outsourced EDI solution.

SPICE Solutions & Services:

Assessment:

With every large rollout, SPICE begins with assessing the readiness of the retailer and the supplier base for EDI processes. SPICE conducted an internal analysis with retailer and determined that the biggest ROI would focus around replenishment and accounts payable, followed by inbound receiving & processing at the DCs. SPICE also conducted an automated survey of the supplier base to determine their readiness from both a technology and a business process perspective. It was determined that many of the large manufacturers were already doing EDI, though not all suppliers could support all of the EDI transactions envisioned. Smaller suppliers were either not EDI capable, or were using third party EDI services to support EDI compliance with other retailers. The retailer determined that it could rollout EDI to a large chunk of its suppliers and immediately realize the expected business benefits from automation and efficiencies. Struggling suppliers would be offered other technical solutions in order to make adoption easy for them.



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Value Engineering

SPICE developed a benefits business case and a roadmap for EDI adoption that saw EDI being implemented in two - three phases over two years. Benefits included:

- Increased back office efficiencies in buying, payables and warehouse
- Lowering of inventory due to reduction in ordering lead time and
- Improved visibility into the overall inventory pipeline (on order, in transit) which would lead to a better in-store experience for hot sellers.

The first phase would include the automaton full procure-to-pay ordering cycle (PO, PO Acknowledgement, PO Change & Invoice). The next phase would see the implementation of Advance Ship Notice (ASN) for DC& Direct-to Store deliveries, along with Vender Catalogue for content. The third phase would see the retailer building upon the digital supply chain network already implemented and adding advanced Omni-channel functionality, which included "Endless Aisle" for web orders with vendor drop-ship capabilities.

Design

SPICE's professional services team created a detailed design of the solution, which included expected changes to the retailer's ERP environment in order to prepare for the expected change. An important consideration for the retailer was to have a solution that fully automated the Accounts Payable function, such that invoices without any discrepancies were automatically paid. If what was ordered is exactly what is received, and the cost & allowances are precisely as expected, then the invoice should be paid without AP intervention."

This required alerts and exception management modifications to be developed within the ERP. The end-to-end solution was designed to flag order confirmation and data accuracy problems upstream at the buying level, so that downstream activities of DC receiving, and payables would be error free. SPICE's analyst team also configured business rules and data validation sequences in its own environment that would allow for a first-level rejection of non-conforming EDI documents, and the raising of alerts if certain ordering protocols were violated. The SPICE professional services team developed all the documentation for the EDI program, including creating the retailer's EDI Specifications and Implementation Guides for Trading Partners.



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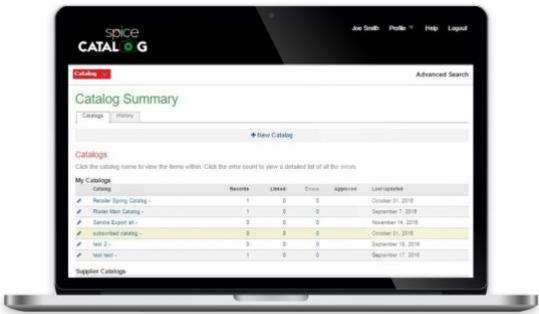
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Development

SPICE Connect is a multi-tenant application that is hosted on a highly available and redundant environment. No hardware or software was installed at the retailer's premises. SPICE's cloud EDI solution was fully integrated into the Page 3 of 4 Navision ERP through SPICE Connect built-in XML adapters for Navision. All application hosting is done within separate clusters Amazon Web Services (AWS) with capabilities to deploy on IBM Softlayer cloud. After extensive testing, the end-to-end solution was piloted with one large manufacturer. Upon successful completion of the pilot, the solution was rolled out to the broad supplier base.

Rollout

SPICE manages large rollouts by segmenting the supplier population by readiness and technical capability. The information from the initial survey provided the data to the retailer to group suppliers and the suppliers were then on boarded in parallel waves. The retailer conducted a webcast to which all suppliers were invited to learn more about the rollout, its benefits and expected timelines for compliance. SPICE made its API testing platform available to all EDI suppliers for self-service testing and certification. The intuitive testing portal allows many types of APIs, including EDI, XML, flat file and web service, to be tested against specifications for conformity. Once a supplier has successfully tested all their EDI interfaces, they are deemed to be certified and are moved into production.



Smaller suppliers were on boarded using the SPICE Connect Web EDI tool, a portal that was tailored to the retailer's specific business rules. This made on boarding of smaller suppliers simple. The web solution was also used by some larger, EDI-ready suppliers who could not free up IT time for traditional EDI development. The web solution made it simple, fast and affordable for these large suppliers to comply with retailer's requirements, while they developed their longer-term EDI solution.



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Support

Once live, suppliers would reach out to the SPICE team for Level 1 support. SPICE triages all issues and troubleshoots and resolves all technical issues. Business issues are ticketed and redirected to the retailer's EDI support team for resolution. All issues are tracked to resolution. The SPICE professional services team engages with the retailer routinely for continuous improvement and new phase development and rollout. The technical solution is managed

Benefits

The retailer achieved full deployment of its EDI program within its supplier base at a fraction of the cost and time it would have taken to develop internal EDI capabilities. The retailer realized its expected business benefits in that AP and inventory analyst headcount did not have to be increased with new stores and additional acquisitions. The retailer is preparing to leverage its new digital supply chain capabilities for rolling out new integration points with suppliers for additional benefits.



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