IS-Retail: Looking beyond the aisle

Supporting growth and increasing your competitive advantage

In today's fast-paced market competitive attributes including price, selection, and location are being reconsidered as noted competitive differentiators. Virtually any durable product and many consumables can be found online and competitively priced from anywhere, including the aisle. With the exception of private label or "exclusive" products, selection is no longer limited to the inventory within a traditional retail store, given the unlimited assortment available via the Internet. Also, with unprecedented growth in mobility, location is more about where the customer is physically than where the store is located. If retailers are to win in the marketplace over the next five to 10 years, they should determine the primary basis on which they will compete and technology plays a crucial role in this new era.

SAP Offerings for Retail Market

SAP offers a complete portfolio of technology solutions that address all challenging areas of Retail Business. In the heart of all is the SAP ECC – Retail system with additional complementary solutions like:

- Forecasting and Replenishment (F&R 5.2)
- Promotion Management for Retail (PMR 7.1)
- SAP CRM 7.0
- Merchandise and Assortment Planning (MAP)
- Transportation Management (SAP TM 8.1)
- Extended Warehouse Management (EWM 7.02)
- Point of Sales (SAP POS 2.3)

The proliferation of technology solutions is sometimes confusing for retailers who have to deal with a lot of IT challenges:

- Complex system landscape (ERP, BI, CRM, POS, WMS, Planning tools and many custom applications)
- How to integrate all these systems / applications?
- How to turn huge databases into insight information?
- How to automate and achieve effective and efficient operations?
- What about the obsolete technology? End of maintenance of legacy systems?

- Is the current technology environment an obstacle or a driver to Business strategy?
- Proliferation of technology solutions - What to choose?

The cornerstone of the IT landscape is the back office ERP system. The SAP Retail solution provides functional differences compared to standard SAP ERP. The impact of these differences will depend on the importance as business differentiators.

Topic	Consideration
Pricing & Promotions	Managing and analyzing events at retail stores including bonus buys, coupons and free good discounts
Markdown planning and management	Sales and margin planning associated with price reductions
Master Data	Merchandise hierarchy, article hierarchies, site management, multi-dimensional articles and retail specific characteristics
Assortment management	Ability to include/exclude single items or groups of items from a stores assortment of merchandise
Resource Planning methods	Retail provides additional forecasting algorithms to support store level replenishment
Store allocation	Ability to "push" merchandise to stores based on various rules and strategies. Sales order allocation is on a first in first out basis

SAP Retail vs. SAP standard ERP

Article versus Material

- Merchandise Hierarchy (Material Group)
- Screen Sequence
- Listing (merchandise category, assortment grade, custom requirements)
- Maintenance Features
  - Data on Basic View / Nested Screens
  - Reference Sites (Separate Views for DCs versus Stores)
  - Copy Logic
  - Integrated Article Maintenance (with Info Record)
  - Sets (BOMs for Prepacks, Sales Sets, Displays) via goods movements
  - Explosion point
- Purchase and Sale Price can be linked in article to display margin
- Allow for additionals to be attached to the article (e.g. price labels)

Site versus Plant

- Master Data in Retail / Configuration step in Standard
  - Open Days / Hours
  - Merchandise Categories (article defaults, replenishment, listing, sourcing, reporting)
  - Sourcing (multiple DC's with priority)
- Site Profile controls site type, numbering, field requirements, defaults
- Customer / Vendor (DC's) are Linked to sites to enable certain retail processes such as allocations
- Can link to external planogram applications
- Holds credit card information for the store
- Can block sites for various reasons (e.g. refurbishment)

Distribution

Allocations, Allocation Rules, Site Groups.

Promotions

Listing, Store Announcements, Product Allocations, Price Changes, Mark Down, Bonus Buy, Tracking

Replenishment

- New functionality for stores based on target stock
  - Articles have quantity for high, medium, low
  - Sites have high, medium, low rating by merchandise category
- Prior consumption can be utilized
- Regular Vendor (Versus Source Lists)

The Deloitte Difference

As a multidisciplinary organization Deloitte provides audit, financial advisory, tax and consulting services in order to give business and technology added value to our clients. Deloitte is SAP global partner with a great number of successful SAP Retail Implementations. In addition Deloitte Greece has a leader position in SAP marketplace with successful presence in retail projects.

Our retail clients include:
- **51% of the top 100 retailers**
- **51% of the top 100 specialty retailers**
- **65% of the top 20 apparel chains**
- **45% of the top 20 department stores**
- **30% of the top 20 supermarkets**

Deloitte **Center of Excellence** for SAP Retail:

- provides a single location to share functional and technical SAP knowledge in industry solutions through CoE seminars, white papers, solution overviews.
- continues to build a network of knowledgeable SAP professionals who can support SAP Retail and AFS initiatives, through client work, pursuits, and support of our internal SAP SNET systems.
- identifies our past client implementations, current client base and opportunities for people to get involved in the industry solutions

Preconfigured SAP Retail and AFS Solution

Deloitte utilizes a preconfigured SAP Retail system to speed implementation activities. This system contains more than 400 transactions configured based on industry best practices supporting merchandising processes, utilizing the most current ECC 6.0 software functionality. Both solutions (Retail and Apparel & Footwear) can be utilized by our clients either as a service or as a product in various ways (from Reference system up to baseline configuration).

Contact us for a more detailed presentation of our services, tools and methodologies.

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