SYNCHRONIZED
VIEW OF DEMAND

Integrated
Planning & Execution

A Synchronized View of Demand enables the ability to see one cross-channel view of demand for the products within your supply chain

Imagine this: With a real-time, cross-channel view of demand for your products, as well as visibility of inventory up and down the supply chain, you can "sense and respond" quickly and appropriately to signals pointing to changes in demand and supply.

Imagine this: Your people – responsible for merchandising, assortment planning, space planning, demand planning, replenishment, allocation, pricing, advertising, manufacturing, store operations, sourcing, and logistics – share a single version of the truth with which they make informed, coordinated and timely decisions.

Imagine this: With an enterprise-wide window to dynamic markets, you respond rapidly to changing consumer demand , improving sales and profits, and boosting consumer loyalty.

These operational advantages aren't a future vision; they're the real-life results today of achieving a "Synchronized View of Demand" through Integrated Planning & Execution (IP&E) from Capgemini and JDA® Software. Working together, we're helping retailers realize growth strategies, leverage technology, manage change and achieve sustainable value.

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WHAT'S A SYNCHRONIZED VIEW OF DEMAND?

Quite simply, a 'Synchronized View of Demand' is just that -- where everyone in a retailer's organization and supply chain shares the same information at the same time. Where everyone knows what's selling and what's not, where inventory is (and isn't), and how specific stores and markets are performing relative to plans and forecasts.

With IP&E, the teams responsible for creating and influencing demand (via advertising, promotions and pricing) are connected to and communicating with the teams responsible for supplying just the right quantity of inventory. When a product is purchased in the store or from the website, it's automatically replenished. If an item sells more or less than planned in any location, the replenishment cycle adjusts: hot spots get more inventory; cold spots get less. Shifts in the demand chain (actual versus planned) ripple up the supply chain, triggering an alteration in delivery from the manufacturer or in actual production volume (up or down). For planning, the retailer uses historical data, demographic data, and market analyses, to create accurate forecasts.

Said another way, IP&E enables you to:

Align top-down merchandising plans and bottom-up execution (forecasts, space planning, and inventory management). With a Synchronized View of Demand, you can reconcile targets *(What are we trying to achieve?)* and constraints *(Can our logistics infrastructure support flexibility and adaptability? Does our supply chain have adequate capacity? Do we have appropriate retail space?)* During planning you can refine forecasts based on new information about markets, competitors and products, while aligning plans with capacity (warehouse, carrier, store) and labor. During the season, you can "sense and respond" to actual sales. Also, IP&E planning is tightly tied to downstream execution. Trading partners need to keep pace with demand so they too can adjust quickly, without incurring additional costs.

Monitor purchase orders, shipments, and inventory movement – real-time – down to the store level, while using exception management to enable a more efficient supply and demand chain. Tactical monitoring enables the "sense and respond" strategy: *How much do we send, where?* The answer comes from information about actual sales: *Should we move inventory or adjust promotional activities?* Given the number of stores, SKUs and transactions in a typical retailer's business, you'll want to prioritize actions by setting thresholds (for sales more or less than expected) that trigger an exception report.

Future-proof your information technology. Our solutions and applications are built on an industry standard, open services-oriented architecture that protects and optimizes your company's immediate investment, while being able to grow with future business needs.

THE NUTS AND BOLTS OF IP&E

One way to look at how IP&E works is through a "before and after" scenario.

Traditionally, planning decisions are made based on the average store performance or on simple store segmentations reflecting sales velocity or store size. As a result, all the stores in a segment get the same assortments – the assortments appropriate for the "average" store. Not surprisingly, most stores do not get the "right" assortments and inventory levels – those that would really match consumer demand in their local market. Over-performing stores receive too little inventory; under-performing stores get too much. (In other words, "average" is not optimal.) Everyone misses opportunities to sell the merchandise that's really "right" for the store.

The other end of the spectrum – looking at each store uniquely and developing plans and actions separately for each – is resource intensive, cost and time prohibitive and difficult to execute.

To get that "each store" effect without the complexity, IP&E lets you cluster stores into a small number of groupings based on customer purchasing preferences. Each group contains stores with similar buying patterns, competitive situations and demographics. This clustering captures the diversity in the marketplace, yet also allows you to leverage resources (including successful promotional programs) to "same as" stores.
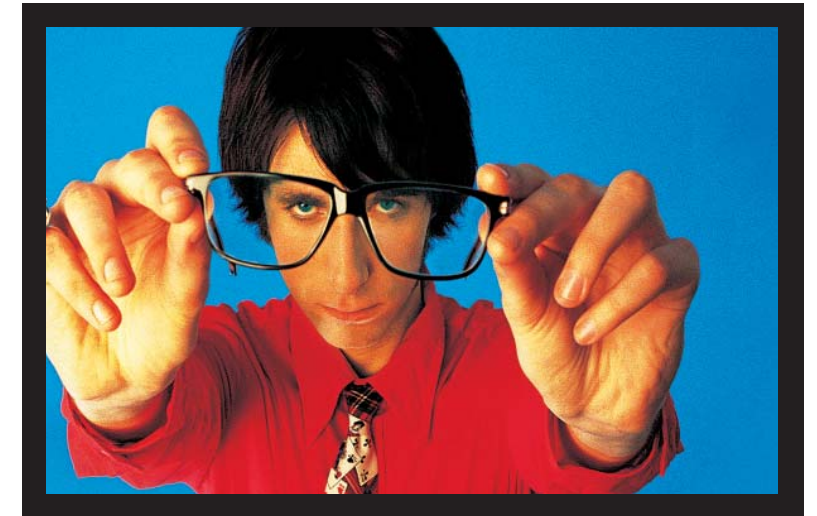
Action plans, developed at the cluster level, reflect shared patterns in sales and margins. These plans are scalable, customer-centric, highly predictive, easy-to-manage, and more accurate than those developed using traditional approaches. Then, the action plans determine space allocation through a four-step process made simple by JDA software:
Step 1: For each cluster, linear regression is used to quantify the category sales-to-space relationship (i.e., develop category coefficients.)
Step 2: Category coefficients and strategic constraints are applied to optimize the distribution of space within each grouping.
Step 3: Optimal space distribution is applied to broker space for all stores within the grouping.
Step 4: Store-level space allocation counts by category are reviewed with planning leadership.

The results of IP&E include more targeted assortments and product placement, which in turn make possible better in-stock positions (particularly during promotional activities), improved responsiveness and increased revenue.
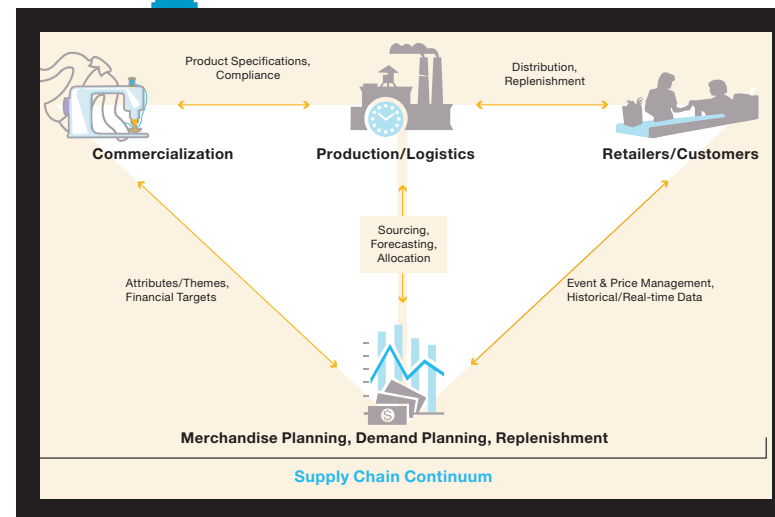
WHY CAPGEMINI AND JDA – TOGETHER?

In the IP&E solution, Capgemini brings extraordinary experience in business strategy, process improvement and technology implementation, while JDA delivers integrated merchandising and supply chain planning, execution, and optimization solutions for the consumer driven supply chain that help companies realize real results, fast. Together and collaboratively, the two leaders bring to your organization a solution that fits your business model and works to help you achieve your business objectives.

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience.™ The Group relies on its global delivery model called Rightshore,® which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion (approximately USD $11.5 billion) and employs around 110,000 people worldwide. More information is available at www.us.capgemini.com.

JDA® Software Group, Inc. (NASDAQ: JDAS), The Supply Chain Company®, is a leading global provider of innovative supply chain management, merchandising and pricing excellence solutions. JDA empowers more than 6,000 companies of all sizes to make optimal decisions that improve profitability and achieve real results in the discrete and process manufacturing, wholesale distribution, transportation, retail and services industries. With an integrated solutions offering that spans the entire supply chain from materials to the consumer, JDA leverages the powerful heritage and knowledge capital of acquired market leaders including i2 Technologies®, Manugistics®, E3®, Intactix® and Arthur®. JDA's multiple service options, delivered via the JDA® Private Cloud, provide customers with flexible configurations, rapid time-to-value, lower total cost of ownership and 24/7 functional and technical support and expertise. To learn more, visit www.jda.com or e-mail info@jda.com.

Working together, we have helped our mutual clients implement growth strategies, leverage technology, manage change within their organizations, and achieve tangible, sustainable value.

Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - - Inventory - - -

Product Specifications, Compliance

Distribution, Replenishment

Commercialization   Production/Logistics   Retailers/Customers

Sourcing, Forecasting, Allocation

Attributes/Themes, Financial Targets

Event & Price Management, Historical/Real-time Data

Merchandise Planning, Demand Planning, Replenishment

Supply Chain Continuum

SUCCESS STORY: FASHION RETAILER

With an IP&E solution from Capgemini and JDA Software Group, a multi-brand, vertically integrated retailer is transforming its enterprise-wide technology platform and business processes.

The Competitive Imperative

The retailer lacked a common view of merchandise across businesses, channels and brands. As a result, the processes and technologies for allocation and replenishment were inconsistent; forecasting was inaccurate; and inventory was poorly accounted for and excessive. The company also missed opportunities to leverage purchasing power in sourcing, to collaborate in product design and to share in production capacity. But perhaps the greatest problem was that the retailer's businesses couldn't share consumer data, a goldmine for cross-selling.

The IP&E Solution

Capgemini and JDA are working with this company collaboratively to implement IP&E. By integrating production, merchandising and logistics, the solution enables a "fast fashion" business: the retailer can "sense and respond" to actual customer purchases, thereby achieving more accuracy in assortments, more control over inventory and more success in merchandising. IP&E provides a single system of record and clear visibility across all brands: everyone sees – and acts on – the same data, at the same time.

Collaboration for Sustainable Results

This project is a collaborative effort, leveraging the resources of JDA, Capgemini and the retailer. Together, we are achieving these results:

❑ Significant revenue enhancement due to improved in-stock and reduced markdowns;
❑ Improved inventory performance due to better visibility, the use of statistically sophisticated methods for planning, and the leveraging of consumer-centric merchandising capabilities; and
❑ Improved coordination between retail planning, production and logistics, which is expected to lead to reduced production costs, distribution costs and inventory requirements

But perhaps most important, the retailer is positioned to achieve its aggressive growth targets.

SUCCESS STORY: OFFICE PRODUCTS RETAILER

An office products retailer wanted a single view of its retail and B2B businesses to find opportunities to increase customer service, while reducing overall IT spend. The company's management hired JDA and Capgemini for the job.

The Competitive Imperative

The retailer had disparate systems working autonomously with different stock keeping units (SKUs), forecasting and planning processes. Management recognized that, without a "synchronized view of demand" of its supply and demand chain, the company could not respond rapidly to market changes.

The IP&E Solution

The solution from JDA and Capgemini is allowing the company to proactively meet fluctuations by tightly integrating core business processes – merchandise planning and demand planning on through to the replenishment process – thereby enabling cross-functional collaboration. The solution's advanced functionality has allowed the company to simplify its IT environment, while increasing functionality and value.

Collaboration for Sustainable Results

Working with the retailer's team, JDA and Cagemini planned and implemented an innovative solution designed to empower the retailer with synchronized decision-making and, ultimately, a unique competitive advantage. The company expects to increase top-line revenue by delivering real strategic value and real demand chain results.

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