

Retail Transformation: Capgemini and SAP for Retail

Accurate, reliable, timely information – from merchandise planning to store replenishment, from forecasting to supply chain management; information that integrates core business processes across multiple channels – imagine the possibilities.

SAP for Retail is a comprehensive, enterprise-wide solution that integrates planning, replenishment, supply chain logistics, warehouse management, and store operations with general SAP (or other) applications such as vendor portal, customer relationship management, finance and accounting, human resources, financial planning and data warehousing.

The result is a remarkable competitive advantage: a single version of the truth. Everyone in the business shares the same

data, at the same time – data about consumer demand, actual sales, pricing, inventory replenishment, store-by-store and channel-by-channel performance, supplier response, landed costs, and margins. The information needed to run the business is consolidated, synchronized, and delivered to the relevant departments or sales channels.

With accurate, reliable data, the retailer can reduce the time to execute promotions, leading to faster stock turns that free up working capital. Or increase its buying power by aggregating transactional data to gain leverage in negotiating terms with suppliers. Or implement real-time merchandising by enabling a “read and react” replenishment of merchandise as it’s pulled off the shelf. Or enrich the forecasting process with insightful demographic and market analyses.

In working collaboratively with the retailer and SAP to implement SAP for Retail, Capgemini helps deliver meaningful and measurable value: sustainable business benefits, rapid and long-term ROI, and scalability for future growth. Our commitment to the retailer’s success begins with world-leading technology partners, methods, and tools. Also, our Rightshore™ program includes the skills and services of some 28 specialist centers in 14

countries, facilitating the quality of an SAP investment while reducing the total cost of ownership.

Business Benefits

The value delivered by Capgemini’s collaborative approach was apparent in a recent implementation of SAP for Retail for a multi-brand, vertically integrated company:

- **Customer-centric merchandising and supply chain management.**

The solution enables the retailer to put the right products in each store, in the right quantities, at the right price points. Enterprise-wide visibility for merchandise and assortment planning, forecasting, and replenishment enhances product flow-through and inventory productivity.

- **Streamlined and synchronized business processes.** Workflow management tools in SAP for Retail make it easy to automate basic,

Proven Tools for a Successful Transformation

As a global leader in retail transformation, Capgemini is in a position to help clients achieve their business transformation goals using the right technology and a proven approach.

Define Your Retail Transformation:

When looking down the road at your retail transformation agenda, you don’t want to start from scratch. Capgemini incorporates best practices from our extensive retail industry implementation experience to maintain our own differentiated Retail Reference Model and process library. This model helps define retail objectives and goals, based on our work with the world’s leading retailers, and is the foundation of our proprietary SAP for Retail template.

Expedite the Enabling Technology:

Once your transformation agenda is defined, you turn your attention to speed-to-market and minimizing risks and costs. Capgemini’s global retail practice and our global Retail Solutions Center in Kolkata, India, have industrialized best practices in retail, as well as those specific to both SAP for Retail and SAP Apparel & Footwear Solutions (AFS). A host of assets can help you reach objectives more quickly, reduce risk and lower costs:

- Our proprietary SAP IS-Retail template for Fashion and Food segments consists of complete end-to-end scenarios, pre-configured on our servers and also available in user-friendly, audio-visual demos.
- An extensive repository of reusable objects for SAP for Retail and AFS, including enhancements, layouts, interfaces and reports that can potentially reduce development time by 30% on average.
- Hundreds of ready-to-go test scenarios and scripts to support the SAP for Retail template scenarios can reduce time and effort in various types of functional testing.
- SAP Deliver 2.0, Capgemini’s world-class SAP delivery methodology, which results in acceleration to our client’s desired benefits without compromising quality of the implementation.
- Our network of retail subject-matter specialists are within reach to support our delivery practitioners in providing best-of-breed retail solutions.

repetitive tasks; at the same time, the system kicks out exceptions for action based on parameters and rules defined by the company's decision makers. In core functions, people are free to focus on activities of strategic importance. For example, this retailer is generating more ideas for new products, while decreasing the time it takes to go from idea to shelf. Also, by sharing customer data across separate businesses, the company is exposing cross-selling opportunities.

- **Store-by-store visibility for better planning and faster execution.**

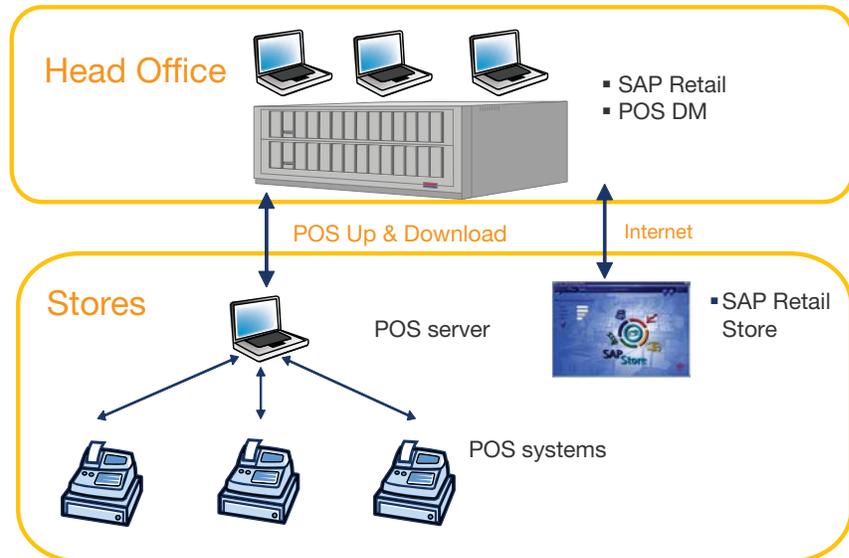
With a real-time, enterprise-wide view of customer purchasing behavior across the multiple brands, the retailer is positioned to hit its aggressive growth targets. The company is using a sophisticated segmentation/ clustering tool to group stores by performance. In this way, it's practical for the retailer to create location-centric assortments (thus, optimized consumer choices) and accommodate the volume of SKU/location combinations.

- **Multi-channel retailing.** With a single version of the truth, this retailer can do a better job of reaching the customer at every moment of value – in the brick-and-mortar stores, on the website, and through the call centers and catalogs. At the same time, a more efficient movement of product from supplier to shopper is improving inventory productivity.

- **Integration with manufacturing operations.** Some retailers have an element of manufacturing in their business. With SAP for Retail as its core system, such a company can integrate with SAP's manufacturing software, as it easily integrates with applications for other core functions, such as finance and HR.

- **Reduced cost of ownership.** SAP for Retail is built to require reduced (if any) customization. Easy upgrades increase the long-term value of the investment.

SAP Retail: IT Architecture



Source: Capgemini

SAP for Retail in Action

Let's look at an example of how SAP for Retail improves planning and execution.

The system alerts a merchandiser when items over-perform by 10% and under-perform by 5%. Say, blue hats are selling more than expected in store XYZ. The merchandiser can place/increase an order with a supplier, change the pricing for the item by store clusters, automatically update each store's POS technology, change the stores' layout/display as necessary, and track the movement of the new inventory to the stores.

As sales continue, SAP for Retail automatically replenishes packs of products. The PO automatically specifies allocation quantities; the system indicates the best means of delivery (direct to the store or through the distribution center). At the store level, the retailer can read and react to actual customer behavior: Every store or channel has the right amounts of the right products. And with ongoing analysis and reporting, the retailer can continually refine the merchandise mix for increased profitability.



Forecasting is enriched by data mining and analytical tools. When the new merchandising plan is ready, the system automatically transmits it to process stakeholders (for example, budgets to buyers). Process synchronization enables in-season adjustments.

Technical Architecture

SAP for Retail is powered by SAP NetWeaver®, an open platform that allows for easy integration with SAP® or non-SAP applications. Also, because SAP NetWeaver supports both present and future solutions, the platform grows with the retailer's need. Over time, SAP users can take full advantage of new products and enhancements.

SAP for Retail is structured to support a wide variety of different processes without customization. A base code remains constant in all installations; "BAPs" (Business Application Programming Interfaces) and IDOCS (Intermediate Documents) are used to interface the solution with customized applications or processes. The interfaces make SAP for Retail flexible; the constant code makes it stable. The risk of system failure or downtime is decreased, and new releases can be easily installed.

Return on Investment

With SAP for Retail, the whole business cycle – from planning through execution cycle – is informed with business intelligence, streamlined and synchronized, efficient and effective. At every step, in every core function, the retailer can use real-time visibility to drive growth and reduce costs. SAP for Retail can be implemented in stages; working collaboratively, Capgemini and SAP follow an implementation roadmap designed to increase ROI, both immediate and long term.

Capgemini and SAP: The Collaborative Business Experience

As a team, Capgemini and SAP provide distinguished technology services to their clients. Capgemini has collaborated with more than 1,900 of its global clients in implementing nearly 4,000 SAP projects in all major industry sectors over the last 17 years. The Capgemini-SAP relationship has a demonstrated track record providing successful, client tailored solutions that meet or exceed client expectations. Capgemini's SAP consultant's average eight-plus years of experience with cross-industry SAP solutions. Capgemini has recognized expertise in key strategic areas including SAP Business Suite, NetWeaver – Enterprise SOA & EAF; Human Capital Management; Enterprise Performance Management; Corporate Performance Management; SAP Upgrades; Master Data Management; and preconfigured, industry specific "Ready-to-Run" solutions. Capgemini's Rightshore® capability and Distributed

Delivery Framework affords clients the opportunity to leverage centers all over the world to support SAP projects.

Our SAP Experience

Capgemini's experience with SAP stretches back to 1993, when SAP first designated Capgemini as a Leading Global Integration Partner. Capgemini has been the first, and often only, implementation partner for many of SAP's strategic initiatives, and was the first to create a NetWeaver roadmap and recently assisted SAP in the development of their Enterprise Architecture Framework. Together, Capgemini and SAP will continue to help companies expand their leverage of the SAP Business Process Platform to realize increased business value from their enterprise solutions and free their energies to drive market innovation. Whether its business case development or systems integration, Capgemini leverages proven methodologies to deliver value based solutions.



About Capgemini and the Collaborative Business Experience

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 - and

through a global delivery model called Rightshore®, which aims to offer the right resources in the right location at competitive cost. Present in 36 countries, Capgemini reported 2007 global revenues of EUR 8.7 billion (approximately U.S. \$14 billion) and employs over 85,000 people worldwide.

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