How can I use my data to increase profitability?

Store Profitability
for Retail Companies

Critical Business Issue ▼

In today's tough economy, you want to cut costs. In fact, a one percent reduction in variable costs creates an 8.5 percent increase in net profit. To reduce costs, you can cut waste or improve productivity. Either way, the first step is getting the answers to some of the most relevant questions:

- Where are costs too high?
- Why are some costs out of line with budgets, plans, or targets?
- Which store, department, product, or channel generates the least net margin?
- What actions would reduce variable costs and by how much?
- How can the company increase productivity and by how much?
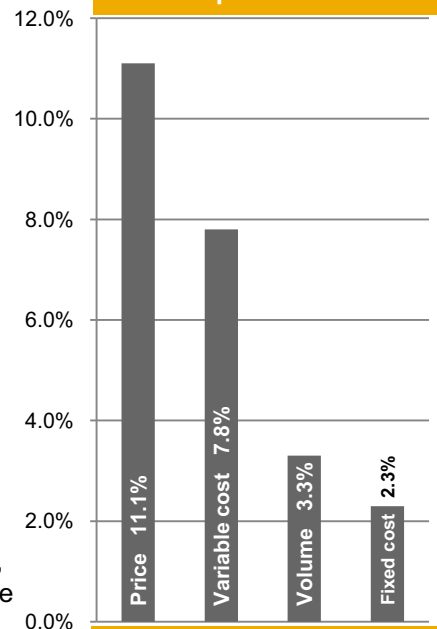
The SAP and Capgemini Solution

Data is everywhere. The challenge is using it to boost profitability.

Capgemini, based on deep industry experience and proven "Ready-to-Run" methodology for accelerated application deployment, has helped leading retailers use existing data -- even the non-conforming, unstructured data residing in spreadsheets and other "off-line" formats -- to create user-friendly, configurable dashboards. Dashboard solutions can be personalized to provide the right information at the right time to the right person.

Increase transparency and empower business users across the organization at all levels. C-level executives, channel and store managers, category and merchandising managers, distribution managers, and many more can be armed with the most relevant insight specific to their role. Each user will know where and why costs are out-of-line and will be positioned to make immediate improvements. With SAP's *Store Profitability,* in as little as 16 weeks Capgemini can deliver:

- Process-based view of costs and profitability
- Root-cause analysis of costs and fact-based resolutions to performance issues
- "What-if" scenarios to project impact of decisions before implementing them
- Tailored, rules-based parameters to enable "management by exception"
- The ability to update budgets, forecasts and operational plans

A 1% improvement in.....

Chart (bar graph, y-axis 0.0% to 12.0%):
- Price 11.1%
- Variable cost 7.8%
- Volume 3.3%
- Fixed cost 2.3%

.. creates improvements in operating profits

Business Benefits:

- Lower costs, better margins
- Greater operating efficiency
- Improved store profitability
- More productive workforce
- Better assortment mix
- Higher customer satisfaction
- Fewer discounts, markdowns
- Reduced cost-to-serve.

Greater Profitability Through Effective Cost Management

SAP

Begin Realizing Benefits in as Little as 16 Weeks.

SAP has chosen Capgemini as its implementation partner for _Store Profitability_ for a good reason — in fact, for several good reasons.

• **A demonstrated track record of delivering successful, tailored SAP solutions** that meet or exceed client expectations. We have been the first, and often only, implementation partner for many of SAP's strategic initiatives.

• **Collaboration** with over 1,900 global companies across sectors to implement nearly 4,000 SAP projects in over 17 years.

• **SAP Deliver 2.0**, Capgemini's SAP delivery methodology that accelerates the realization of business benefits without adding risk or compromising quality.

• **Our Rightshore® capability and Distributed Delivery Framework** afford our clients the opportunity to leverage 24/7 support.

• **The Consumer Products and Retail Solutions Center (CRESCENT)** in collaboration with our global retail practice, has industrialized leading practices in retail. CRESCENT houses an extensive repository of reusable business objects, including enhancements, layouts, interfaces, and reports that reduce development time by 30 percent on average.

• **The Capgemini Accelerated Solutions Environment® (ASE):** a creative workspace coupled with a unique approach that inspires "group genius" to enable rapid business decision-making and the creation of innovative solutions.

Store Profitability is an SAP "Best Run Now" offering — designed to deliver results quickly. As SAP's chosen implementation partner, Capgemini works collaboratively with a client to craft a solution that best fits the business and one that meets targeted profitability goals while empowering people to perform at a whole new level.

Capgemini's methodology includes these four stages:

Step 1: Rapid-Start Roundtable – 2 hours
In a structured, focused conference call, we assemble Capgemini retail experts to work with your team to determine needs, understand the landscape, and crystallize the proper fit for Store Profitability within the organization.

Step 2: Assessment Workshop – 1 day
This workshop consists of an all-day session with your key managers to answer the question: "What information do we need to run our business more profitably?" Capgemini consultants perform an comprehensive, cross-functional, deep dive into operations and cost management practices. Together, we define the key drivers and enablers of better, process-based cost management to deliver a confirmation of project scope.

Step 3: Functionality Workshop(s) – 3-4 weeks
We work together with your core user groups — finance, store management, merchandising, distribution, and IT — to identify the features and functional requirements needed to maximize profitability.

Step 4: Rapid Deployment – 12-13 weeks
With users "on board," steps 1 through 3 really start paying off. Their requirements are built into a technical design. Models are built and then tested to ensure the configured tool meets the functional and technical specifications. Then, Capgemini provides role-based training in a learning center environment for a productive rollout.

You have the data. Now, use it to boost profitability.

Capgemini
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