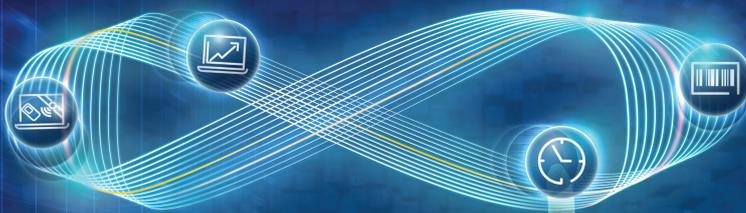


Agility Unlimited: Capgemini's Extreme Applications for Retail built on SAP HANA



Leverage the combination of Capgemini's retail experience and SAP HANA's real-time data insights to increase sales, improve margins, and optimize customer loyalty.

The Internet and mobile technology are transforming shopping behavior. Consumers now have access to more choices, more information about each of these choices, and greater, faster access to this wealth of information – and they are leaving a complex trail of data as they go. Retailers are left scrambling to track, manage, and leverage all of this data in enough time to reach their customers in a meaningful way, at the moment when it could actually make a difference to sales, customer retention, and revenue.

Responding to this challenge is imperative. To do so, retailers must:

- unlock real-time insights out of their point-of-sale (POS) data and better understand what is happening in their stores immediately, rather than days or weeks after a sale
- grow revenue by increasing basket size, pinpointing products that drive drag-along sales, and identifying merchandise with better affinity and combined margins
- ensure that markdown strategies contribute to profit goals and are aligned with the current state of inventory
- increase loyalty so customers continue to return to their stores rather than shop with their competitors



The speed and power of these Extreme Applications are giving us truly insightful analyses in our merchandising and finance departments and delivering answers in an instant where we used to expect a three-day turn-around in response.

Linda Hoebe
CFO, MS Mode

Extreme Applications for Retail built on SAP HANA

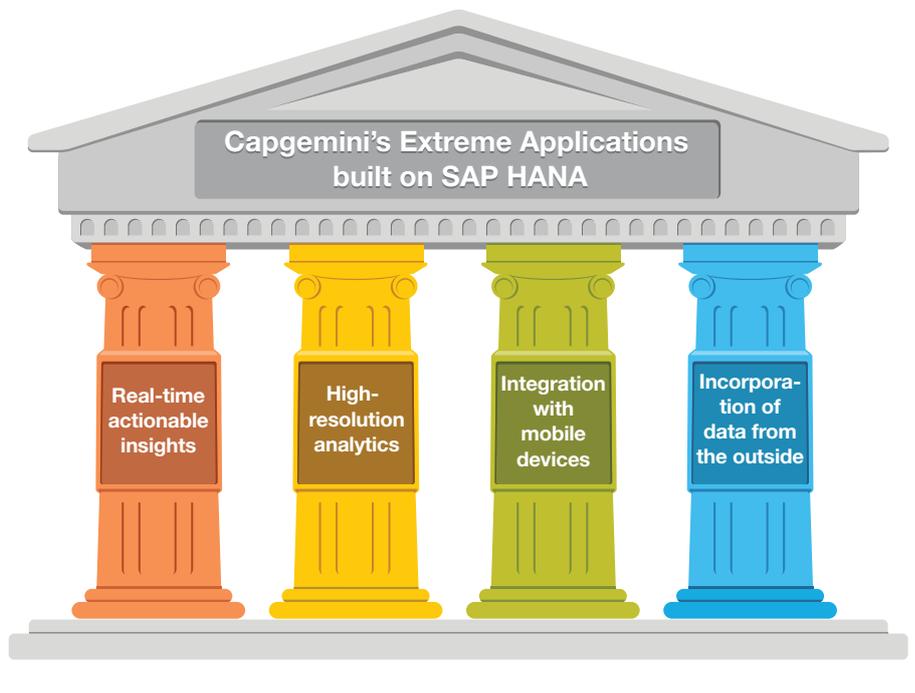
To address today's most pressing retail challenges, Capgemini has collaborated with SAP to design and build Capgemini's **Extreme Applications for Retail built on SAP HANA**. This innovative solution is composed of a unique set of integrated software built on top of the SAP HANA platform to put Capgemini's retail-specific experience directly to work for your business, allowing you to get faster time-to-value from SAP HANA.

Pre-built, pre-packaged, and ready-to-use, our Extreme Applications for Retail incorporate Capgemini-developed data models, analytics, and predictive algorithms to obtain real-time insights from your data in a matter of weeks, rather than spending months building those analytical capabilities yourself from the ground up. This means you can spend less time acquiring, modeling, and integrating your data and more time on the critical needs of your business.

Our Extreme Applications built on SAP HANA are based on four foundational principles (Figure 1):

- **Real-time actionable insights** that bridge the gap between transactional and analytical processes to enable more intelligent enterprises
- **High-resolution analytics** that offer comprehensive, precise detail into multiple forms of relevant data – whatever the question you want to ask – for increased agility
- **Integration with mobile devices** for pervasive access to analytical information for both the business and customers
- **Incorporation of data from the outside** including social, forecasting, and location-based data to enrich insights with contextual information

Figure 1: Foundational Principles of Extreme Applications built on SAP HANA



Groundbreaking components of real-time retail

The analytical foundation of Extreme Applications for Retail integrates your customer, product, and POS data to enable real-time analytics. On top of this analytical foundation, we have positioned several modules containing the solution's core functions, each of which allows you to interact more effectively with your customers and increase sales and profitability.

1. *Enable real-time recommendations with the Market Basket Analysis module*

Most retail growth comes from persuading loyal customers to buy more or visit stores more frequently. But to do this you need to analyze enormous amounts of data in real time to reach the right customer at the right time with the right offer. Until now, harnessing the wealth of information available has been very challenging, and most retailers have had little choice but to make recommendations based on limited, infrequently updated data.

The **Market Basket Analysis** module enables intelligent real-time recommendations and promotional offers based on a wide range of data related to the customer's prior shopping behavior and earlier same-day purchases made by similar customers. It helps to drive more cross-sell opportunities by detecting when shoppers have entered the store via a smartphone mobile app or quick loyalty card scan at the store entrance, for example. Rather than having to wait until checkout at the cash register, store associates can immediately begin proposing available merchandise, coupons, and additional products these customers are likely to buy. It also allows you to take the current state of inventory into account to decide which products to merchandise together, more accurately predict sales lift, and determine which combinations of merchandise drive the largest margin and represent the largest opportunities.

2. *Interact with customers more intelligently with the Next Best Action module*

Companies have traditionally focused on developing cross-sell and retention strategies with predictions based on historical purchase behaviors that are updated on a monthly basis. This limited, static approach does not include data related to customer interactions with specific products, brands, or stores nor does it allow for adjustments based on recent behaviors.

The **Next Best Action** module enables smarter strategies that integrate purchase behaviors and promotion rules with predictive algorithms for action recommendations that are customized, relevant, and can be delivered right at the moment customers are interacting with you – whether they're shopping online, casually browsing for sales in a store, using their loyalty card at the register, or chatting with a customer service representative. This instant insight will allow you to do more than just sell relevant merchandise to your shoppers; it will enable you to give them the multifaceted, relevant attention they increasingly expect.

3. *Optimize sales and promotions strategies with the Markdown Management module*

Retailers have to take many factors into account when running a promotion and must react quickly in response to change, whether it's accurately timing discounts to correspond with the release of new merchandise, ensuring that there are enough promotional items in stock, or understanding how markdowns may affect stores and channels differently. Until now, limited access to data has made this instantaneous action impossible, limiting the effectiveness of promotions.

To optimize supply chain response and support ongoing promotions, the **Markdown Management** module uses real-time sales and inventory information as well as margin analysis to smooth sales over a given period of time. It



increases the efficiency and profitability of markdowns by allowing you to adjust promotional strategies in response to sales and margin performance and inventory sell through, match the purchase history of loyalty cardholders to relevant sales and promotions, and optimize logistical costs associated with promotions.

A future-proof solution

Capgemini has closely collaborated with SAP to ensure that your investment in Extreme Applications for Retail retains long-term value. The solution is based in standard tools from SAP and has an analytical foundation layer built on the Association for Retail Technology Standards (ARTS) industry data model. As a result, the solution will remain compliant with industry standards and can be used in non-SAP ERP contexts.

Start the journey to agile retail

To get you started on your journey to fast, optimized, real-time retail, Capgemini offers a brief discovery workshop that provides an introduction to the solution and features a demonstration of its pre-built dashboards. When you are ready to gain a deeper understanding of how these applications will fit into your organization, Capgemini engages your key business stakeholders in a comprehensive Strategic Value Assessment. This assessment provides a picture of how our Extreme Applications for Retail could optimize your business, determines the most critical features of the applications for your specific context, evaluates how the solution can be implemented in your landscape, and delivers a step-by-step implementation plan. Capgemini will then work with you to set up the first implementation in a matter of weeks so you can start seeing value right away.

Collaborate with the experts

Capgemini has collaborated closely with SAP to extend the value of SAP HANA one step further with our Extreme Applications for Retail. We are delivering this solution at MS Mode, a European fashion retailer with over 400 stores in 6 countries.

Since launching initiatives around SAP HANA in 2011, Capgemini has led the way in delivering innovative SAP HANA projects for companies across multiple sectors, including Retail and Fashion, Consumer Products, Transportation, Public Sector, and Utilities. Capgemini has supported these deliveries with its SAP HANA Center of Excellence, BIM Center of Excellence, and more than 250 people trained on SAP HANA who support rapid, cost-effective implementation and maintenance. In addition, Capgemini has been honored with SAP Pinnacle awards for six consecutive years, demonstrating our SAP excellence and commitment to deepening our partnership with SAP.

Capgemini has also established itself as a leader in delivering innovative value-added solutions to the Retail sector, with more than 10,000 resources having served 27 of the world's 30 largest retailers and hundreds more, in recent years with the assistance of CRESCENT, our global Consumer Products and Retail Solutions Center.

Act now to keep up with your customers

As time goes on, your customers will become even more connected, savvy, and expecting of high-quality customer service. Capgemini's Extreme Applications for Retail leverage SAP HANA's real-time insight so you can anticipate what your customers want next and successfully act on those predictions – before your competition.



About Capgemini

With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at
www.capgemini.com