SAP Fashion Management

AFS ASUG Fall Meeting 27-29 October

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Fashion is moving fast

Fashion is being driven by four critical forces:

Globalization

Faster Fashion

Customer Experience

Vertically Integrated Channels

- Manufacturing – flexibility to deploy rapidly and globally
- Customer globalization in new markets – open up new channels in new markets simultaneously
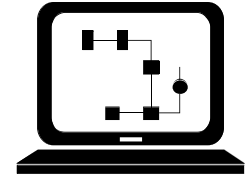- Sustainable operations and manufacturing

- More products and styles more often
- Concurrent seasons
- Regional segmentation – 'make local think global'

- Customers know brands not channels
- Customers need consistent interaction with their preferred brands
- Smartphone adoption drives buying with mulitple touch points

- Manufacturers and Wholesalers develop retailing to increase revenue, margin and brand image
- Retailers move to Wholesale and Manufacturing to control brand image, quality and margin

Co-Innovation with Leading SAP Customers

LUXOTTICA

TOMMY HILFIGER

adidas

GIORGIO ARMANI

Historical World Class Solutions for Fashion
Independent Master Data, Processes and Inventory with Batch Interfacing

SAP Apparel and Footwear (AFS) for Wholesale/Manufacturing

SAP Retail – for Merchandising, Store Distribution and Management
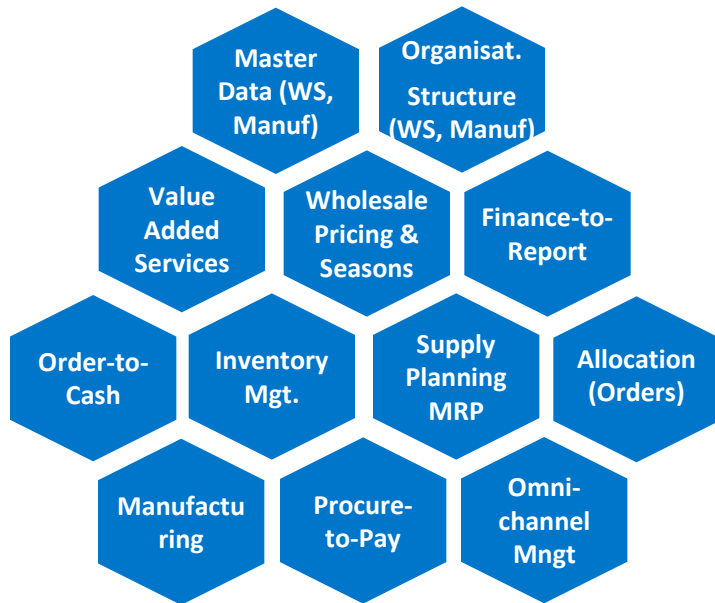

Conventional Database Only

HANA in-memory or Conventional Database

Significant Vertical Business Opportunities
By harmonizing Master Data, Processes and Inventory across Channels

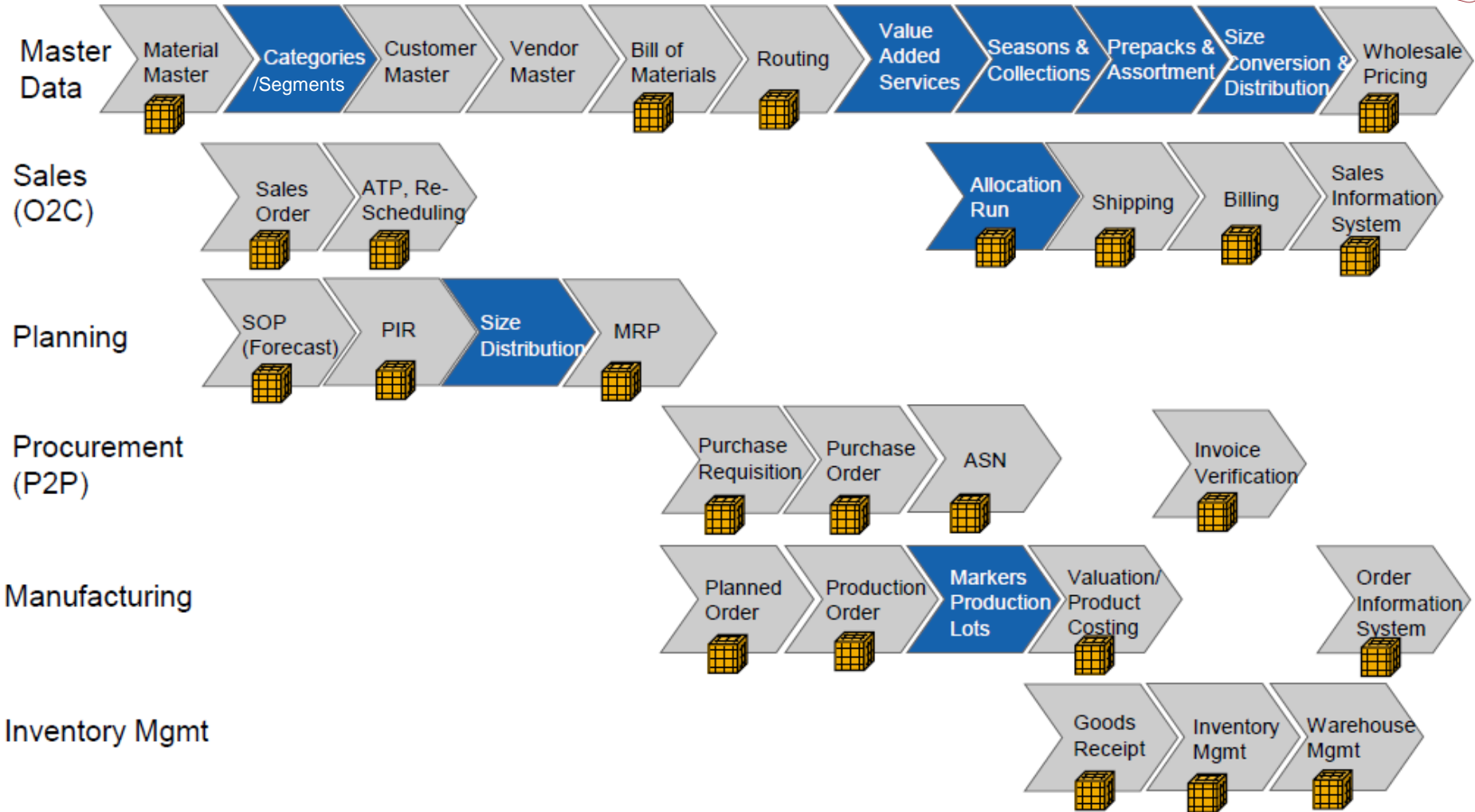## SAP Apparel and Footwear (AFS) for Wholesale/Manufacturing

- Master Data (WS, Manuf)
- Organisat. Structure (WS, Manuf)
- Value Added Services
- Wholesale Pricing & Seasons
- Finance-to-Report
- Order-to-Cash
- Inventory Mgt.
- Supply Planning MRP
- Allocation (Orders)
- Manufacturing
- Procure-to-Pay
- Omni-channel Mngt

SAP Retail – for Merchandising, Store Distribution and Management

- Master Data (Retail)
- Organisat. Structure (Retail)
- Assortment Planning
- Retail Pricing & Markdown
- Finance-to-Report
- Merchandising
- Inventory Mgt.
- Buying/ Replenishment
- Allocation (Stores)
- Promotion Management
- Store Back-Office Mgt.
- Omni-channel Mngt

SAP Fashion Management
Single Vertical Solution on HANA Technical basis SAP Retail

SAP Fashion Management on HANA

Leading Fashion Wholesale and Manufacturing* Processes

Master Data: Material Master | Categories /Segments | Customer Master | Vendor Master | Bill of Materials | Routing | Value Added Services | Seasons & Collections | Prepacks & Assortment | Size Conversion & Distribution | Wholesale Pricing

Sales (O2C): Sales Order | ATP, Re-Scheduling | Allocation Run | Shipping | Billing | Sales Information System

Planning: SOP (Forecast) | PIR | Size Distribution | MRP

Procurement (P2P): Purchase Requisition | Purchase Order | ASN | Invoice Verification

Manufacturing: Planned Order | Production Order | Markers Production Lots | Valuation/Product Costing | Order Information System

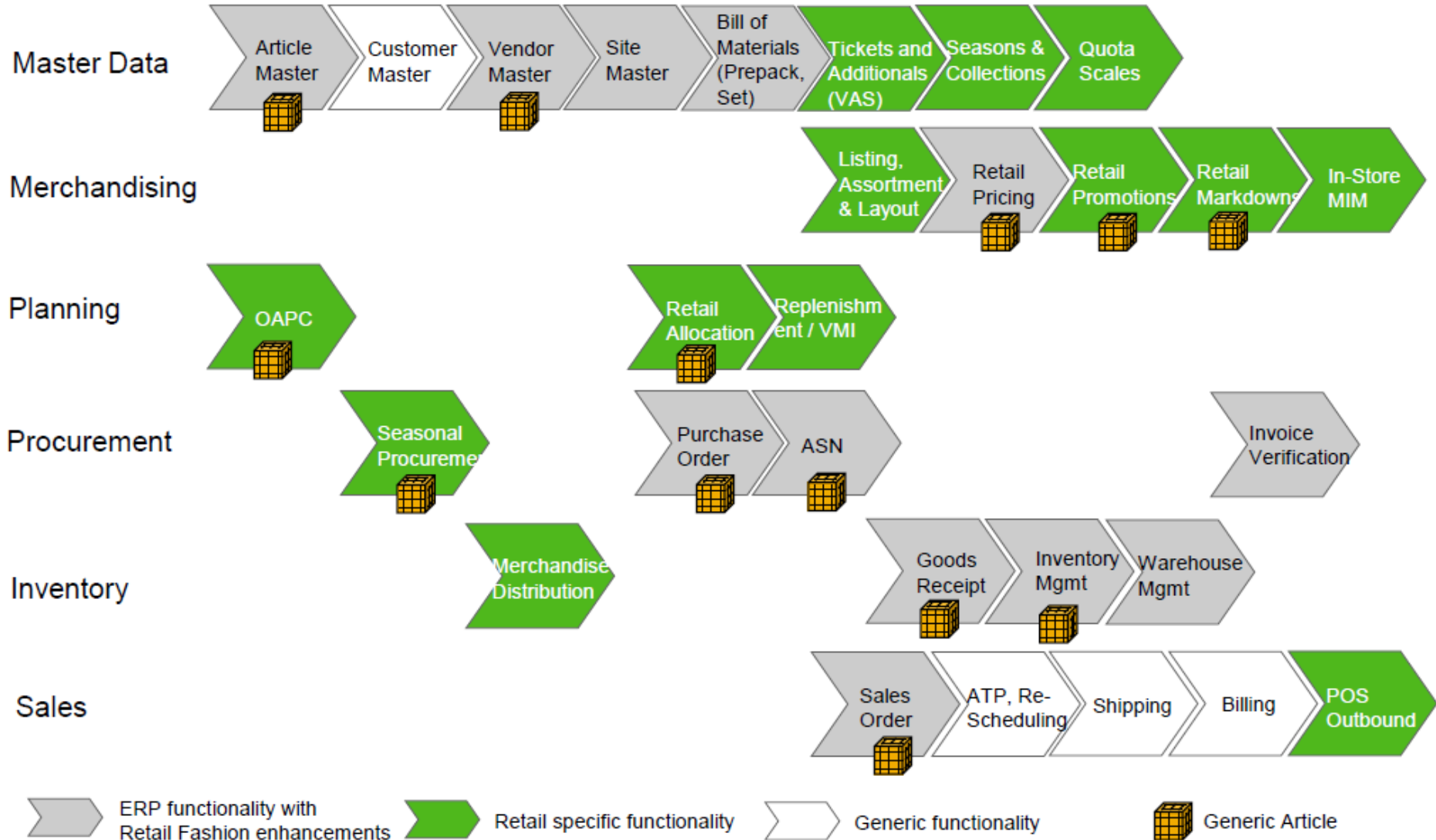**Inventory Mgmt:** Goods Receipt | Inventory Mgmt | Warehouse Mgmt

Legend:
- ERP functionality with Wholesale Fashion enhancements
- SAP FMS specific functionality
- Grids, Size Conversion and Categories

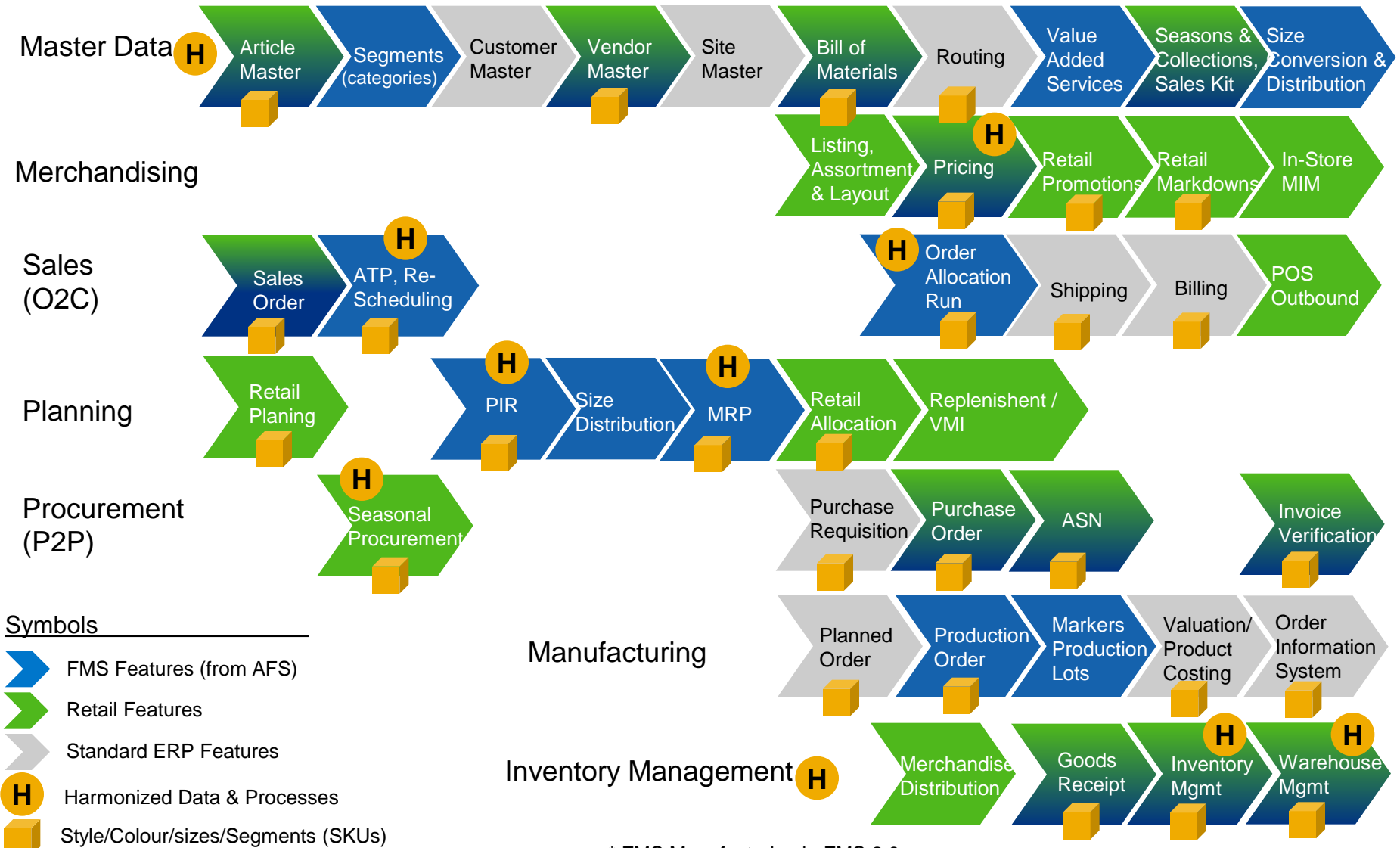*FMS Manufacturing in FMS 2.0

SAP Retail (ERP) on HANA – Fashion Scope

Leading Fashion Retail Processes

Master Data: Article Master, Customer Master, Vendor Master, Site Master, Bill of Materials (Prepack, Set), Tickets and Additionals (VAS), Seasons & Collections, Quota Scales

Merchandising: Listing, Assortment & Layout, Retail Pricing, Retail Promotions, Retail Markdowns, In-Store MIM

Planning: OAPC, Retail Allocation, Replenishment / VMI

Procurement: Seasonal Procurement, Purchase Order, ASN, Invoice Verification

Inventory: Merchandise Distribution, Goods Receipt, Inventory Mgmt, Warehouse Mgmt

Sales: Sales Order, ATP, Re-Scheduling, Shipping, Billing, POS Outbound

Legend:
- ERP functionality with Retail Fashion enhancements
- Retail specific functionality
- Generic functionality
- Generic Article

SAP Fashion Management with SAP Retail

Harmonized Fashion Wholesale, Retail and Manufacturing* Processes

LAB Preview

Master Data
(H) Article Master → Segments (categories) → Customer Master → Vendor Master → Site Master → Bill of Materials → Routing → Value Added Services → Seasons & Collections, Sales Kit → Size Conversion & Distribution

Merchandising
Listing, Assortment & Layout → (H) Pricing → Retail Promotions → Retail Markdowns → In-Store MIM

Sales (O2C)
Sales Order → (H) ATP, Re-Scheduling ⋯ (H) Order Allocation Run → Shipping → Billing → POS Outbound

Planning
Retail Planing → (H) PIR → Size Distribution → (H) MRP → Retail Allocation → Replenishent / VMI

Procurement (P2P)
(H) Seasonal Procurement ⋯ Purchase Requisition → Purchase Order → ASN → Invoice Verification

Manufacturing
Planned Order → Production Order → Markers Production Lots → Valuation/ Product Costing → Order Information System

Inventory Management (H)
Merchandise Distribution → Goods Receipt → (H) Inventory Mgmt → (H) Warehouse Mgmt

Symbols

- ▶ FMS Features (from AFS)
- ▶ Retail Features
- ▶ Standard ERP Features
- (H) Harmonized Data & Processes
- 🟧 Style/Colour/sizes/Segments (SKUs)

* FMS Manufacturing in FMS 2.0

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FMS Value Proposition
For Fashion Wholesalers, Retailers and Manufacturers

FMS Game Changers			TCO Reduction	Transparency

FMS Game Changers

- **Stock-Outs**
- Sales & Gross Margin Optimization
- Markdown/Discount Management
- **Reduce Chargebacks**
- Number of sales where Up-/Cross-Sell are offered
- **Inventory levels** (DII)
- Inventory carrying cost
- Write-Offs for obsolete inventory
- **Demand planning efficiency**
- Customer Retention
- Revenue from Substitutes/Alternatives
- **On-Time delivery performance***
- **Order fill rate***
- Number of lost orders*
- Backordered items cancelled by customers*

- Quote request to delivery cycle time*
- Order receipt to ship cycle time*
- Reduce raw materials and WiP, finished goods inventory
- **Time-to-Market for new products**
- On-Time delivery of POs to suppliers*
- Procurement productivity
- Improve direct/indirect material and services savings
- Increase spend under contract
- Reduce cost to support supplier contract management
- **Purchase order error rate***
- New contract creation cycle time*
- **Orders expedited***
- **Inventory accuracy***
- Orders shipped on time*

- Warehouse operations efficiency
- Reduce errors in lines shipped
- Warehouse technology cost per DC

TCO Reduction

- IT budget spent on data cleansing
- **IT integration cost**
- IT data quality fixing cost
- IT efficiency

Transparency

- Business and operations reporting productivity
- Invoice processing efficiency
- IT cost to support planning & consolidation
- Time to create new finance report*

Note for pure FMS Fashion wholesalers and/or manufacturers SAP Retail is an optional purchase

* Strategic qualitative KPI

SAP FMS and SAP Business Suite

All Current AFS and Fashion Retail Business Suite Apps to be Supported by FMS

SAP FMS

SAP RETAIL

SAP ECC ERP

SAP HANA
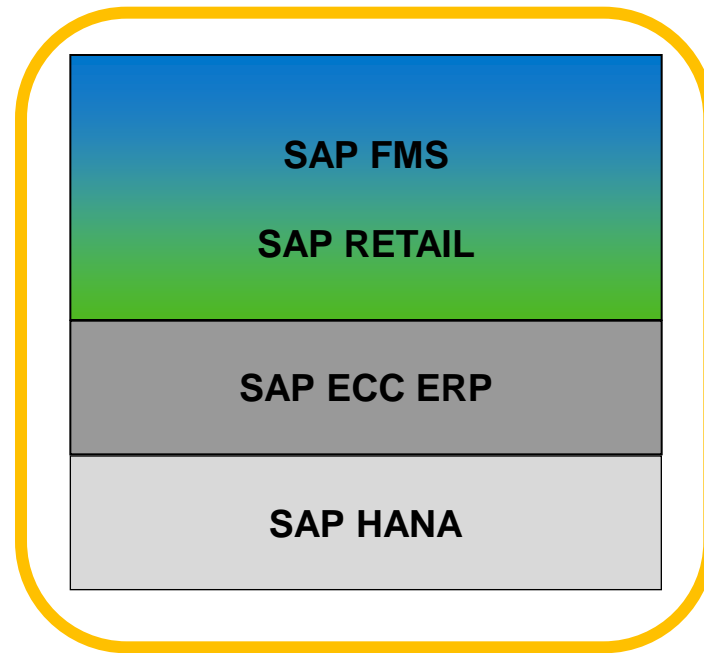
Optimized FMS, Retail and standard ECC ERP processes using HANA

P4R	F&R	CRM Hybris	SCM DP	SCM SNP	SCM SNC Ariba	EWM	GTS	MDM/MDG	BI/BW	CAR	BOBJ

Business Suite Components from AFS and Retail*

FMS = Fashion Management Solution

* = Existing Business Suite Integration

SAP Retail Merchandising is needed for vertical FMS and Retail Processes

For Fashion wholesalers and/or manufacturers, SAP Retail Merch is an upsell purchase option

SAP Fashion Management Roadmap
For Fashion Wholesalers, Retailers and Manufacturers

LAB Preview

SAP FMS 1.0	SAP FMS 1.0 Feature Pack(FP)1.5	SAP FMS 2.0	SAP FMS 2.0 Feature Pack 2.5

SAP FMS 1.0

Fashion Wholesale
- Master Data
- Segmentation
- Order 2 Cash (incl Arun, ATP)
- **Fiori** App for Allocation Manager
- Procure 2 Pay
- Inventory and Segmentation

Retail Harmonization 1

Business Suite Integration 1

Ramp Up Start Date: May 16th 2014

Ramp Up End Date*: Nov. 2014

FMS 1.0 Migration Tools

SAP FMS 1.0 Feature Pack(FP)1.5

Enhanced Wholesale Functionality
- MRP N:M, Segmentation enabled MRP
- MD04 for Fashio
- **Fiori** Buy Planner Application
- WM enablement
- ATP N:M
- Parallel ARUN and ARUN preview
- Support for CITES
- Usability improvements for master data

FMS 1.5 Migration Tools

SAP FMS 2.0

Manufacturing
- Manufacturing Apparel, Footwear, Accessories
- Manufacturing planning
- Make-to-Measure
- Subcontracting

Wholesale
- Distribution Profile
- Vendor Consignment
- BW Extractors
- Master, Sales & Purchasing Grids
- Multi Store Orders
- Material Ledger

Retail Harmonization 2

BusinessSuite Integ. 2

FMS 2.0 Migration Tools

SAP FMS 2.0 Feature Pack 2.5

Topics to be confirmed:

Retail Harmonization 3

Business Suite Integration 3

Additional Wholesale and Manufacturing Functionality

FMS2.5Migration Tools TBC

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* Subject to meeting Ramp Up exit criteria
** Depending on Core Business Suite Timelines

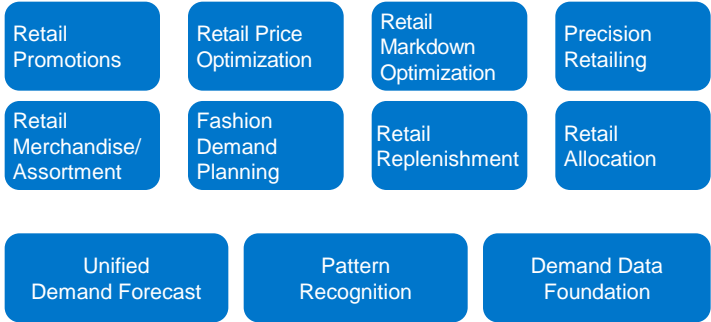| May 2014	12/2014	Jan 2015 *	Q3 2015**	2016**

Migration tools (SAP DTMT) for AFS to FMS data/transaction migration

SAP's Fashion Vision
Single Fashion Platform for Multi-Channels

Fashion Strategy: A Global Vertical Fashion platform supporting multiple brands and channels from a Single Inventory with deep Consumer Intimacy from converting Big Data into Exceptional Business Insights and Results
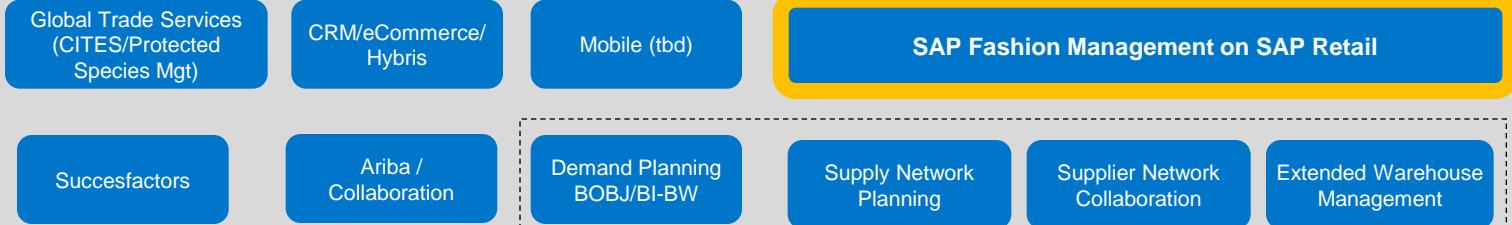
Analytics
Mobility

				Customer Centric Retailing
Retail Promotions	Retail Price Optimization	Retail Markdown Optimization	Precision Retailing	
Retail Merchandise/ Assortment	Fashion Demand Planning	Retail Replenishment	Retail Allocation	

			Consumer Insight
Unified Demand Forecast	Pattern Recognition	Demand Data Foundation	

Customer Activity Repository (CAR) powered by SAP HANA

SAP Business Suite powered by SAP HANA

				Multi-Channel Support
Global Trade Services (CITES/Protected Species Mgt)	CRM/eCommerce/ Hybris	Mobile (tbd)	**SAP Fashion Management on SAP Retail**	

					Fashion Supply Chain
Succesfactors	Ariba / Collaboration	Demand Planning BOBJ/BI-BW	Supply Network Planning	Supplier Network Collaboration	Extended Warehouse Management

Supply Chain Management powered by SAP HANA

Fashion Article for Style/Color/Size
Returning Fashion to a standard architecture with SAP Fashion Management

AFS Material with a Grid and Generic Article in SAP Retail

AFS Material Grid

Size	Color	
	Blue	Red
small	ean1	ean2
medium	ean3	ean4
large	ean5	ean6

SAP Retail Generic Article

Variant001	small	blue	ean1
Variant002	small	red	ean2
Variant003	medium	blue	ean3
Variant004	medium	red	ean4
Variant005	large	blue	ean5
Variant006	large	red	ean6
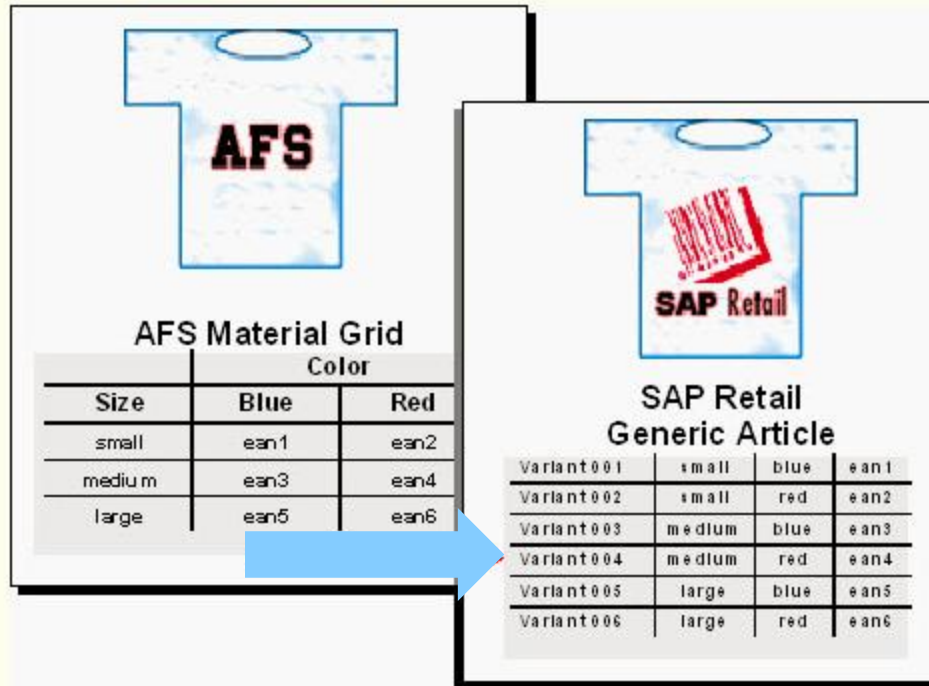
AFS Sales Order Header
   Item = Material / Style
      Schedule Line = Size, delivery details

Retail Sales Order Header
   Item = Generic Article = Style
      Sub-Item = Variant (material) = Size
         Schedule Line = delivery details

SAP Data Transport & Migration Tool (DTMT)

Rich content and services to accelerate AFS-FMS implementations

LAB Preview

FEATURES:

- Solution to allow Apparel & Footwear Customers to migrate to Fashion Management Solution
- Based on proven and very successful R/2 – R/3 methodology
- Data is directly read from and written into database tables
- Designed to handle large amounts of data
- Different migration approaches are supported (stepwise, big bang,…)
- Define migration strategy according to business priorities
- Customizable & Extensible

SHIPMENT:

- Add-on delivery
- RTC Planned September 2014
- Program DTMT1.0
- Execution integrated into FMS

FRAMEWORK

- New ETL Tool supporting data migrations between APAB based SAP systems
- Split in Design time & Run time
- Open to customers & p artners

EXPORT CONTENT

- Provided by SAP
- Adaptable and extensible by customers
- Powerful data extraction capabilities allow stepwise migrations
- Performance optimized

IMPORT CONTENT

- Includes all mappings between standard AFS and FMS
- Provided by SAP
- Consistent value mapping functionality integrated
- Adaptable and extensible by customers
- Performance optimized

ENABLEMENT

- Training Material
- Guides
- Partner and Customer training offerings will supplement the solution

DTMT Framework
EXPORT CONTENT
IMPORT CONTENT
Enablement

Standard Paths to the FMS Platform
Start with or without SAP Retail, Optional AFS Data Migration

1. From Existing AFS

(1)

| SAP AFS 6.0 |
| Legacy DB |

Optional Data Migration from AFS to FMS
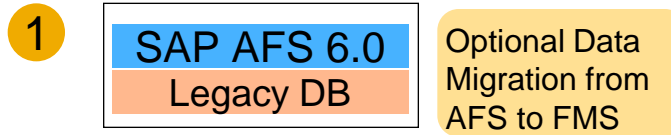
2. New FMS with Retail

(2)

Stand Up new FMS 1.0 on Retail with HANA

| SAP FMS 1.0 |
| SAP Retail 6.7 |
| SAP HANA |

Vertical Platform on HANA

3. New FMS no Retail
(SAP Retail can be used later)

(3)

Stand Up new FMS 1.0 with HANA (Retail not used)

| SAP FMS 1.0 |
| SAP Retail 6.7 |
| SAP HANA |

Wholesale Platform on HANA

4. From Existing Retail

(4)

| SAP Retail |
| SAP HANA |

Install FMS 1.0 on Retail with HANA

| SAP FMS 1.0 |
| SAP Retail 6.7 |
| SAP HANA |

Vertical Platform on HANA

Implement HANA On existing Retail

| SAP Retail |
| Legacy DB |
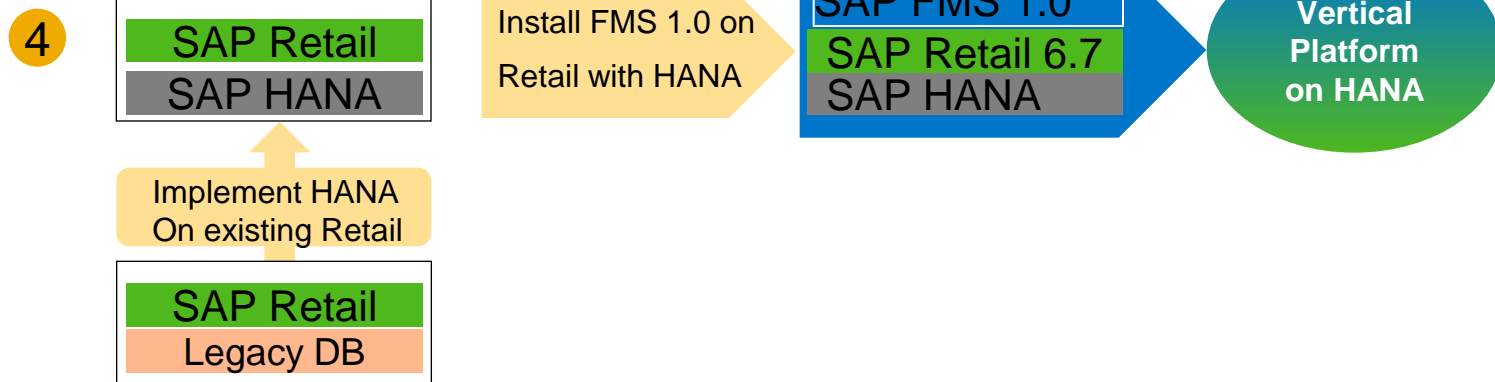
SAP Fashion Management Update

THANK YOU!

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