IBM

# Transform your supply chain to meet changing consumer demand head on.

### Highlights

- Establish a single repository through which everyone in your supply chain can share accurate product information

- Create visibility into supply chain events, allowing you to track product movement and resolve problems quickly

- Maximize planning flexibility so you can sense and respond to changing consumer demand and behavior in real time

- Optimize vendor collaboration by integrating business processes and data within your enterprise and with your trading partners

A radical transformation in consumer demand — driven by more access to product information, greater variation in individuals' needs, consumer polarization and the consolidation of mega-retailers — adds complexity and cost into your supply chain. The end result? Lost sales and lost customers. Traditional supply chain models limit your ability to stay on top of how customer behavior affects your supply chain, keeping you one step behind the curve. So you maintain a safety net of products to avert outages, tying up your capital in stock. When stock runs out, your service level drops and you lose sales. Then you're forced to correct deficiencies by expediting out-of-stock products to the shelf, which escalates logistics costs. It's a vicious circle.

In today's extreme retail world, staking revenue and customer loyalty on outdated forecasts can be risky. You need to create a consumer-driven supply chain that responds

ON DEMAND BUSINESS™

to real events by adopting several key changes:

- Access and share accurate, consistent and granular data to create visibility across the supply chain.
- Drive planning cycle flexibility by using this real-time data to update forecasts hourly or even by the minute so you can quickly sense and respond to changes in consumer demand.
- Integrate data and business processes to improve vendor collaboration.
- Measure the success of your supply chain at the moment of truth — when the consumer makes a purchase — rather than based on outdated internal factors.

**Leverage IBM's retail industry expertise to transform your supply chain**

IBM solutions for the retail industry bring together the extensive IBM portfolio of hardware, software and high-value services — and its wide network of Business Partners — to address the most prevalent challenges for clients in the industry. IBM solutions and retail industry experience help each client accelerate its progress in becoming an On Demand Business — so it can respond with flexibility and speed to virtually any customer demand, market opportunity or external threat.

Creating business processes with a *service orientation* has emerged as the best way to achieve that flexibility and speed, as well as agility and resilience. Service orientation takes everyday business applications and breaks them into individual business tasks, called services. These services can then be shared with other departments within your company, integrated with your trading partners and exposed directly to customers to create new or modified business processes. As a result, you have the flexibility to easily respond to changing market requirements. And because these services can tie together existing enterprise resource planning (ERP), human resources (HR), customer relationship management (CRM) and supply chain systems from leading vendors such as SAP, Oracle, Siebel and JD Edwards, there is no "rip and replace" required. Furthermore, these services can be used across multiple processes — rapidly, easily and consistently — to help drive improved time to value and reduced costs.

IBM software, a key building block of the IBM solutions for the retail industry, is vital to employing a service orientation strategy. It helps our clients

*"West Marine has reduced by 80% the time it takes to set up new-product data for use by all departments. Now that it's automated, we've reduced from five days to one day the time it takes to set up one new product."*

**— Michael Parrish
Director, Business Process Planning
at West Marine**

achieve business flexibility by enabling them to model, assemble, deploy and manage business processes for today's on demand business environment.

Based on a comprehensive framework for creating a consumer-driven supply chain, IBM software for the retail industry enables you to become a consumer-driven retailer — by understanding your supply chain strategy and organizational design, and by focusing on mission-critical business processes. Pulling from a broad range of solutions, technology and IT services within the framework, IBM software for retail consumer-driven supply chain can

help you resolve specific challenges in bite-sized portions — one investment at a time — with tactical offerings that move you toward a consumer-driven supply chain at your own pace. Start by transforming the area of your supply chain that needs it most:

- Enterprise data management
- Supply chain visibility
- Advanced forecasting and replenishment
- Trading partner integration

Then, when you're ready, extend your investment in IBM software for your supply chain to address related areas — layering on top of your existing solution and reusing elements to build a responsive, cost-effective supply chain.

### Establish one true source of product information to drive consistency

An effective way to approach the transformation of your supply chain is by starting with its most fundamental element: the products you trade. Retailers and manufacturers often share product data in archaic, manual ways, such as passing spreadsheets back and forth, which is time consuming and increases the risk of error. IBM offers

global data synchronization and enterprise data management capabilities that allow you to aggregate, manage, share and coordinate product information within your enterprise and with outside trading partners to create one source of product truth for everyone.

As a core component of IBM software for the retail supply chain, IBM WebSphere® Product Center enables you to assemble a central repository for storing and managing various types of product information, including item, location, organization and trading partner data as well as the linkages among those, such as prices and trade terms. Maintaining up-to-date, accurate product information in one convenient place helps eliminate errors and inconsistencies in product data across internal departments and between you and your trading partners. Integrating this product data with your suppliers using IBM Global Data Synchronization for WebSphere Product Center helps you streamline processes and rapidly bring new products to market, which can lead to substantial sales and help minimize inventory and logistics costs.

## Create visibility across your supply chain

Today's supply chains are constrained by barcode scanning, which requires line-of-sight visibility and manual intervention that can limit the ability to collect timely data. To be consumer driven, you need to see the location and movement of your products in real time to be able to immediately identify and resolve problems. For example, if this season's new cargo pants are flying off the shelves, you need to quickly alert the warehouse to ship more before your customers encounter empty shelves and take their business to your competitors.

If you're armed with clear insight into your supply chain, you won't have to guess what's happening with your products — you'll know. Supply chain visibility can help you drive revenue and customer satisfaction as well as minimize costs by replenishing the right stock at the right places at the right times. Through automatic tracking of inventory location and movement, you can optimize efficiency and costs by avoiding manual inventory checking.

Enterprise performance management capabilities, supported by radio frequency identification (RFID), help monitor key metrics across the supply chain in real time. IBM software for retail supply chain leverages this technology in IBM RFID Premises Server and WebSphere Product Center to enable you to automatically capture, filter and integrate accurate, real-time RFID-generated data from every point in your network, including warehouses, distribution centers and retail stores. As a result, you can rapidly detect critical operational events.

## Sense and respond to consumer demand with planning flexibility

A consumer-driven supply chain requires a highly flexible planning system. You need to sense changes in consumer behavior and immediately respond in ways that benefit your bottom line. IBM can help you leverage real-time product information to create a highly flexible infrastructure. In turn, a responsive infrastructure can help you optimize supply chain planning processes that tie replenishment to consumer demand.

Key offerings within IBM software for consumer-driven supply chain, including IBM WebSphere Business Integration Server, work together to facilitate hourly or even sub-hourly forecast updates so you can accurately predict and respond to demand spikes. If demand for a product surges in your East Coast stores but declines in the Midwest, you can quickly arrange for goods to be reallocated to where they will generate the most revenue. You can also use flexible planning capabilities to facilitate innovation by translating a change in consumer purchase behavior into a new product concept that can drive revenues.

## Integrate business processes and data to optimize vendor collaboration

In traditional supply chain models, manufacturers and retailers often focus more on maximizing their own internal systems than on working together to meet the needs of consumers. But to be truly consumer driven, you must also enable collaboration with key trading partners. IBM software for retail supply chains helps you deliver collaborative solutions — powered by integrated technologies, tools and processes — that

let your trading partners access critical information, which can help you minimize inventory and supply chain costs.

The IBM trading partner portal offering provides a single window through which your partners can access the full range of collaborative supply chain processes required to break down functional boundaries and enable the consumer-driven supply chain. If you and your vendors have dissimilar systems and applications, you can use IBM software to connect them and enable them to exchange security-rich data.

You can facilitate further collaboration using IBM WebSphere Everyplace® Access, which extends business applications and data to internal and external users on their mobile devices. This provides an easy, efficient way for your employees to collaborate with vendors.

## Build a flexible supply chain on a solid IT foundation

The retail world is consumer driven and rapidly evolving. Make sure your supply chain is, too. Prepare now with a dynamic supply chain that:

- Provides a single repository for product information.
- Creates insight into product movement.
- Senses and responds to consumer demand.
- Integrates business processes and data to help optimize vendor collaboration.

IBM can help you get there with a comprehensive solution that lets you start the transformation to a consumer-driven supply chain in small, manageable stages. The flexible service orientation from IBM allows you to rapidly integrate and choreograph your business processes between each initiative. All while you leverage existing investments to help optimize your return on investment (ROI).

## Business Partners help further leverage IBM software capabilities

IBM software for retail consumer-driven supply chain is complemented by applications and services provided by our IBM Business Partners — including the hundreds of Business Partners specializing in service orientation — helping to make this solution a world-class foundation for successful management of retail operations. Working in partnership with our clients, IBM and IBM Business Partners can help meet the needs of today's retailers.

*"IBM is emerging as the leader in RFID integration."*

**— Kara Romanow**
**AMR**

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**For more information**

IBM is unique in its combination of unmatched retail industry experience, deep service orientation skills, unparalleled Business Partner network, and software and technology product excellence — and as a result is a clear leader in service orientation. We can help you get started with service orientation, whether for the enterprise, a departmental initiative or a single project. IBM is the ideal partner for retailers seeking to differentiate themselves by meeting their customers' expectations quickly and efficiently.

To learn more about IBM software for retail consumer-driven supply chain and other retail industry–specific offerings, contact your IBM representative or IBM Business Partner, or visit **ibm.com**/software/industries/retail

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