

MAXIMIZE SELL-THROUGH RATES BY HOLDING INVENTORY UNTIL NEEDED WITH IFS'S ASSORTMENT SOURCING AND REPLENISHMENT SOLUTION

Today's retailers need to be more efficient than ever to respond to rapidly changing consumer behavior. Traditional stock and supply chain management systems have focused primarily on assortment planning, without taking volume into account. Now, IFS Assortment Sourcing and Replenishment™ handles both tasks, allowing retailers to have products in their distribution centers and stores precisely when they're needed.

IFS is recognized around the world as a leading provider of enterprise solutions for business. In the highly competitive world of retail, IFS offers operators the software they need for efficient supply chain management integrated into a complete enterprise software solution with back office and HQ functionality. IFS's new assortment sourcing and replenishment (ASR) solution recognizes that the key to success for a store or chain of stores is having the right product in the right shop at the right time. Developed in cooperation with one of the Nordic region's biggest sporting goods retailers, ASR is a customer-specific solution, covering ordering, distribution center and store. Planning is combined for both the season and the customers' needs.

By allowing inventory to be held back and supplied precisely when needed, ASR helps retailers increase their sell-through rates.

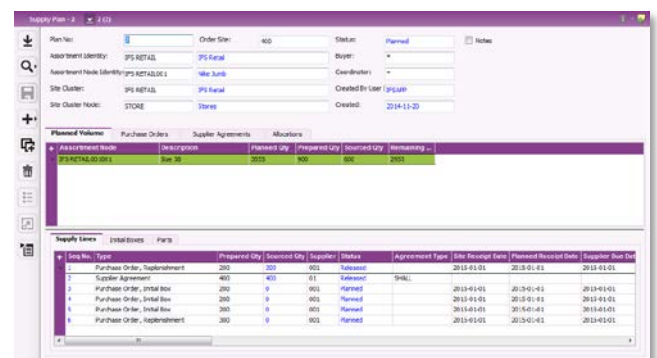
RESPONSIVE STOCK REPLENISHMENT

For most physical retailers, freight costs from the distribution center to the store or stores are negligible. However, sending unsold goods back to the distribution center eats up the whole margin. This means there's a major advantage in being able to quickly order what's needed in the store, or to supplement a previous order with, for example, a size or color.

In the case of a retailer such as a sporting goods chain, stocking begins with items being purchased from suppliers. So, when the retailer wants t-shirts for the start of the season, it contacts suppliers and orders a certain number of shirts in various sizes. The t-shirts then arrive at the distribution center, packed according to the agreement, and are distributed out to the stores. The beauty of ASR is that if one store sells out of the large size, a box containing only large-size shirts can be ordered from the distribution center. With the ASR, it's possible to order according to product or according to a size curve.

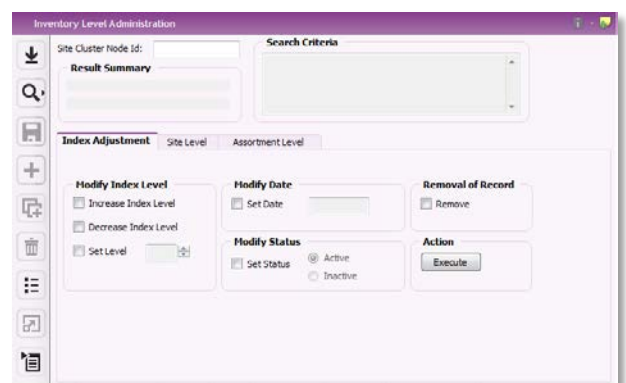
OPTIMAL STOCK LEVELS FOR THIS SEASON—AND THE NEXT

Many retailers carry so-called long-life products, such as black leggings. If a particular long-life product isn't selling as well as it did last season, it's desirable to sell what's already in stock and reduce the purchase for next season. With ASR, the purchasing order can be automatically changed, and an advantageous purchase price can be maintained without risking larger purchasing volumes than are required.



Assortment Node	Description	Planned Qty	Prepared Qty	Download Qty	Remaining Qty
IFS-K24200-001	Size 36	2000	100	0	2000

Seq No.	Type	Prepared Qty	Download Qty	Supplier	Status	Agreement Type	ASR Receipt Date	Planned Receipt Date	Supplier Run Date
1	Supplier Agreement	400	400	01	Released	SHALL	2013-01-01	2013-01-01	2013-01-01
2	Purchase Order - Topdown	200	0	001	Released		2013-01-01	2013-01-01	2013-01-01
3	Purchase Order - Initial Box	200	0	001	Released		2013-01-01	2013-01-01	2013-01-01
4	Purchase Order - Initial Box	200	0	001	Released		2013-01-01	2013-01-01	2013-01-01
5	Purchase Order - Replenishment	200	0	001	Released		2013-01-01	2013-01-01	2013-01-01



Inventory Level Administration

Site Cluster Node ID:

Search Criteria:

Result Summary:

Index Adjustment: Site Level | Assortment Level

Modify Index Level: Increase Index Level | Decrease Index Level | Set Level

Modify Date: Set Date

Remove of Record: Remove

Modify Status: Set Status | Active | Inactive

Action:



Many retailers try to use a Microsoft® Excel® spreadsheet to gain an overview of the stock levels controlling the flow from purchasing to the distribution center to the stores. But over time, the rapid chain of purchasing, stocking, and distribution becomes too complicated for this.

Without ASR, each store needs to be fine-tuned to maintain its own unique stock levels. IFS's existing products, Demand Planner and IPR, made it possible to determine a curve for optimal stock levels in advance, for example ahead of a season. However, ASR calculates four stock levels (four different indices) according to the sales period and price, where one level is "normal" and the other is "abnormal", either upwards or downwards.

As a result, it becomes simpler to work out delivery for all stores. For example, when it snows, a sporting goods retailer's system might receive the instruction: "Increase sled deliveries to all stores by one index level". As a result, the need in each store is raised according to the four previously calculated levels. This calculation is done overnight, and the orders can go out the following day.

SORTING BY PRODUCT TYPE

No store wants to hold a large stock of extremely expensive products. Using ASR, it's possible to sort by different types of products, from the extremely expensive, where low stock levels are desirable, to the less expensive. The most important thing to correctly calculate is the median assortment. The right product, the right store and the right price are absolutely critical. Mistakes in this chain lead to clearance sales, returns and losses, all of which can harm the overall margins of retail businesses.

FULL INTEGRATION WITH OTHER RETAIL COMPONENTS

ASR works as a standalone product, but supports IFS's various other products from distribution center to store. It offers all customers the same standard and the same work tool.

IFS's system architecture is component-based. This means that it's possible to add component packages and the more general functions and components that retail customers may need. IFS's development brings benefits to all customers. ASR is configured so that it suits every customer.

The challenges many retail operators face include juggling numerous stock items, including many with short seasons, as well as numerous stores, each with slightly different customers. On top of this is the pressure of running a big product database and having to make rapid assessments. ASR users don't have to worry about any of this. Each product is created when it is moved from the distribution center.

KEY ADVANTAGES

ASR provides retail buyers with an effective tool for reacting to changes within the current season. Buyers can thus make the most optimal purchases for this season—and the next.

Previously, it was common within retail segments, such as fashion, for major purchases to be made from suppliers based somewhere in East Asia. But a number of retailers have recently established their own production facilities in countries like India and Turkey. So, if something sells better than expected, it's possible to place a new order. For example, a retailer may want a number of jackets in blue, rather than the red initially ordered. Thanks to ASR, it's now simpler to see the total sales and adapt the order according to this. This is of great value when it comes to inventory, where it's useful to be able to set the right levels. This means good planning and forward planning with no unpleasant surprises

LEARN MORE

To find out more about how IFS's ASR solution can help improve the efficiency of your retail planning, or for general information about IFS Applications, please visit www.IFSWORLD.com.