



The Path To The Perfect Order



Kevin Stadler
General Manager, Americas
SAF

March 10, 2010

The Path To The Perfect Order

- ➔ Background on SAF and SAP F&R
- ➔ The Perfect Order
- ➔ How To Plan Your Path
- ➔ Road Hazards
- ➔ What is at the “End of the Road”
- ➔ Discussion



SAF Background

- SAP Forecasting and Replenishment Engine
- Owned by SAP (70% of Stock)
- Leading provider of forecasting / ordering solutions
 - Sole focus for 23 years
 - CAO solution licensed by >80 retailers worldwide
- HQ in Tägerwilen, Switzerland
- Initial customers:
 - Metro AG – world's 3rd largest retailer
 - DM Drug – 2200 store drug chain

Why Start Down The Path?

- CAO/CGO – Computer Assisted/Generated Ordering
 - Demand Forecasting linked directly to Ordering
 - Common Practice in Europe
 - Developing practice in North America
- Used to be All or Nothing, Multi-Year, High Risk
- SAF & SAP Offer a proven, low risk high ROI Path to the Perfect Order

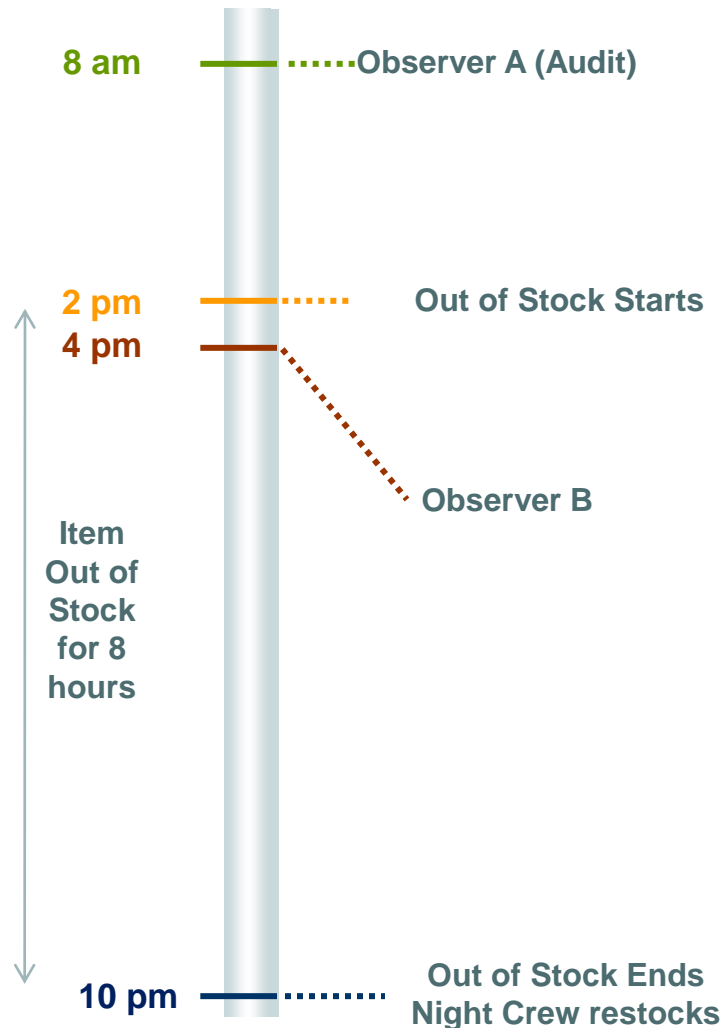
Why Start Down The Path?

Do you ever?

- Carry Too Much Inventory?
- Have Out Of Stock Product?
- Take Valuable in-store labor time to order



Road Hazard – Do We Really Know Where We Are?



Unless you measure duration, the measured out of stock will be lower than actual (see timeline to the left):

- Observer A sees 100% product availability.
- Observer B sees an out of stock item once in an 24 hour period 1/24 or 4% out of stock rate

The reality is that the product was out of stock for 8 out of 24 hours or a 33% out of stock rate.

To Take Any Trip...

Where Are We Going?

Where Are We Now?

How Will We Travel?

Why Should We Go?



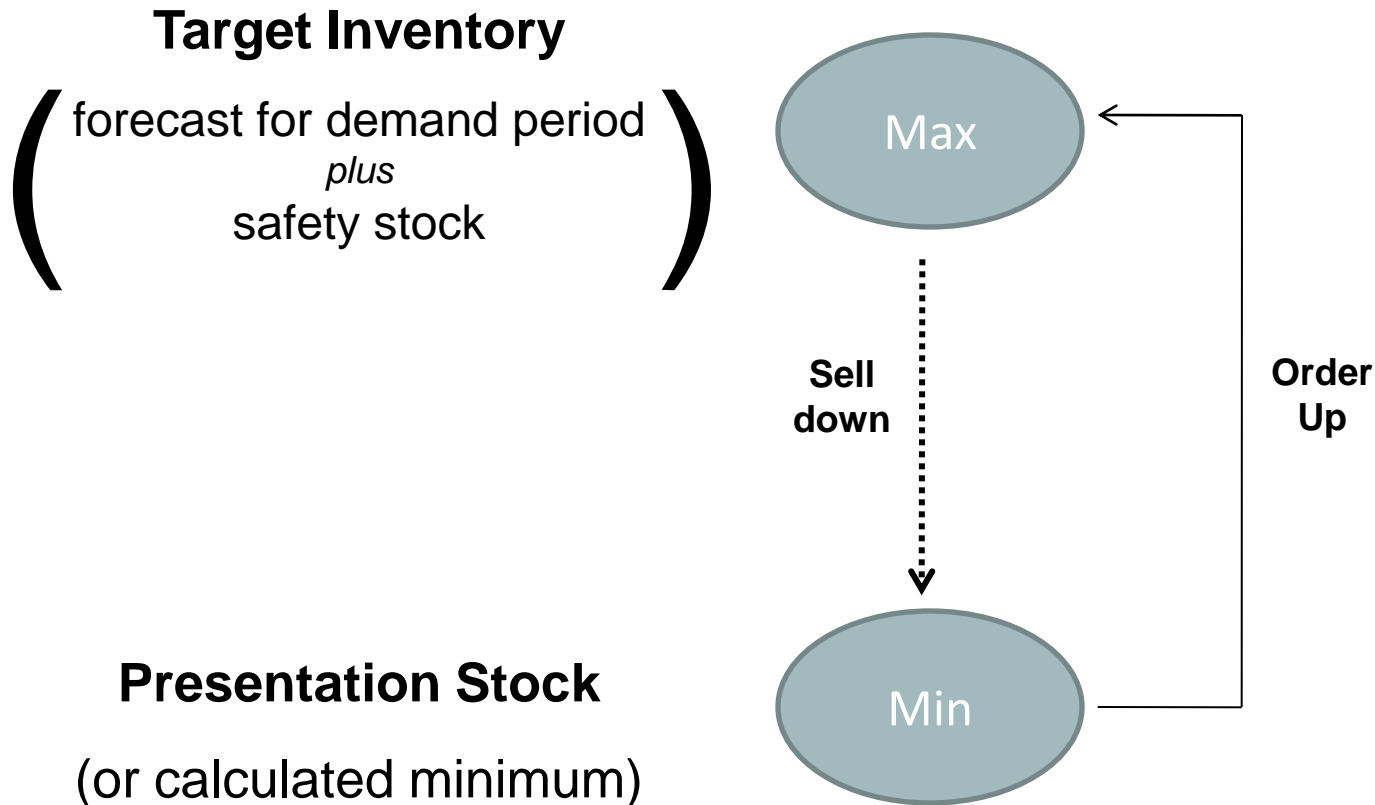
Where Are We Going?

- The Perfect Order:
 - Right Product
 - Right Place
 - Right Time
 - Right Labor
 - Right Cost

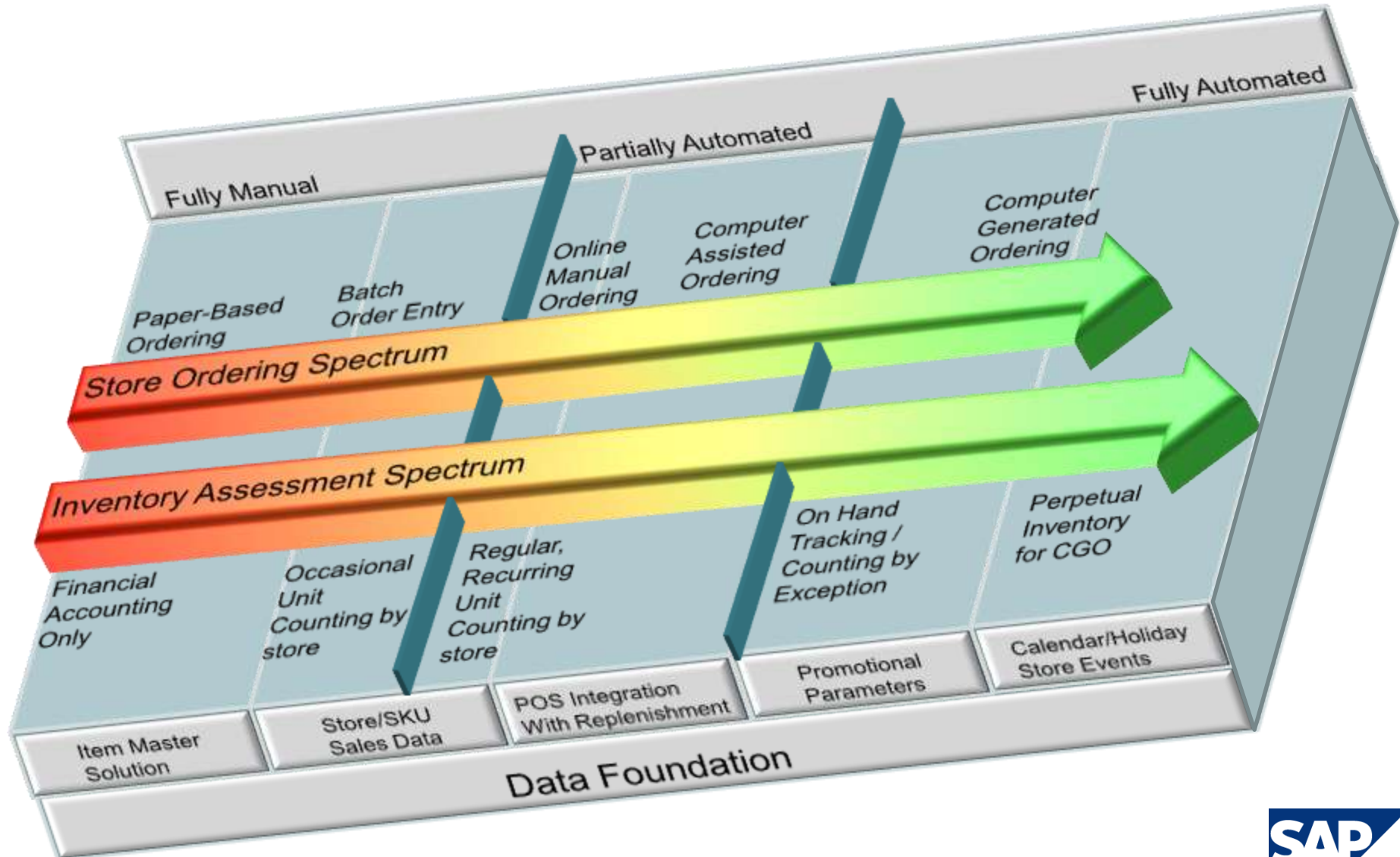


In other words... The product arrives at the shelf just as the customer buys the last one (and the shelf still looks good).






The Perfect Order



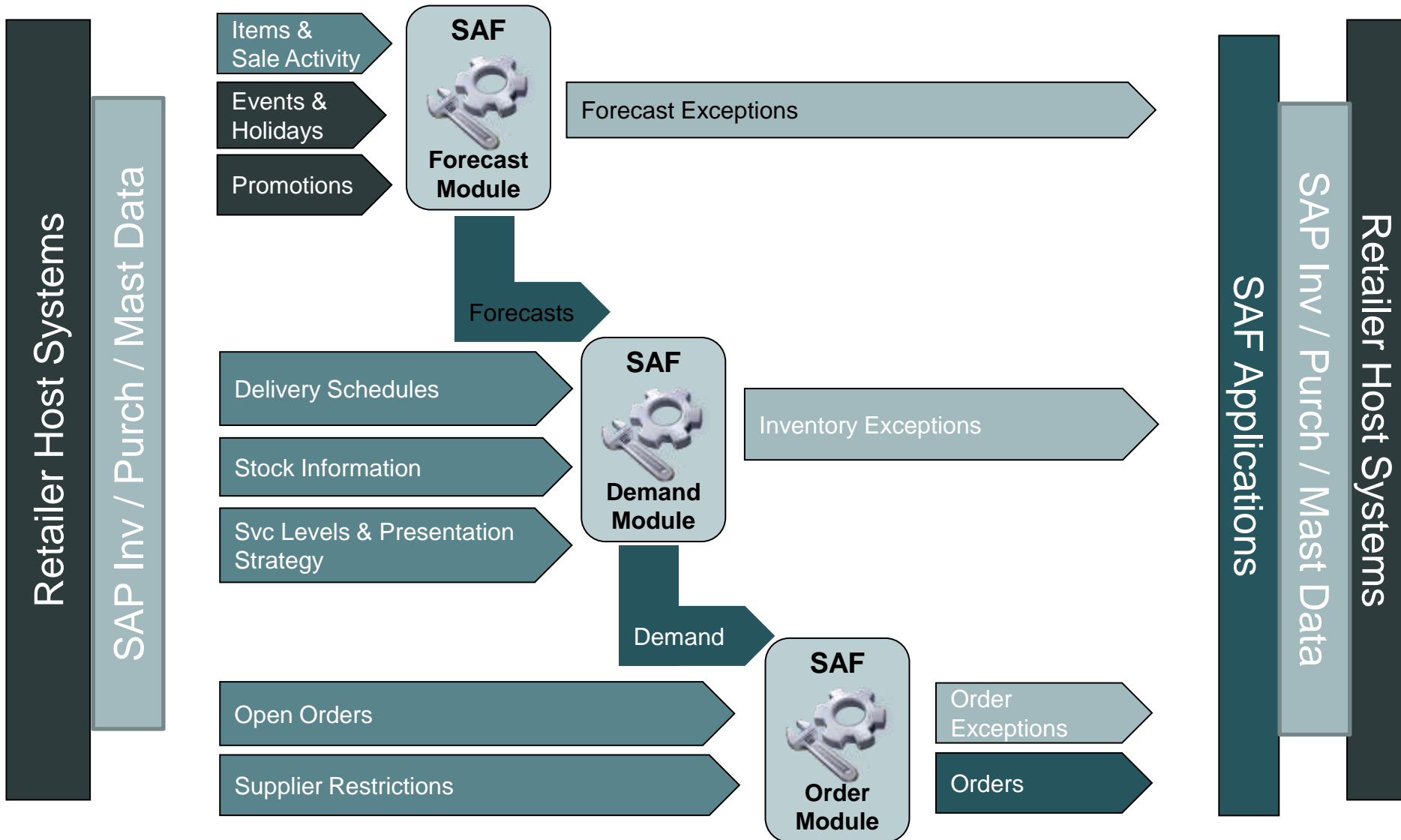
Where Are You Now?



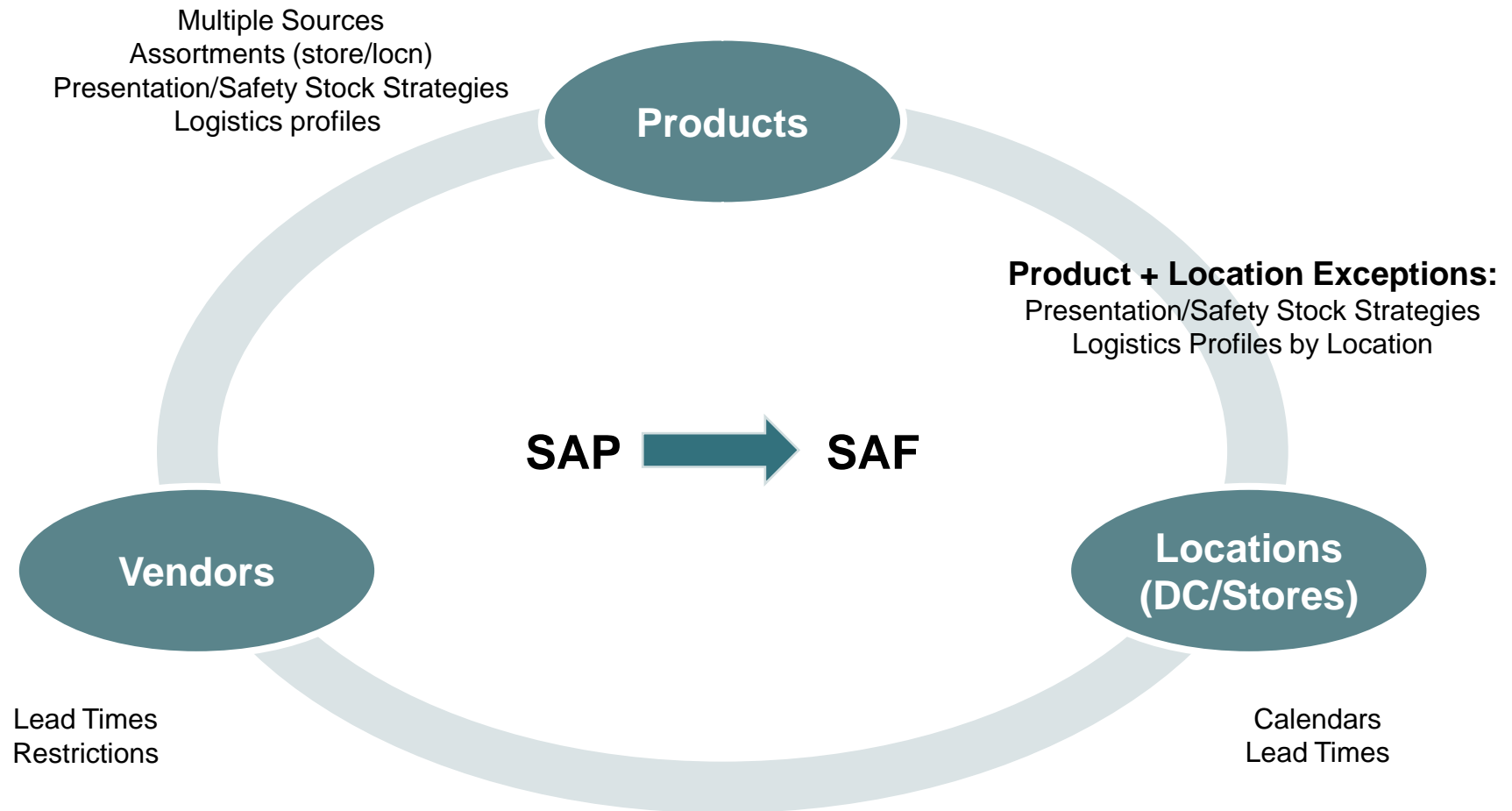
What Will We See Along The Way?

		FAO	CAO	CGO
ROI	Automation	10 → → → → → 40%	40 → → → → → 80%	80% ↑
	OOS Reduction	10 → → → → → 20%	20 → → → → → 50%	50-75% ↓
	Inventory Reduction	0 → → → → → 15%	15 → → → → → 25%	>40%
	Sales Increase	0 → → → → → .25%	.25 → → → → → 1%	>1.8%
TCO	Labor Costs	In-store ↑↑ HQ ↑↑	In-store ↑ HQ ↑	In-store ↓ HQ ↓
	Consulting Services (costs over time)			
KPIs	Forecast Accuracy (relevant importance)			
	Order Accuracy (relevant importance)			
Tools	Applications	Order Management	Order Management Business Intelligence	Exception Management Business Intelligence Scalability Tools

How Will We Be Travelling?



Fuel: Data Requirements Minimums



Excitement At The Destination: Benefits!

	Business Requirements	Data Requirements	Expected Benefits
Step 1: FAO	In Store Ordering	POS feed Promotional event input	Sales ↑ +.17% OOS ↓ -40% Inventory ↓ -15%
Step 2: CAO	Exception based in store ordering	Above plus: Calculated or estimated Inventory	Sales ↑ +.6% OOS ↓ -60% Inventory ↓ -23%
Step 3: CGO	Perpetual Inventory	Above plus: Inventory from PI system	Sales ↑ +1.35% OOS ↓ -85% Inventory ↓ -30%

Excitement At The Destination: Benefits!

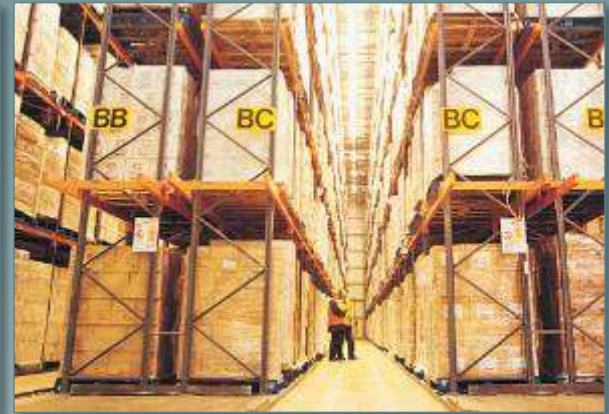


Hannaford Boosts Sales via Computer-Assisted Ordering

BRUSSELS — Following the implementation of computer-assisted ordering in its stores, Hannaford Bros., a division of Delhaize Group here based in Scarborough, Maine, improved its sales by more than one percentage point through the reduction of out-of-stocks, said Pierre-Olivier Beckers, chief executive officer of Delhaize, during a fourth-quarter conference call yesterday. At the same time, he added, the chain freed up \$3.5 million of capital through lower inventory levels in its stores. “Hannaford had CAO in place at 144 stores [out of more than 164] already at year’s end, and it will be implemented in the remaining Hannaford stores this year,” he said.

Why Consider SAF & SAP For Your Path?

- Ability to Deliver Best of Breed and Full ERP capabilities
- Best functionality for retail forecasting/replenishment
- Proven results with both small and large, complex retailers
 - Low and High SKU counts
 - Variety of demand patterns
 - Heavy influence of promotions & store events
 - Wide range of item and store seasonality effects
 - Experiences from Grocery, Drug, Convenience, Perfume, Hardware...
- Strive for complete automation
- Unmatched R&D focus on retail forecasting/ordering



Thank You



Kevin Stadler
General Manager, Americas
SAF

March 10, 2010