



mySAP Retail Brief

SAP® RETAIL MERCHANDISE AND ASSORTMENT PLANNING

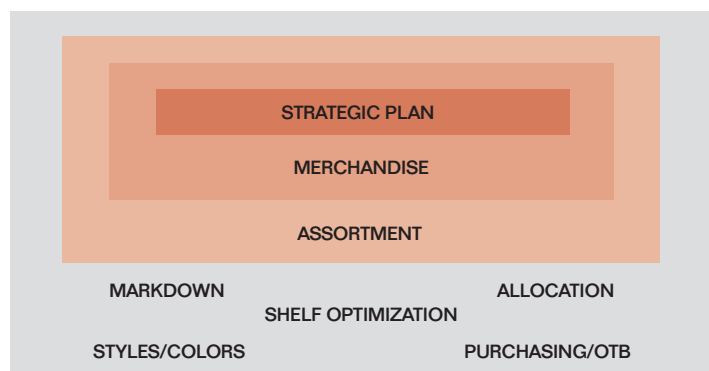
Your planners and merchants are focused on buying the items your customers want, but overstocks and out of stocks lead to markdowns and lost sales. Sound familiar? By effectively anticipating demand and sales, you can increase margins and maximize sales for each product line. But you don't just need accurate data; you need a way of putting your plans into practice.

SAP® Retail Merchandise and Assortment Planning (SAP® Retail MAP) is the only fully integrated retail planning solution to bring together comprehensive, real-time performance metrics with powerful planning and simulation capabilities. What's more, it delivers the ability not just to plan but also to execute. Assortments based on local customer preferences are easy to build and analyze, and you can profitably balance your most controllable investment – your merchandise inventory. The result is that finance, merchandising, store operations, and your trading partners are all planning and executing according to common objectives.

AN END-TO-END SOLUTION

SAP Retail Merchandise and Assortment Planning brings effective planning processes to your entire organization. And it extends beyond the four key areas – strategic, location, merchandise, and assortment planning – to link to markdown planning, shelf optimization, style management, purchasing, and allocation capabilities. By connecting these planning and execution processes, you are ideally placed to maximize profits and adapt quickly to changing market conditions.

From strategic decision making all the way through to the allocation of products to stores, SAP Retail Merchandise and Assortment Planning leads the way to seamless integration. Not only can you create plans based on robust best practices, but you also have the assurance that those plans will be executed as intended – whether your retail merchandising system is mySAP™ Retail or from a third party. Designed to meet the challenges of a complex retail industry, SAP Retail MAP closes the gaps between analysis, simulation, planning, and execution.



Integrated Merchandise and Assortment Planning

STRATEGIC PLANNING – OPTIMIZE EVERY SALES CHANNEL

If you're like many retailers, your store, catalog, and Web inventories are planned and managed independently. This makes it increasingly difficult to set strategic business objectives that dictate the direction of multichannel merchandising. SAP Retail Merchandise and Assortment Planning delivers data from a single, central source and provides top management with the tools they need to make profitable decisions. You can create long-term, companywide, and channel-specific strategic plans using quantitative performance measures such as market share, sales growth, and overall profitability targets. When you have

found the winning strategy, you can cascade these plans down to lower levels – for detailed merchandise, location, and assortment planning at the click of a mouse.

Designed to accommodate your planners' busy schedules, SAP Retail Merchandise and Assortment Planning offers a Web-based workflow that accelerates the planning process from start to finish. In addition, a monitor makes it possible to track the status of tasks throughout the planning cycle. At any time, you can view whether a plan is in process, awaiting approval, being revised, or is finalized and approved.

LOCATION PLANNING – COLLABORATIVELY PLAN FOR FUTURE GROWTH

Store openings, closures, moves, and renovations are a part of everyday life at your company. To ensure these investments are sound, data on regional marketing, competition, demographic shifts, preferences, and capacity considerations are essential. SAP Retail Merchandise and Assortment Planning allows seamless integration of corporate location plans into store management plans, and vice versa. Store managers can submit their proposals for review and acceptance quickly and easily via a Web link. And by maintaining weekly sales and inventory plans by store, you can identify and react to sales trends much earlier to make the most profitable use of merchandise inventory. Designed around industry best practices, these plans are geared to enhancing profitability and maximizing sales.

MERCHANDISE PLANNING – ANALYZE AND IDENTIFY PROFIT OPPORTUNITIES

Merchandise planning is the science of forecasting sales and managing inventories balanced with the art of identifying the merchandise your customers need. On one hand, you suffer from lost sales as a result of insufficient stock. On the other, your margins are squeezed if unsold merchandise is marked down at the end of a season. SAP Retail Merchandise and Assortment Planning provides metrics on every level of the hierarchy, helping decision makers find the ideal balance between the two extremes. You can evaluate sales, margins, markdowns, shrinkage, purchasing, inventory levels, and other key performance indicators – on screen, in seconds. And SAP Retail Merchandise and Assortment Planning provides real-time integration between your open-to-buy (OTB) plan and your purchasing system. Purchase orders that could result in overstocks automatically trigger alerts in line with your predefined tolerance limits.

ASSORTMENT PLANNING – GET THE RIGHT MIX

Today's retailers need to plan and manage thousands of products. SAP Retail Merchandise and Assortment Planning helps ensure that the right products are in the right stores at the right time – and at the right price. This means anticipating what your customers are looking for and building a product mix that attracts customers. In order to present localized, customer-centric assortments, merchandisers need to start from localized, customer-centric plans.

SAP Retail Merchandise and Assortment Planning includes powerful, yet easy-to-use functions for defining style, color, and product plans according to regional, demographic, capacity, and price variations. Your planners can run standard assortment assessment reports to evaluate the mix and performance of each assortment before it is approved. What's more, you can integrate your assortment plans with your shelf optimization system to ensure the right products are placed on the right shelves. Best of all, your assortment plan is continuously compared with in-season sales and inventory performance to generate alerts when overstocks and understocks are forecast.

By ensuring each assortment is attractive to your target customers and profitable to your bottom line, your company benefits from faster inventory turns, decreased lost sales, and fewer markdowns.

BUILT-IN RETAIL PLANNING BEST PRACTICES

Based on our own extensive retail experience, and that of our partners and customers, we have created templates (SAP® Best Practices) for retailers who want a high-quality planning solution in the shortest possible time.

SAP Retail Merchandise and Assortment Planning incorporates two best practice scenarios that can be used alone or combined:

- Fashion, footwear, and apparel
- Grocery, hardlines, and mass merchandising

These planning scenarios are prebuilt with key planning and performance metrics, business user roles, and links to external merchandise management and supply chain systems. The templates are complete enough to use out-of-the-box, but can be tailored to your specific retail planning processes. Intuitively formatted reports offer exactly the right information for monitoring trends and identifying exceptions – and you don't have to wade through unnecessary data. With SAP Best Practices, you can reap the rewards of an integrated planning system in only a few months. And it's all comprehensively documented and wrapped in a planner-friendly interface.

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INTEGRATED PLANNING BENEFITS

With an integrated, end-to-end planning system, your company reaps the rewards of putting plans into practice. The results will be lower inventory levels, improved sales and margins, and satisfied customers who have shopping experiences tailored to their needs.

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POWERFUL PLANNING CAPABILITIES

- **“Seed” new plans with values from last year, last season, or last month**
- **Use long-range forecasting techniques that take seasonality and recent trends into consideration**
- **Plan units, cost, or retail in every currency**
- **Roll up and roll down plans from any level**
- **Use SAP Best Practices templates for faster time-to-benefit**
- **Analyze in-season plans on an exception basis using automated alerts**
- **Use open interfaces to control your merchandising system’s procurement/OTB, allocation, product creation, and markdown processes**
- **Connect SAP Retail MAP to mySAP Retail for the ultimate integrated retailing solution**
- **Propose in-season markdowns automatically, based on business rules you define**
- **Attach documents, including Microsoft Excel, PowerPoint, or CAD drawings, to any level of the plan**
- **Let stores, field associates, and suppliers plan collaboratively using the Web-based front end**
- **Help ensure 100% process compliance by using business workflow functions**