

# Business Process Platform Helps Major Retailer Stay Competitive

In spite of growing sales, a rise in the number of store openings and steadily increasing revenues, a major electronics retailer was not satisfied with its supply chain performance. In a company with hundreds of stores in the United States and Canada and with multi-billion-dollar annual revenues, it is not surprising that there was room for business process improvement. And with a 40 percent increase in Internet sales, as well as growing customer sophistication, inefficiencies did not just mean lost revenue. They also spelled the potential for lost customers.

With a complex, global supply chain, it was taking Logistics an unacceptably long time to track order-status requests from Purchasing. Part of the problem was that each department was using systems that didn't communicate with each other. When Purchasing asked about the status of an order number, Logistics needed the manifest number to track it.

The cost of lost revenue and the added expense caused by these mismatched systems could be calculated—but the cost of customer dissatisfaction was immeasurable. The disconnect was forcing the company to order and stock more inventory “just-in-case,” and to unnecessarily expedite shipping when there was inventory already available. A study on logistics collaboration showed that, on average, expedited freight comprises one fifth of a company's transportation costs. Through improved visibility and process and event management, this was clearly a cost that could be reduced.

## Creating visibility and automating some communications

i2 analysts found that frustrating and ineffective communications between Shipping and Logistics could actually be measured in man-hours. On average, 25 e-mails or calls were exchanged per day regarding shipment status. Each call generated 60 to 90 minutes of logistics research. Because data were spread across multiple silos—each focused on a unique part of the company—analysts had to navigate through multiple systems, e-mails and spreadsheets to track order and shipment status. Unsynchronized data meant decisions were made from outdated information.

i2 analysts determined that the retailer needed a next-generation solution with active monitoring, providing a “right-now” picture that could track all milestones and detect plan deviations. This solution would have to enable timely responses to current and potential deviations from the plan, and include the capability to automatically invoke resolution workflows based on business rules.

In addition, to turn problems into useful information, the company needed to discern trends based on past performance.

## Introducing a rich solution built on a powerful platform

Because of the growing volume of its product offerings, the retailer needed a solution that was scalable, powerful and visible to multiple functions across the organization. It needed to support more than 300 potential users, hundreds of thousands of active SKUs, nearly 50 distribution centers, 2,000 carriers, and thousands more vendors. With 3,000 purchase orders and 5,000 loads being tracked daily, the retailer required a solution that could leverage disparate systems in transactional mode and in real time.

To accomplish this, i2 designed a solution using i2 Supply Chain Visibility, a comprehensive business application that makes orders, shipments and inventory visible from a central interface. The application correlates supply chain activities with out-of-bounds conditions that need action. And because the solution is built on the i2 Agile Business Process Platform, i2 was able to quickly leverage the platform's flexibility to reconfigure solution workflows and access existing data.

According to i2 Director of Solutions Strategy Rajat Bhargav, “Other [competitive] available solutions are just technology platforms right now. None of them has supply chain solutions pre-built on them. To enhance business competitiveness, organizations need a flexible system architecture along with a library of workflows that leverage intelligent supply chain services.”

Using i2 Studio, the platform's toolkit, i2 analysts worked with the company to model its processes. Supply Chain Visibility had the rich data models and modules that represented the retailer's supply chain operations and functions. It also provided complete visibility through the pipeline—from vendor to distribution center. With the platform's integration services, the retailer could easily navigate multiple data sources across silos. It could customize best-of-breed workflows from the platform's business-content library to respond to specific needs. Because it was built on a platform, the business-process visualization, user interfaces, configuration and execution were unified and easy to manage.

## Monitoring and managing exceptions

i2 built exception management into the solution. The exception management was across the entire purchase-order life cycle—from the creation of a purchase order to →

delivery at the distribution center—and across the entire shipment life cycle for the collect and pre-paid fulfillment processes. The platform enabled near real-time monitoring across the supply chain, supporting the business needs of the inventory, logistics and distribution-center operations. A large library of predefined events that cover the purchase order, load and advance-ship-notice life cycle was further expanded to meet the company's needs.

The platform's event-administration capabilities allowed the company to define and configure exceptions and tolerance, providing alerts targeted at the users' "care-about." In addition, the platform's event-management capabilities created support for "what-if" scenarios, including full support for escalation, forwarding, event chaining and expiration. Supply events can be such instances as bottlenecks in production, unforeseen delays in fulfillment or even a supplier shorting on an original commitment. Or they can be demand events, such as customer orders that are greater than forecasts or changes to orders that have already been placed. The solution manages these types of events and influences and orchestrates execution. A personalized, Web-based dashboard gives the users a central work-planning portal.

### Real-time results

Because of the i2 Agile Business Process Platform's process-modeling framework, service-oriented architecture, plug-and-play components and ability to leverage and integrate existing applications, it took only 30 days to identify the key requirements, specify a pilot scope and model the process. After an additional 60 days, the pilot implementation was fully deployed.

The platform-based solution for this retailer was core to its ability to improve customer-service levels and to deliver products on time to customers, resulting in a stronger competitive advantage. The retailer reduced costs through lower safety stocks and freight expenses. Breaking down organizational boundaries and integrating data in different silos enabled rapid changes to business processes. The platform's flexibility allows for continual process improvement as new problems are discovered and solved. Now there is a single source for the most current execution status for buyers, logistics analysts and distribution operations staff.

And time-to-results? Only 90 days.

— John Kadlecak



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