Your Experience Platform:
Optimized Operations

Meet customer expectations through optimized operations to increase revenues, decrease expenses and improve asset utilization.
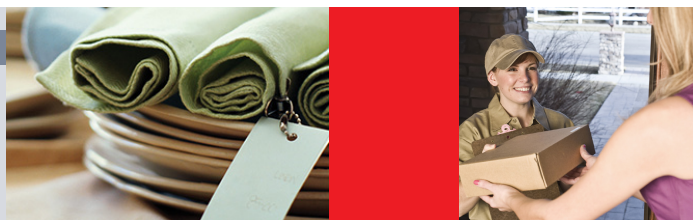
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The proliferation of consumer touch points has created a significant operational challenge for retailers.

Excellence in merchandising and supply chain management—in other words, effective operational execution across your business—represents the culmination of consumer understanding and industry best practices. That said, the proliferation of consumer touch points has created a significant operational challenge for retailers, making it difficult for many to achieve consistency in product content, pricing, promotions, and inventory availability across multiple sales channels. Just as challenging has been the retailer's quest to facilitate seamless cross-channel fulfillment, allowing the consumer to buy merchandise from any sales channel and have it fulfilled on her terms. How can you meet those demands without undermining growth and profit?

To improve profitability and customer satisfaction in this competitive environment, retailers require a comprehensive, integrated set of tools that support buying, logistics, pricing, and inventory management across channels, geographies and business models. The consolidation of omni-channel merchandising and inventory information, combined with the support of efficient transaction systems to move products in alignment with consumer demand, is no longer optional, but rather a modern retailing necessity.

WHY IS OPTIMIZING OPERATIONS SO DIFFICULT?

Fundamental changes in consumer behavior, new growth initiatives and the constraints of existing systems can all affect a retailer's journey toward an optimized environment.

- **Customer Centricity Across All Touch Points**
  Enabled by the internet and mobile devices, consumers have evolved to a new level of empowerment. They have unprecedented shopping options, access to vast amounts of product information, and can compare retailers in seconds. As such, customers expect high value, targeted assortments, competitive offers, and uninterrupted availability from your brand, whenever and however they shop.

- **Business Model & Format Changes**
  The empowered consumer plays a big part in the imperative to innovate; however, pressure from other competitors that operate stores or direct channels also forces differentiation and innovation. Many retailers are experimenting with new initiatives related to brands, store formats, web sites, international expansion, franchise partnerships and wholesale operations - and they are leveraging new technologies to manage these efforts.

- **Complex Distribution Networks & Fulfillment Requirements**
  Large retailers' supply chains already move merchandise across borders, from thousands of vendors, through a network of national and regional distribution centers to hundreds or thousands of store locations. Now, with more customer fulfillment options, these supply chain flows are even more complex and typically include home delivery and customer pick-up. Tracking inventory balance and movement information associated with purchase orders, store allocations and customer orders in real-time is difficult, but essential to a retailer's profitability and growth objectives.

- **Rapidly Building Data Volumes**
  McKinsey predicts a 40% annual growth in global data, driven in no small part by expanding amounts of consumer information and inventory-related transactions. Massive data creates massive opportunities, but those opportunities can't be realized unless retailers can effectively learn from their observations, predict the best course of action to take, and improve execution.

- **Legacy Systems and Manual Operations**
  Aging, non-integrated and inadequate systems are getting in the way of growth and competitiveness. Complex, manual processes lead to business bottlenecks and inconsistencies that obstruct growth and agility.

THE CUSTOMER EXPERIENCE/SUPPLY CHAIN CONNECTION

While not a comprehensive list, the factors above are some of the dynamic challenges you as a retailer face in the quest for optimized operations. Now, let's look at how your operational effectiveness relates to the customer experience, from the consumer's perspective.

Your customer—let's call her Sue—has many choices in her interaction with your brand. She can simply make a trip to your store, browse the shop floor, and make purchases at the point of sale. If a particular product she wants is not available, she could ask an associate for assistance. That associate—let's call him Jim—can order the product to be transferred to the store from another store so that Sue can pick it up and pay for it later, or Jim can create an order to have it shipped directly to Sue's home.

In another instance, Sue may choose a "virtual" method for shopping and placing an order. She may access your Web site via a home computer to place an order online, or browse your catalog and decide to order through a call center. Sue may prefer using your mobile website on her smart phone or buying directly from Facebook from her tablet. In all of these scenarios, Sue again has multiple order fulfillment choices. She may choose to have the merchandise delivered to her home or office, or delivered to a nearby store for her to pick up.

From Sue's point of view, the logistics behind making sure she gets the items she wants where and when she wants them are of no concern. She simply expects her items as requested. From your perspective though, fulfilling even Sue's more traditional in-store shopping experience requires robust demand forecasting, ordering, allocation, inventory management, replenishment, logistics and POS capabilities.

However, to provide a variety of options for Sue when the item she wants is out of stock in the store, or when fulfilling a virtual order for Sue from a store, the requirements on the retailer become much more complex. Not only do retailers need chain-wide inventory visibility and the ability to efficiently manage store-to-store transfers originating either from the store or head office, but also potentially "source from anywhere" logic. Retailers must be able to quickly and easily reserve inventory and request a transfer. As well, it means additional store-level processes to prepare her orders for pickup, and the integration of customer order management solutions with store POS systems.

To manage DC fulfillment of virtual orders, you need DC-level inventory visibility, the ability to reserve the inventory, and a mechanism to create the order for Sue's items. Finally, you need to manage the DC picking, packing and shipping of her order to a store or her home.

For an order that's drop-shipped from the vendor to Sue, you need the ability to place a PO tied to her order and the ability to specify the flow of inventory from the supplier through your supply chain or direct to Sue. Both you and Sue need the ability to track the progress of her shipment and any exceptions along the way that affect her order quantity or delivery date.

These scenarios illustrate the amount of complexity required of you to offer all these options to Sue while maintaining the profitability of the sale. From Sue's perspective, as long as her order shows up on time and as expected, she'll believe your brand promise and continue to shop with you. Thus, your success in optimizing operations is fundamental to your customer-centric approach and your ability to manage connected interactions with customers like Sue.

The logistics behind making sure she gets the items she wants where and when she wants them are of no concern to her. She simply expects her items as requested.

HOW CONNECTED INTERACTIONS AND ACTIONABLE INSIGHT CREATE OPTIMIZED OPERATIONS

To drive ongoing profitable growth, you must facilitate exceptional consumer interactions, whether online, in stores, in print or on the go. Your team needs to be empowered with actionable insights gained from these connected interactions to make smarter decisions—from head office to the far reaches of the supply chain to store operations. This is paramount to today's retailer. You need to build an experience platform—tuned to your specific business strategy and growth objectives. To enable your experience platform, we believe there are three goals:

- **Connect Interactions.** Using technology, connect customer and associate interactions seamlessly across channels and touch points.

- **Gain Actionable Insight.** Enable smarter decisions by connecting siloed sources of data and embedding science and business intelligence. This will enable smarter planning, forecasting, merchandising, supply chain management, and marketing decisions.

- **Optimize Operations.** Align every aspect of your business to gain efficiencies and economies of scale. When KPIs are aligned across departments and channels, the risk of internally-conflicting objectives is mitigated and the customer's priorities become your priorities.

When these goals are achieved and executed collaboratively, you will create your experience platform that continuously connects interactions through actionable insight to power optimized operations.

OPTIMIZED OPERATIONS AND THE PROFIT-POWERED RETAIL ENTERPRISE

By optimizing operations, you can grow your business profitability through a combination of reduced operational costs and more productive use of labor and inventory assets, which in turn enables more revenue-enhancing initiatives.

Eliminating manual processes leads to consistency, and consistency leads to agility and scalability. Working on a common, configurable platform supports operations across multiple business formats, channels, and countries, allowing IT departments to support business change more quickly and with less expense.

An integrated suite of software applications is essential to supporting the depth and breadth of planning and execution processes required across your merchandising, stores, e-commerce and supply chain teams. A single projection of forecasted demand across all channels guides time-phased inventory replenishment at all levels of your distribution network, recognizing sales-impacting influences such as store openings, the introduction of new products, changes to pricing and assortments, special promotions and product discontinuation. Inventory recommendations balance your investment objectives with revenue and service level goals to determine the timing and quantities of purchases and store distributions, within the realities of your storage space, labor resources, and inventory availability constraints.

The automation and optimization of these activities facilitates the execution of core merchandising activities including vendor management, purchasing, pricing, inventory control, allocations, promotions and replenishment. Integration with warehouse and store inventory management applications permits the coordinated movement of merchandise and information throughout your entire retail network. Transportation planning and execution processes support the shipment of merchandise across all modes of transportation.

From a labor standpoint, productivity increases can be enabled through centralized tools which manage the fast and accurate flow of merchandise from vendors to DCs to stores and customers. Forward visibility to inventory and order information across your locations is available at every step along the way. Cost reductions are facilitated through streamlined processes such as closed-loop deal management from entry to revenue collection, which enables you to focus on strategic analysis and negotiation rather than administrative tasks. Automated invoice matching and sales auditing allow finance teams to focus on resolving exceptions, making these processes more accurate and more efficient. Finally, the retail stock ledger provides accurate inventory valuation figures so that the business can make informed and more profitable decisions.

With optimized merchandising and supply chain operations, it becomes possible to adapt to market influences and customer demands with agility and to increase revenue. Oracle Retail solutions help you efficiently manage your investments in inventory and labor across your enterprise-wide operations, resulting in a profitable return on those investments.

CONCLUSION: OPTIMIZED OPERATIONS ON YOUR EXPERIENCE PLATFORM

It's difficult—if not impossible—for retailers to optimize operations without technology, people, and processes working in unison on a common platform. Optimized operations is a core component of your experience platform, a comprehensive set of integrated, cross-channel business technology solutions, selected and operated by your retail business and IT team and deployed in accordance with your processes and strategy. What results is a differentiated experience that exceeds customer expectations.

While Oracle has been driving value for retailers based on their specific goals and needs for years, it's in anticipation of the continued evolution of retailing that we developed the vision for your experience platform. It's a complete cross-channel retail solution comprised of hardware and software, engineered to help retailers successfully navigate the challenges of both the current and future retail marketplace.

For More Information...

Oracle's Retail Asset and Community Knowledge Portal (RACK) offers a comprehensive collection of informative resources and discussions around our best-in-class Retail Solutions.

ORACLE RACK
Retail Asset and Community Knowledge Portal

www.oracleretailrack.com