

Optimized New Product Introduction Process Enabled Significant Cost Saving & Productivity Improvement for Leading Consumer Retailer



SITUATION

With roughly 60% of products sold at the retail stores being designed in-house, and their manufacturing outsourced to contract manufacturers, the US-based multi-channel specialty retailer was facing issues with existing manual New Product Development process. Further, master data had quality issues, with virtually non-existent data governance and validation standards

IMPACT

The existing IT applications, mostly custom-built, were not helping the cause with limited integration capabilities and were facing scalability issues. This impacted in a delayed New Product Introduction cycle time, leading to competitive disadvantage. The client was also facing difficulty in tracking items, stock and management of vendors that resulted in time, effort and cost implications

RESOLUTION

ITC Infotech provided a detailed Product Lifecycle Management (PLM) solution architecture and defined the roadmap for implementation, including phase-wise breakup of initiatives, costs, etc. This simplified the implementation process and led to reduced New Product Introduction (NPI) cycle time, and yielded significant cost savings and productivity improvements for the customer

The Customer

The customer is a US-based multi-channel specialty retailer, selling mostly its own branded product range including, home furnishing, kitchenware, furniture, house wares, etc. Operating since last five decades, the organization has built a wide portfolio of seven brands offered through diverse channels including, specialty retail stores, mail order catalogs and e-commerce. The customer base of the organization is as varied as its product range and includes men, women, teenagers and kids.

Employing over 9000 people, the customer operates around 600 stores in US, and Canada and is harnessing plans to expand its business in other countries through direct route or through franchise route.

The Need

The client is largely involved into in-house designing of its products, which are subsequently shared with the respective manufacturers for final production. So far, the client has been running entire designing process for each of its product lines on various legacy systems, operating disparately. The process was managed manually, creating significant process gaps that lead to delayed cycle time of the overall designing process, thus resulting in delay in release of new products in the market.

To address the above mentioned issues, the client decided to integrate and automate its entire designing process, starting from conceptualization to final assortment and designing of the products.

Also with product penetration and business expansion on the cards, the customer was looking to implement a Product Life Cycle Management (PLM) solution that would simplify the existing manual New Product Introduction (NPI) process. Further, the customer was looking to benefit from scale economies in the supply

chain by grouping similar items across diverse product categories and placing consolidated orders from suitable vendors, based on analysis of current item and vendor data. The existing data had quality issues and was hampering further analysis and appropriate decision making.

The new PLM implementation was planned to be based on Flex PLM platform. However, before doing so, the client wanted to undergo a thorough assessment on how the new implementation was going to impact other existing business critical applications like, ERP (Enterprise Resource Planning) & Supply Chain, Planning, Data warehouse, Vendor database, Financial system and Customs system; what should be the architecture for seamless integration of the new system with the existing enterprise systems, and what should be the future PLM roadmap (functionality enhancements, technical upgrades, scalability).

Key Challenges Faced by the Client:

- Process Inefficiencies (Design to Adopt Process)
 - Large cycle times and lack of scalability
 - Manual process and high duplication in effort
 - Non standardized processes across departments/partners
- Maintainability Issues
 - Large number of legacy systems to be supported
 - High usage of non-standard systems across brands/categories/geographies
- Data Quality and Governance Issues
 - Lack of standards or governance policies for data management
 - Unclear roles and responsibilities



The Solution

ITC Infotech got engaged with the client to perform the required assessment and consultation. The services offered were – PLM strategy and architecture, tool selection, impact assessment, future roadmap, data governance, reporting needs, assessment on industry best practices, phasing out of legacy systems, etc. After studying the As-Is and To-Be processes, ITC Infotech worked on the integration of the systems with each other and dataflow between the systems. ITC Infotech also assessed on how the technical architecture should be for the new PLM system based on option analysis.

Solution Approach:

As an initial step, ITC Infotech collaborated with the customer to understand the expectations, which included:

- Assess impact of PLM on the enterprise landscape – provide to-be integration architecture and optimize NPI process and the overall management around it
- Define PLM roadmap and enable long term value in the enterprise - define initiatives over and above enabling PLM to categories and brands
- Define data governance and data standards for products and materials
- Define BI (Business Intelligence) areas of opportunities around PLM

With the engagement expectations set, the next set up was to understand the current state landscape with respect to the linkages between various Business Functions, IT Systems and the manner in which the Data Generated was managed from PLM standpoint.

Accordingly, the future state expectations were set with respect to PLM scope, data requirements and interface requirements.

The final output of the onsite engagement helped the customer gain insights into:

- To-Be PLM solution architecture
 - System interaction process flow
 - System interaction data flow
 - Interface definition document
 - Technical solution architecture
- PLM solution implementation roadmap
 - Identification and prioritization of required initiatives
 - Phase-wise breakup of activities and the associated costs (phase level)

Business Benefits

- Reduction in time-to-market of new item introduction by optimizing and automating item creation process
- Cost saving and productivity improvement by significantly reducing manual effort and enabling automated interfaces
- Cost saving (hardware, software and maintenance) by retirement of legacy systems
- Item and vendor data quality improvement (integrity and consistency)
- Gap identification and suggested roadmap helped the client management to understand industry best practices and enable them to plan and prioritize these initiatives



ITC Infotech's Business Consulting Practice

The Business Consulting Group (BCG) at ITC Infotech is a converging point for business & IT solutions. We aim to transform business performance, bringing a strategic perspective on process improvement and IT enablement. Our team blends domain experts and consultants, bringing unique capabilities to discover and resolve business concerns of the day.

Our expertise spans Consumer Goods, Retail, Process Industry, Logistics & Transportation, across key business functions such as product development, production, supply chain management, sales and marketing management, field force management, and customer relationship management.

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