



# Capgemini's Smart Retail Planner A global offering





# Capgemini's Smart Retail Planner

Capgemini's Smart Retail Planner is a **holistic approach** to addressing some of the most complex challenges that retailers face today. From the integration of customer data and insights to core end-to-end merchandising and supply chain

decisioning, Capgemini helps accelerate a retailer's performance to ensure they get the right merchandise to the consumer ... at the right time.

One size does not fit all in your retail environment and nor should it in your merchandising and supply chain. Bringing together our expertise across the retail industry in merchandise and assortment planning, demand forecasting, pricing, replenishment and allocation, category management and transport and warehouse

management, we partner with our clients to not only understand their barriers but also to develop the customized merchandising and supply chain operating model necessary to adapt and thrive in the new reality of retailing.





*“By 2023, at least 50% of large global companies will be using AI, advanced analytics, and IoT in supply chain operations.”*

(Source: **Gartner** Predicts 2019 for Supply Chain Operations)

Modern supply chains represent a delicate balance of disparate processes and organizational silos that can ultimately make or break your business. Transforming your merchandising and supply chain is a complex undertaking and, without the right expertise and guidance, transformation can disrupt your business negatively instead of enhancing it.

With technology playing a greater role in the personal lives of customers and their shopping habits, expectations have changed dramatically and have come to challenge the concept of what it takes to be a successful retailer. Today, your customers:

- Want to discover products, services, and niche brands in ways you can't control – social media, SEO, online content, influencers, acquisitions
- Expect purchases to be fulfilled on their terms and at their convenience from anywhere
- Want transparency around sourcing and alignment with their individual ethos
- Are changing where and how they engage with your brand and the brands of your competitors at a quicker rate than you can react to- via social, messaging apps, image recognition, and voice
- Are embracing behaviors, such as video sharing, chat messaging apps, frictionless commerce, and voice-buying, at a much more rapid pace.

Meanwhile, as a retailer, you want to create an immersive experience for your customer while growing revenue and margin with less overstock and out-of-stock.

The rules of retail have changed.

## The brave new world of Retail

Leveraging our deep content expertise in retail merchandising and supply chain transformation, insights and analytics, artificial intelligence, Capgemini partners with some of the world's leading retailers to help them adapt to the evolving landscape, deepen their understanding of their customers' behaviors, and optimize their merchandising and supply chain functions.

Capgemini's Smart Retail Planner sets retailers up for success with the benefits of:

- Insights-driven local assortment planning
- Optimized pricing
- Operational analytics
- AI-enriched forecasting
- Lights-out demand planning, replenishment, and allocation using machine learning and automation
- Connected ecosystems.





### ● Category management

Use analytics to drive sales, reduce inventory and identify underperforming areas, and recommend potential solutions to increase space productivity and localize the right assortment mix for a specific store. Covers Incorporation of workflow project management tasks to track delays, financial impacts and give visibility to leadership.

### ● Transportation and warehouse management

Optimize supply chain execution to enhance revenue, reduce costs, and improve service. Integrated with planning, warehouse management and transportation management enables supply chain managers to plan their operations, optimize for efficiency, and ingest actual performance to improve overall forecasting and planning. WMS, leveraging automation, robotics, and IoT, drives all warehousing functions and provides visibility to inventory and order status for customers and other supply chain stakeholders. TMS provides a platform for planning, optimizing, and scheduling transportation resources across modes, including vehicles and drivers, whether part of a private fleet or contracted. Both inbound and outbound transportation can be optimized and managed, creating opportunities to significantly improve transportation resource utilization.

### ● Forecast planning

Enable auto reconciliation and dynamic correction of forecast based on incoming data (both structured and unstructured).



### ● Replenishment/allocation

AI and big data improved pre-season forecasts and assortment plans, and in-season, real-time demand and supply chain data updates drive “no-touch” or “light-touch” replenishment and allocation, using bot technology and predictive analytics. Management by exception, supported through prescriptive analytics, will allow for the right amount of inventory at multiple points of the supply chain – resulting in having the right product, at the right time, in the right location.

### ● Pricing

Use sales history, industry data, product attributes, hierarchy structures, and AI/machine learning to help drive the creation of localized assortments. Embed optimized pricing processes (base, promo, and markdown) into the assortment planning process, both pre- and in-season.

### ● Merchandise and assortment planning

Enhance your end-to-end merchandise planning capabilities with analytics, integrated supply chain data, and automated revisions across all business units. Gaining access to a single network view and (un)structured data will allow for effective assortment planning and informed buying decisions.

# What is the value of doing things differently?



## Financial benefits



- Improved levels of integration
- Improved sales and margin performance
- Inventory optimization
- Standardized KPIs
- Improved in-store experience.

### Top-line growth

- 1–3% incremental revenue increase
- 1–5% reduction in cost per incremental unit.

### Efficiency/cost reduction

- 2–5% sales associate productivity gain
- 10-30% obsolescence reduction.

### Margin enhancement

- 5–15% margin increase
- 3–5% markdown reduction.

### Working capital

- 5–35% overall reduction in network inventory
- 9–42% promoted volume forecast accuracy improvement
- Reductions in changeovers, rush shipments, and raw material write-offs.



Capgemini's Smart Retail Planner is a more mature model and emerging opportunities in retail must be centered around adding analytics to core processes



#### A closer look at cognitive and AI

**Cognitive computing** is the use of computational methods to:

- Draw inferences from existing data
- Draw conclusions using an internal knowledge base
- Learn from past decisions by updating the knowledge base.

**Artificial intelligence (AI)** describes cognitive computing systems with completely intuitive interfaces for human users.

**Machine learning (ML)** describes a set of computational methods and techniques at the core of cognitive and AI.



## Capgemini's Smart Retail Planner across the retail landscape



Big box



Fashion



Grocery



Department  
stores



Specialty



Footwear





# Analytics proof-of-concept timeline

	week 1	week 2	week 3	week 4	week 5	week 6	week 7	week 8
<b>Project start up</b> <ul style="list-style-type: none"><li>Secure team</li><li>Execute data requests</li><li>Kick-off and objective alignment.</li></ul>	■							
<b>Project initiation and data collection</b> <ul style="list-style-type: none"><li>Define information inputs</li><li>Data review.</li></ul>	■	■						
<b>Migrate data through lake</b> <ul style="list-style-type: none"><li>Load and transform data</li><li>Map data to reporting layer</li><li>Initiate data science analysis.</li></ul>		■	■	■	■			
<b>Model development</b> <ul style="list-style-type: none"><li>Iterative model testing</li><li>Diagnostic review</li><li>Determine appropriate models.</li></ul>			■	■	■			
<b>Proof-of-concept (POC) prep</b> <ul style="list-style-type: none"><li>Identify user stories</li><li>Define POCs.</li></ul>					■			
<b>Execute POCs</b> <ul style="list-style-type: none"><li>Build visualizations</li><li>UAT reports.</li></ul>						■	■	
<b>Project close</b> <ul style="list-style-type: none"><li>Final report out.</li></ul>								■

# Deliverables for future state roadmap



## L2 future-state business process flows

- Future-state process flows including end-to-end business flow
- Confirmed end-to-end, future-state business process flows and interactions between key process areas



## Business process gap analysis

- Future-state business requirements by capability
- Assessment of gaps between current and future-state business processes
- Identification of high-level gap remediation



## Future-state architecture diagram

- High-level future-state systems landscape
- Identification of potential vendors by solution



## High-level integration strategy

- Identification of integration points and system relationships
- Identification of potential integration tools to support overall strategy



## High-level data flow diagram

- Diagram showing the high-level data flow between future-state systems



## Business benefits case

- Documented business benefits (strategic, quantifiable, and intangible)
- Estimated program costs and ROI by capability



## Future state roadmap

- Roadmap outlining the timing, sequencing, dependencies, and deployment of individual capabilities