The New Omnichannel Retailer

Digital transformation made possible by IBM and SAP
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Today’s consumers are demanding a different way of shopping: a personalized, consistent omnichannel experience. Trying to copy traditional business models digitally is not enough.

At the same time, markets are becoming more competitive, impacting margins and forcing greater efficiency. In addition, new born-digital retailers are entering the market, as well as manufacturers and wholesalers looking to expand their reach.

As if this wasn’t enough, a whole new wave of digital disruption is already emerging – smart vending machines, the Internet of Things, hyperpersonal and localized offers, contactless payments, 3D printing, and augmented reality, for example.

Retailers and wholesalers with multichannel operations know that they need to do more to transform their businesses for the digital future. But they face a huge problem. The proliferation of geographies, channels, and changing customer expectations has led to highly complex organizational structures that often operate independently. The result is inefficiency, high operational costs and inventory, increased markdowns, and suboptimal margins.

Faced with this environment, how can retailers react? The truth is that tinkering with systems and processes will not deliver the results needed to compete in the new digital environment. Retailers need to reinvent and simplify their entire operations in four key areas: planning, sourcing, supply chain, and customer experience.

In this e-book, we look at how services and solutions from IBM and SAP can help retailers achieve that goal, enabling them to both succeed in an omnichannel world and embrace continuing digital disruption.
81%

Of executives surveyed believe simplification is important for their organization, and 88% admit IT investment is important to achieve simplification.

Source: SAP Benchmarking*

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Learn more

See how IBM and SAP are partnering to deliver cognitive commerce.

Watch the video ▶

Discover what it will take to thrive and survive in a world that is rewriting the rules of retail.

Read the report ▶
What characterizes a successful omnichannel retailer? We believe it’s having the following capabilities:

- Business process standardization across channels that eliminates redundancy and increases synergy, so resources can be focused on what really matters to the business
- Omnichannel merchandising and marketing planning through a clear set of activities that are followed closely from planning and procurement to distribution and sales
- Global procurement and a regional, common pool of inventory to improve inventory strategy and management
- Omnichannel pricing and promotion decisions that are orchestrated by master data distribution to all system applications supporting different channels and customers
- A consistent, hyperpersonalized customer experience across all channels

Together with these capabilities, retail organizations must include omnichannel and master data governance divisions in order to harmonize and validate the business drivers, goals, and data managed in the organization. Retailers must also define an agile business model that allows them to quickly adjust and align channels, business plans, and metrics with current and projected financial business goals.

The IBM Smarter SAP Trade Solution is a preconfigured solution that has been designed specifically to deliver these capabilities. It leverages the latest advances in IT design and integrated SAP® solutions to eliminate waste and reduce the time and cost to deploy new applications and functionality, while improving overall IT security and operational efficiency.
The solution accelerates retailer and wholesaler digital transformation through the use of retail and wholesale best practices, rapid deployment techniques, and IBM intellectual property gained from many retail projects worldwide. It is a preconfigured environment that can be deployed and managed either as a business cloud offering or an on-premise solution.

With the IBM Smarter SAP Trade Solution, retailers can quickly start the digital transformation of planning, sourcing, supply chain, and the customer experience. The first step, however, is reinventing the digital core.

IBM Smarter SAP Trade Solution includes:
- 300+ end-to-end retail and wholesale business processes
- 300+ mobile applications
- 83 analytic reports
- 800+ transactions
- 930 configuration guides
- 12 electronic data interchange (EDI) mappings

Learn more about the IBM solution.

Read the blog ›
To make digital transformation a reality, a new digital core is needed, one that simplifies the currently complex omnichannel environments and provides central, real-time processing and information for all functions. A new digital core will enable multichannel organizations to deploy standardized business processes and clear financial rules to assign revenue, cost, and profitability across the business channels and make the overall business drivers and goals the number-one priority for the entire company.

**SAP S/4HANA® Retail**

The SAP S/4HANA® Retail solution is at the core of a comprehensive suite of retail offerings designed to help retailers meet the demands of a digital economy. It supports end-to-end retail core processes, starting with master data down to point-of-sale (POS) connectivity.

SAP S/4HANA Retail delivers real-time insights into operational retail data, empowering users with contextual information for faster and better decision making. Equipped with a simple and intuitive user experience, the solution helps everyone in the organization – from headquarters users to store associates – drive compelling customer experiences.

**SAP Customer Activity Repository**

The SAP Customer Activity Repository application receives information from SAP S/4HANA Retail, such as master, promotion, process, and inventory data. It provides a single source of the truth, which enables consistent information to be delivered across all channels and all functions within the organization.
Key benefits of digital core solutions for retail from SAP

• Real-time optimization of business-based changes that massively improve how we work, how we do business, and how we organize
• Availability to every employee of the power of prediction and simulation to leverage real business insights with the help of simulation and predictive tools that drive perfect decisions, improve productivity, and increase profitability
• Cognitive computing–enabled processes that optimize business models to not only better understand what is happening and what is likely to happen, but also to learn how to make informed decisions on what to do next
• The agility to rapidly enter new markets, acquire and onboard new companies, and deploy organizational change in a fraction of the time it takes with today’s systems

Learn more

Explore how SAP S/4HANA Retail helps to connect your workforce, suppliers, consumers, and the Internet of Things (IoT) in real time.

Read the brochure ▷
Reinventing Planning
Integrating merchandising and marketing

Having the right quantity of the right product in the right channel at the right time is the holy grail of omnichannel retailing. But too often, fragmented merchandising and marketing activities prevent this from happening. SAP solutions delivered by IBM help retailers overcome this problem and adopt a standardized, integrated, holistic approach to merchandising and marketing that aligns with financial targets.

SAP Merchandise and Assortment Planning
By providing a unified retail planning and analytics platform, the SAP Merchandise and Assortment Planning application allows merchandisers to simplify and streamline the planning process across multiple channels, locations, and geographies. Using its powerful capabilities, retailers can build localized assortments that are relevant for customers and balance the art and science of planning with predictive analytics. As a result, companies can maximize sales and margins, while reducing the time to plan.

SAP Promotion Management
The SAP Promotion Management for Retail application helps marketing match promotional offers to shopper preferences. Using its automated retail promotion management processes, marketers can rapidly create multiple versions of marketing and merchandising offers and reach shoppers across all channels – including e-commerce – with multichannel promotional strategies. In addition, marketers can efficiently manage advertising dollars by forecasting the expected financial performance of each offer. The result is increased sales and loyalty.

SAP Hybris® Marketing
The SAP Hybris® Marketing solution goes beyond traditional marketing, helping companies understand the full context of customer activities to know what they have done, what they may do, and, most importantly, what they are doing now. By gaining real-time insights into the context of each customer and using those insights to deliver highly individualized customer experiences across channels, retailers can not only drive new demand, but also build loyal customer advocates.

“Marketing campaigns that formerly took three to five days to create and implement can now be completed within an hour.”
Venelin Nikolov, Head of Telecommunications, Technopolis

Read the case study
Effective sourcing and contract management is a crucial aspect of successful retailing. Procurement professionals not only need to be able to rapidly turn merchandising plans into purchase orders for the goods to fill their physical and virtual shelves. They also need to keep track of orders and payments, as well as develop new relationships with suppliers and manufacturers and nurture existing ones.

**SAP Ariba® solutions**

Ariba® Network is the world’s largest marketplace for business-to-business transactions, connecting more than two million companies that conduct nearly US$1 trillion in commerce each year. It helps retailers source and procure goods collaboratively and transparently across the network, helping to ensure regulations and standards are considered and demands for sustainability are met.

With its electronic document exchange, Ariba Network eliminates the time and expense of manual, paper-laden processes involving invoices, purchase orders, contracts, and payments. As a result, procurement professionals can source appropriate suppliers more quickly, communicate more easily, and transact more efficiently, cutting costs and reducing risk while being able to act more responsively to market situations.

SAP Ariba solutions help retailers conduct spend analysis of company-wide purchases, as well as monitor supplier performance. By understanding where and how much they are spending with suppliers, buyers can make better-informed purchasing decisions and negotiate with more authority.

And, of course, Ariba Network integrates with SAP S/4HANA to simplify and streamline associated processes, such as accounts payable and supply chain management.
50%–75%
Faster transaction cycles are being achieved with Ariba Network.
Source: SAP Benchmarking*

Learn more

Find out how Ariba Network helps retailers collaborate better with global direct materials suppliers.

Read the point of view →
Reinventing the Supply Chain
More cost-effective processes, faster lead time

With suppliers, stores, warehouses, and distribution points spread across countries and continents, as well as a more agile, localized approach to merchandising and assortment planning, retailers need to reinvent their supply chain to ensure the right goods in the right quantity are in the right place at the right time. And they need to be able to reorient it quickly, to take advantage of events and trends as they occur.

SAP Forecasting and Replenishment for Retail
The SAP Forecasting and Replenishment for Retail application combines sophisticated algorithms for analyzing and predicting customer demand with automated functionality, allowing retailers to manage multilevel product replenishment across their entire supply chain.

The solution receives stock information, open orders, promotions, and master data from SAP S/4HANA and makes optimized order suggestions. Information is also provided to store employees for review and the processing of store-based replenishment procedures.
SAP Allocation Management for Retail
The SAP Allocation Management for Retail solution enables retailers to plan, coordinate, and monitor the allocation of merchandise to a large number of recipients. It allows companies to execute sophisticated allocation strategies and automate logistics processes to create inventories based on location-specific customer demand. By streamlining the manual processes involved in managing retail inventories, the solution increases productivity and improves the customer shopping experience.

Logistics and fulfillment
Integrated functionality for warehouse, transport, and logistics network management provided by SAP software helps retailers integrate storage and advanced warehousing, order fulfillment, and global transportation. With SAP solutions, companies can cut operational costs, increase asset usage such as warehouse and truck space, obtain real-time insights into issues such as delayed shipments or empty shelves, and coordinate and optimize activities with business partners. The result is leaner, cost-effective processes and faster lead times.

5%–10%
Reduced shipping costs by enabling fulfillment from stores.
Source: SAP Benchmarking*

Learn more
Discover how a scalable, omnichannel, online ordering solution from IBM is helping Bestore meet peak demand and slash time to market.

Read the case study

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*Source: SAP Benchmarking*
Reinventing the Customer Experience
Balancing innovation and risk

Customers have changed the rules of retail. It is they who choose their journeys and select the channels they prefer for their own convenience. Reinventing retail means delivering the very best experiences consistently, whichever channel or channels they use.

**SAP Hybris Commerce**
The SAP Hybris Commerce solution is a feature-rich yet agile platform that enables retailers to improve the conversion of demand into revenue by delivering contextual customer experiences. Tightly integrated with SAP S/4HANA Retail, it enables a 360-degree relationship with customers that delivers personal experiences, improves engagement, accelerates sales processes, and increases customer satisfaction.

**SAP Hybris Cloud for Customer**
The SAP Hybris Cloud for Customer solution helps retailers engage their customers in more meaningful ways. This portfolio of related CRM solutions and tools brings marketing, sales, commerce, customer service, and social CRM together, helping teams form powerful, personal connections that drive customer engagement across all channels.

**SAP HANA® Cloud Platform**
SAP HANA® Cloud Platform offers retailers a sophisticated solution for building, running, and extending ultramodern business applications. This in-memory platform as a service offers comprehensive capabilities to help business users and developers assemble better, more-agile applications in less time.

Core capabilities of SAP HANA Cloud Platform include support for IoT, integration, mobile services, advanced analytic tools, state-of-the-art authentication mechanisms, and social functionality.
Heads Up Weather Alerts

Discover how to build better customer experiences with proactive notifications based on incoming weather data.

See the video ›

Learn more

Discover how IBM and SAP helped Praktiker increase average monthly Web sales threefold and increase in-store sales by 30%.

View the case study ›
Developing a Road Map
Shortening time to value

The IBM Smarter SAP Trade Solution combines the power of the SAP solutions outlined earlier with IBM’s expertise and experiences of helping retailers around the world reinvent their business. IBM’s implementation approach is based on close collaboration between your key stakeholders, our industry and application consultants, and our change management advisors. It uses three key initiatives to help you build a road map to become a new omnichannel retailer.

IBM Design Thinking
At IBM, we think the systems of the world should work in service of people. So, instead of considering capabilities and applications, we use Design Thinking to develop an understanding of and empathy for users and put their needs first. As a result, we can help you develop strategies and designs that deliver the outcomes that excite users, consumers, and customers alike.

Agile development
Agile development eliminates long, drawn-out projects and lots of rework. It starts by creating a minimum, viable solution and then uses an iterative, sprint-based, process design and system evolution methodology to continually improve it. This approach not only accelerates development, it also delivers better-quality solutions that more closely match business users’ requirements.

Cognitive infrastructure
Combining the single source of the truth provided by SAP S/4HANA Retail with cognitive computing from IBM allows retailers to harness the power of Big Data and analytics and gain unprecedented insights into all aspects of their businesses and customers. With analytics acceleration and data-centric design, IBM delivers the infrastructure retailers need to create a cognitive enterprise.
Key trends that are re-shaping the IM&C industry include:

• Plant and equipment size reduction
• Localization of manufacturing
• Robotics and knowledge work automation
• 3D printing
• Predictive analytics
• Insights gained from Big Data

“Implementing our new Web platform together with ecx.io in an agile project was an eye-opener for the team.”

Sören Diekmeyer, Project Manager for Digital Media, JAB ANSTOETZ Group

Learn more

See how IBM Design Thinking builds on the core principles of traditional design thinking by emphasizing the way it creates value with and for the user.

Watch the video

Discover how IBM Design Thinking combines with agile development to significantly reduce the time to benefit.

View the video
Next Steps

As traditional retailers have embraced new channels and technologies to engage with their clients, cumbersome, complex operating environments have grown up that are inefficient, unwieldy, and unable to respond quickly to market and customer forces.

Tinkering with the processes and systems that are currently in use will not work. Wholesale reinvention is required to drive the transformation that is needed to become an integrated, digital omnichannel organization.

By combining their expertise, experience, and solutions, IBM and SAP can help you create a road map that delivers the business and IT transformation your company needs.

Contact Us

For further information about how we can help you, please visit:

IBM Consulting Services
SAP for Retail solutions
Digital Transformation with IBM and SAP

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