Oracle Retail

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Retail Management System

Oracle Retail Merchandising Suite

✓ Oracle Retail for AAFES

✓ Corporate Changes

✓ Summary of Benefits

✓ Discussions

WHY ORACLE RETAIL SUITE?

- ✓ OUTDATED PROCESSES UPDATED

- ✓ ORACLE RETAIL'S ADVANCED ANALYTICS

- ✓ SYSTEM INTEGRITY

- ✓ SUPPLY CHAIN IMPROVEMENT

- ✓ PROCESS ISSUE RESOLUTION

- ✓ REACT TO RETAIL SHIFTS

Retail Management System

- ✓ **RMS is a retail system to manage suppliers and items by locations.**

- ✓ **Centralized System to monitor inventory and meet demands.**

- ✓ **An enterprise solution that integrates suppliers, buyers, and retail locations for the life cycle of the product..**

WHY? Optimize the Integrated Supply Chain

Begins at the factory
Suppliers

Logistics

Ends with the customer

Store/Sales

Information Technology

Sales Directorate

Finance and Accounting

Marketing

AAFES CHANGES

Business Process Changes

Cultural Shifts

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RMS Brings New Organizational Changes

- ✓ **Business Process**

- ✓ **Team Structure**

- ✓ **Systems Changes**

- ✓ Summary of Benefits

- ✓ **Centralized Buying**

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New Business Process

- ✓ Changes how we accomplish our daily work
- ✓ New Replenishment Methods
- ✓ New Item Management and Setup
- ✓ New POs
- ✓ DEALS

Having the right product, at the right place, at the right time!

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New Business Changes

✓ **Main Stores Warehouse Replenishment**   **Active** **at all Main Stores**

✓ **Store Replenishment –RMS Auto Order**   **Stores** **activated using Plan-O-Grams (POG)**

✓ **POG Determines Stock Assortment**   **When** **stores activate Replenishment**

✓ **Pilot Phase began Aug 2009 in Dept 43 & 46**

OUR MISSION

✓ **Our focus … GROWING our business!**

Business

New systems, new processes and new teams have everyone working together….. in the same direction!
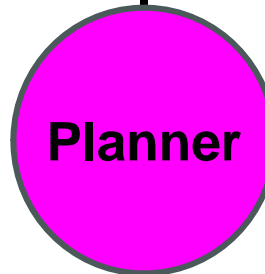
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Team Structure

Team Structure-Impact Teams

Buyer

- Selects & manage assortments
- Identifies products
- Analyzes trends and markets
- Secures best cost and negotiates deals
- Manages vendor relationships and contracts
- Makes product Lifecycle decisions

Buyer

Business

Planner

Planner

- Builds forward looking financial plans
- Manages inventory plans and execution
- Builds item lifecycle plans
- Exception analysis and update plans
- Supports promotion, pricing & assortment fit plans
- Coordinates supply chain execution

Team Structure –Impact Teams

NEW

Allocator

•Manages allocation of product to support forecast

•Adjusts model quantities and inventory parameters

•Performs basic assortment fit reviews and analysis

•Builds allocation plans

•Exception analysis and issue resolution

NEW

Replenisher

•Manages purchase orders

•Set-up and executes replenishment parameters

•Performs routine communications with vendor

•Builds purchase order plans

•Exception analysis and issue resolution

Planner

Business

Allocator

Replenisher

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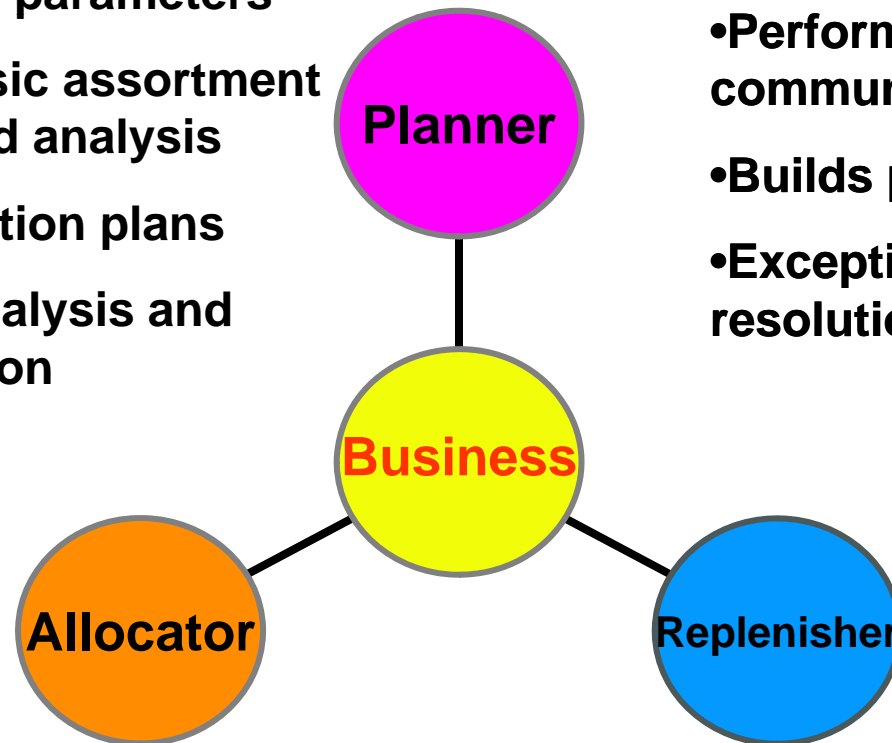
Team Structure - New Roles

NEW

Forecaster

- Determine SKU level forecast

- Reconcile unit demand forecast to sales plan

- Resolve forecast issues

- Monitor/Report forecast accuracy

NEW

Pricing

- Establishes strategic pricing models

- Systematically assigns prices

- Identifies trends and opportunities

- Leverages pricing strategies to maximize sales and gross margin

- Manages Completive Pricing

Data

Buyer

Business

Forecaster

Pricing

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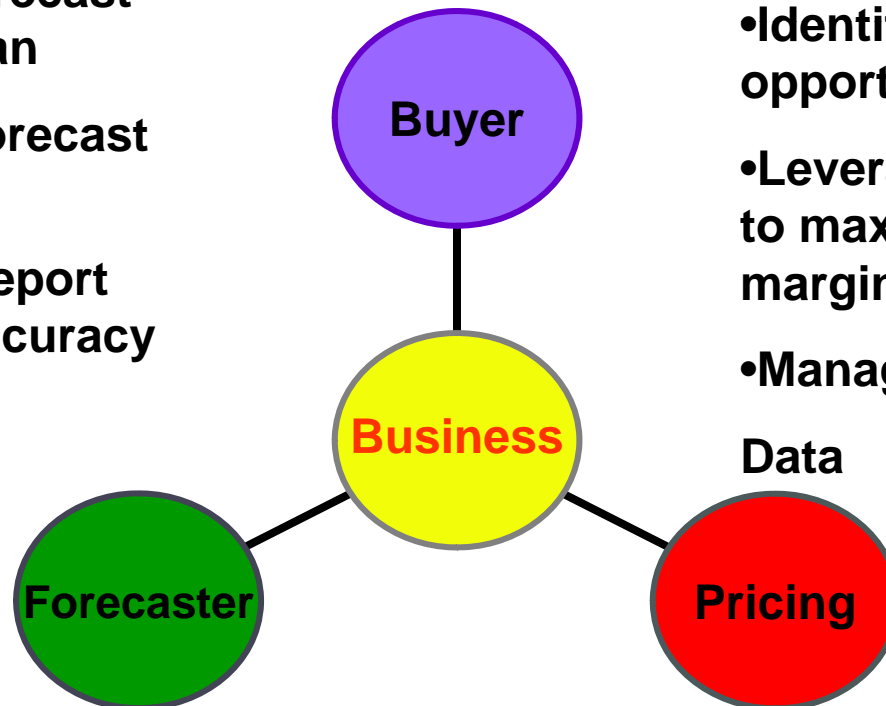
New System Changes

✓**Old Systems phased out or fed from RMS.**

✓**A new PO type (DSD) feeds RMS**

✓**FS21 is decommissioned**

✓**Store Ordering decommissioned. (ATN)**

Key business changes with DSD:

✓ **Suppliers notify Buyers of new items and cost**
✓ **No FS21** DOR contracts
✓ **All items Replenish in RMS**
✓ **Stores generate Vendor Order Number (VON) in   +**
✓ **ASAP upon receipt**
✓ **Line item receiving at stores for all retail DSD**
✓ **merchandise**
✓ **Line item details sent systematically to Walker/PIT systems**
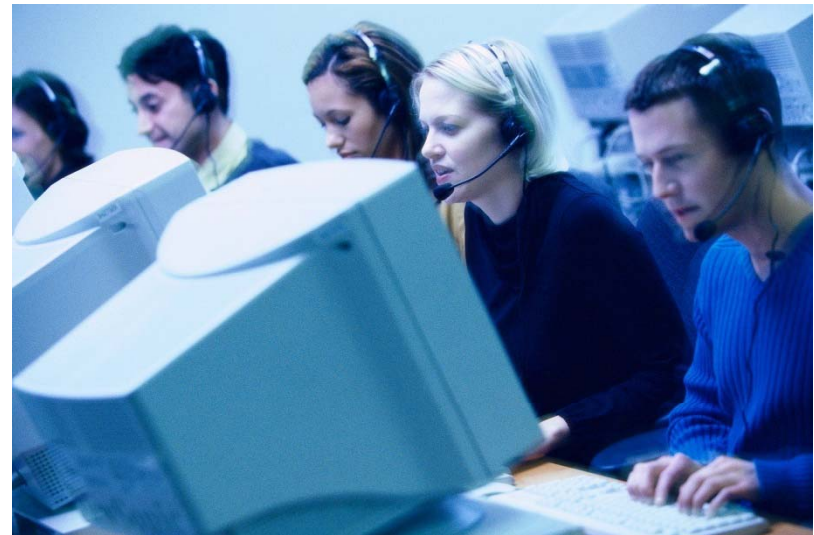✓ **Visibility of Store DSD inventory in RMS**

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Item Data Management New Process

NEW **Merchandise Support Team (MST)**
Global Data Synchronization (GDS)

- ✓ **New Item Induction form**

- ✓ **Item Approval Process**

- ✓ **GDS Item Induction**
  Electronic

- ✓ **Item Data Entry Experts**
  Merchandise Support Team

The new item setup process is more detail and time consuming but the time spent on proper item setup yields greater benefit to AAFES in the lifecycle of the item.

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Centralized Buying

NEW Dynamic changes to how we replenish!

- ✓ Proactive Assortment Planning
- ✓ "Just in Time" Replenishment
- ✓ Offshore DC replenishment using DDDC and WCDC
- ✓ Select stores convert VDS to Crossdock
- ✓ Mass Allocations
- ✓ Lower inventory investments reduces costs

Reducing inventory storage and handling costs, improves customer fill rates and AAFES supplies goods that customers actually want.

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Centralized Buying Impacts

✓ **Buyers**
  - ➔ **Determine Item/Store Relationships**
  - ➔ **Must have funds and space**
  - ➔ **Responsible for departmental margins**

✓ **PAR (Planners Allocators and Replenishers)**
  - ➔ **Plan the assortment**
  - ➔ **Procure for Stores /Warehouses**

✓ **Pricing Group**
  - ➔ **Sets and Reviews Strategies by Zone**
    - ▪ **Clearance**
    - ▪ **Margin**
    - ▪ **Competitive**

✓ **Stores**
  - ➔ **Top line sales**
  - ➔ **Control expenses**
  - ➔ **Critical to Perpetual Inventory**

AAFES Benefits?

Oracle Retail Benefits AAFES

- ✓ **End-to-End Supply Chain Management**
- ✓ **Centralized Buying**
- ✓ **Solves critical business problems**
- ✓ **New IT infrastructure for AAFES**
- ✓ **Implements best retail industry practices**
- ✓ **Makes exception reporting information readily available**
- ✓ **Perpetual inventory, data integrity, supply chain visibility**
- ✓ **Continuous improvement of productivity**
- ✓ **Yields higher customer satisfaction over time**

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Centralized Buying Benefits

✓**Centralized Buying Benefits:**

➔ **More Efficient Buying Method**

➔ **Reduces Duplication of Common Activities**

➔ **Negotiating Competitive Cost of Goods**

➔ **Increased Control of Corporate Contracting Terms and Practices**

➔ **Proactive Stock Assortment Planning**

➔ **Reductions/Shifts in inventory to stores**

➔ **Cost savings for AAFES**

➔ **New PO formats and PO automation**

Replenishment

Calculates inventory needs by location and automatically generates orders to fulfill the needs.

Benefits:

✓ **Automates centralized replenishment for ordering**

✓ **Generates purchase order quantities or automatic transfer requests based on perpetual inventory**

✓ **Leverages Technology:**

• **Oracle Retail Supply Chain Optimization and Oracle Retail Demand Forecasting offer a complete replenishment solution**

Allocation

The Allocation allocates or distribute merchandise based on current activity, trends and history.

Benefits:

- ✓ Recommends allocation quantities (RAQs) based on a Store's needs using sales history information or plan

- ✓ Uses "what if" capabilities that enable cross dock and order allocations

- ✓ Allocates promotions, one time buys, warehouse clearance, and fashion merchandise

- ✓ Replaces PCPO and the FDC Fashion system

NEW! DSD

A method to process direct delivery receipts and open order merchandise obtained from local suppliers.

Benefits of DSD:
- ✓ Replaces Dollar Only Receiving (DOR) contracts
- ✓ Allows for visibility of line item receiving
- ✓ Visibility of inventory and sales of all items that were DOR
- ✓ Ability to negotiate buys with national accounts not the distributors
- ✓ Provides pricing for all stores

NEW! Supply Chain Optimization

SCO - A manage by exception program.

Oracle Retail SCO reviews and adjusts methods and parameters for all item/locations that AAFES replenishes.

Benefits:

- ✓ Provides the ability to adjust inventory levels by an item/location while maintaining acceptable merchandise levels to meet customer demand

- ✓ Recommends item/locations set to a forecastable method (Dynamic/Time-Supply)

- ✓ Allows replenishment analysts to manage by exception

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Pricing: Competitive

Competitive Pricing drives positive customer perceptions of both price and value.

RMS allows us to react quickly to Hot Market situations.

Benefits:

✓ Enables centralized pricing performed at headquarters by Pricing Team

✓ Allows broader visibility to competitor prices

Overall Impact on Retail Operations

↓ **Reduces Inventory**

↑ **Increased Sales Revenue**

↑ **Increased Visibility of Perpetual Inventory**

↓ **Reduction in Markdowns**

↑ **Increased Cross Dock**

↑ **Better In-Stock Position on Fast Moving Items**

↑ **Improved Response to Competitors Pricing**

Discussion