



Retail Notes for February 8, 2007

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The **National Retail Federation (NRF)** Big Show was the biggest exhibition to date. With news from so many vendors, we need an extra column to capture more of the action and emerging trends we saw in New York. What follows are a few things that deserve the industry's attention.

PLM expands its presence

Interest in PLM applications was high among the private brand retailers and nationally branded suppliers (some with stores, some planning to open them) we spoke to at NRF. The show, however, has only recently hit the radar of the cross-industry PLM software vendors that AMR Research evaluated in "PLM for Apparel, Footwear, and Soft Goods: Meeting the Demands of New Product Introduction." Still, software vendor representation continued to favor those with a heritage in the soft goods, apparel, and footwear markets.

Freeborder and PTC had booths at the show and reported solid interest in their offerings. **New Generation Computing**, while not present with a booth, announced that it is expanding its New York office in response to growing interest in PLM and related applications from its traditional client base in the apparel and footwear industry. And **Lectra** released Modaris 3D Fit, a new 3-D virtual prototyping application that more deeply links product visualization and pattern design into the collections development processes.

Vendors such as **ecVision**, **Eqos**, **TradeStone Software**, and **Tourtellotte Solutions**, which approach the product development problem from backgrounds in the sourcing and workflow areas, all attended NRF and reported strong booth traffic. In 2007, early adopter retailers and vertically integrated manufacturers will continue to prove out and co-develop functionality (much of which was derived in other industries and refined for retail). In 2008, expect more vendors to be ready for the NRF spotlight with case studies of successful deployments.

Business intelligence keeps the momentum going

Continuing a trend observed last year, retailers enthusiastically dug into the latest business intelligence (BI) tools. While still interested in standalone capabilities, AMR Research continued to observe a shift toward the desire for business intelligence, analytics, and real-time alerting capabilities to be built into (preferably architected into) core applications such as merchandising, replenishment, and customer relationship management (CRM). Rather than residing alongside these business applications, intelligence would be baked into the workflow and user interface to make individuals more productive and ensure insights can be translated into action. In reality, BI and business application will co-exist for a long time in the retail world.

In that light, announcements and activities highlighted at NRF include:

- **Cognos** issued its Strategic Merchandise Planning Blueprint, a planning and reporting environment that leverages Cognos 8 Planning and Cognos 8 BI to create a spreadsheet-like planning and reporting environment for merchandisers. The blueprint gives users context for reconciling top-down and bottomup plans, calculating the impact of changes across multiple functions and down to the category or department level. Workflow, scorecarding, alerting, and the ability to view the near-immediate impact of changes on key financial metrics will make this application appealing to merchandisers and planners accustomed to working in disconnected spreadsheets with limited BI. The offering joins several other retail-specific blueprints which Cognos has released over the last year.
- **QuantiSense**, which we first got to know at last year's NRF, announced wins at **KB Toys** (where its partner **Netezza**, was also selected to provide the data warehouse appliance) and **Pacific Sunwear**. The company has proven an attractive partner for specialty soft and hard goods retailers, particularly among those implementing their first formal BI strategy and looking for relatively rapid deployment (the goal is under 100 days) and lower total project costs resulting from lower implementation and consulting expense. Visual, business-process-based workflows that include built-in suggestions for addressing next steps in resolving exceptions have garnered interest among these retailers as well.
- Highlighting its installed base of 450 retailers, including eight of the top 10 global retailers, **Business Objects** presented retail-specific case studies using its BusinessObjects XI release 2 capabilities. Business Objects also partners with Netezza, along with **IBM** (who presented in the Business Objects booth) and **Teradata**. Retailers interested in the possibility of an on-demand BI platform may be intrigued by the company's three-pronged approach to developing just such a business model (see "Small Acquisition Fuels Business Objects' SaaS Strategy"). Like Cognos, Business Objects has been aggressively been developing process-centric applications on top of its intelligence platform, further representing the blurring of BI and business applications.

Soft Solutions makes its mark with master data management

The vendor with the little booth tucked in the back made an impact by announcing wins at **Canadian Tire** and **CVS. Soft Solutions**, which offers SOA-based master data management (MDM) capabilities and a broad suite of central and store functionality, disclosed that CVS will roll out MDM and merchandising functionality. Canadian Tire plans to use the footprint for pricing, ad and promotion planning, vendor deal management, and markdown management.

The heart of the system and main attraction for early wins is the MDM application, **ibs REFERENTIAL**. The company hopes to build on these early U.S. wins (it is better known in the European market) with its **ibs Retail Operations Suite**, consisting of **ibs Central** and **ibs Store** modules. **ibs Central** addresses headquarters-based purchasing, replenishment, and inventory management, while **ibs Store** functionality includes store-level replenishment, inventory management, merchandising, human resource, and customer data functionality. Retailers like software options, and **Soft Solutions** is a welcome addition in this consolidating market. Particularly, MDM is extremely appealing for retailers requiring a solid data foundation to ensure more effective use of costing and financial, demand planning, space planning, and inventory management applications.