



Random Conversations at the Retail and Consumer Goods Executive Conference

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At the AMR Research Retail and Consumer Goods Executive Conference, application vendors and the customers they serve took several opportunities to brief us on recent developments and future plans. Several of these conversations are worth a few words of analysis.

The **KSS Group** is poised to make a real run at leadership in retail revenue management; it is now lining up the necessary assets. In place are strategic partnerships with **SAP** and **IBM Global Services**, a new general manager for the United States, and a blue ribbon advisory board that comprises a leading retail marketing academic, a retired C-store CEO and NACS Board member, and the retired CEO of an integrated petroleum and C-store company. With plenty of cash, the public company (traded on the London exchange) has been investing heavily in new product functionality and technology. A new n-tier version of *PriceStrat* that's built on **Microsoft's .NET** architecture, set for release in June, is slated to have better scalability, usability, process flows, and integration. Q3 will see the delivery of a promotions management and optimization application, now in prototype testing with a leading U.S. grocery retailer.

SmartOps, an optimization startup with customers in several verticals, is making progress in Retail. Its first retail customer, a top-20 U.S. grocer, completed a proof-of-concept test in which SmartOps optimized what had been separate buying, transportation, and warehouse decisions made by functional application to yield the lowest landed cost of goods at the outbound dock door. Key functionality included a promotional forecasting engine (store-SKU promotion-type-level granularity) tied to multiechelon inventory management. The retailer plans to install the system later this month for a shakedown period before going live. SmartOps is also in discussions with a regional grocery chain for the same kind of system and with a national drug chain to apply optimization for a very different problem: more efficient information processing required for script fulfillment.

Elogex, a hosted transportation management service, is now live at one of the largest national multibanner grocery chains, and it has a growing pipeline of customers, two of which are approaching go-live dates this month. Elogex promises customers increased inbound order and shipment visibility, notification of buyers and merchants of short or late shipments, load consolidation, auto-booking of inbound deliveries against Distribution Center (DC) lot and door capacities and schedules, and opportunities to convert one-way moves into continuous moves and tours, reducing charges on initial and subsequent moves.

Supply Change, a well-funded pre-revenue startup, is gearing up to help vertically integrated apparel and footwear retailers and brands change the rules of sourcing. The secret ingredient--using lead-time optimization as a strategic merchandising weapon. Existing rules take lead time (and lead time variability) as a given and disconnect a broader set of sourcing decisions from merchandising factors (revenue, volumes, time-in-market, and time-to-volume) that drive retail profits. With many retailers rocked by Zara's ability to bring new product to market in weeks, not months, and Uniqlo's fast retailing practices in Japan that have stymied The Gap's penetration of that market, it looks like Supply Change is targeting the next high-impact revolution in apparel and footwear retail supply chain management.

Finally, comments from a **Logistics.com** customer attest to the value of the vendor's *OptiBid Network* service. The service takes carrier bids on various routes and lanes, conditionally and in multiple combinations, and returns the least-cost combination of bids constrained by service and other factors. The customer, a national discount chain, has reduced its inbound transportation bill and moved more to collect billing through the use of *OptiBid Network*.