

BUYER CASE STUDY

Planning and Analytics Turn Retailer Alfred Angelo's Vision Into Reality

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IDC OPINION

Companies of all sizes across industries can benefit from increased insight into current and future performance. Before improved planning, analysis and forecasting can take place, however, a strong foundation of high-quality data, both financial and operational, must be available. When Alfred Angelo Inc. made a significant change to its business model by moving from wedding gown production and wholesale sales to a wedding planning service, accessory, and formal women's wear retailer, it faced new challenges that required improved planning. It first improved its financial reporting capabilities before embarking on implementing planning solutions for several departments. The company's experience with the implementation and results yielded several important lessons learned that other companies facing similar challenges can benefit from:

- ☑ Understand the strengths and weaknesses of your current IT skill sets and seek external consulting help to ensure a successful implementation. The company did not have IT resources with significant business intelligence, planning, or analytics backgrounds outside the manufacturing process, so it turned to a consulting partner for help.
- ☑ Look for tools that will not cause the need for significant training or user confusion. The company's manual financial reporting and planning process was spreadsheet based. It wanted a tool with an interface that would be similar to a spreadsheet but provide the benefits of securely accessing a single source of trusted data.
- ☑ Delivering data at the right time can yield unforeseen benefits. The company found that more intelligent decisions across the company were made and costs were reduced simply by having accurate data faster. For example, the company began delivering weekly payroll costs, and managers found they could improve staff scheduling to meet monthly budget goals.

IN THIS BUYER CASE STUDY

This IDC Buyer Case Study examines the lessons learned and benefits derived from the financial reporting and planning solution implemented at wedding gown and wedding service provider Alfred Angelo. It profiles the challenges faced by the company, the solution implementation experience, the benefits derived from this

implementation, and future plans for expanding planning capabilities into other business functions.

SITUATION OVERVIEW

Organization Overview

Alfred Angelo is a Florida-based retailer of wedding gowns and prom dresses. It designs and manufactures gowns, markets its gowns online and in its own retail stores around the world, and provides planning services and accessories for wedding parties. The company employs over 3,000 people who support a complex business operation that includes 80% of its dresses being made to order. With a large dressmaking operation in China, the company manages a complex supply chain to meet its retail and wholesale demand for merchandise.

Challenges and Solution

The company began its shift from wholesale sales to retail sales in 2004, and with this change came new requirements for management and the IT systems that support the business. Its financial management system was primarily designed to support the company's manufacturing operations. This resulted in a lack of reporting capabilities for supporting and understanding performance of the retail operations. The processes for closing monthly and quarterly financial reports were extremely manual and required the consolidation of data from over 20 entities operating within Alfred Angelo's portfolio. Data came from all over the world, including dressmakers in China and the United States. Furthermore, the company was planning to embark on an aggressive retail store expansion project that would take it from zero to over a hundred stores by 2010. The financial data from these stores would need to be collected, consolidated, and reported, and its current financial management system would not be able to perform these functions.

In 2005, the company's finance manager suggested investing in new software to solve the challenges the company faced. The company turned to Breakaway Technologies for consulting services to help ensure a successful solution implementation. Breakaway Technologies was tasked with improving the company's financial reporting, budgeting, and forecasting capabilities. Following this, expanded use of planning applications in its retail operations would occur. The company selected IBM's Cognos TM1 offering as a platform for centralizing financial data and generating reports.

The company automated its reporting and consolidation process using TM1. It can now update reports at store or companywide levels with greater accuracy in shorter time periods. For example, a single-store financial report would take an employee two hours to create in a standalone spreadsheet file — the new solution reduced that time to 15 minutes, with the added benefit of using centralized, trusted data. TM1's in-memory processing and spreadsheet-integrated user interface meant data could be analyzed quickly and users could more easily understand the information to make quicker and better decisions. The implementation process took three months to identify where relevant data existed within the company's legacy financial system and

to design appropriate cubes and financial reports. Within a year from the time the financial reporting solution was completed, the company embarked on implementing its planning and budgeting solution.

The company uses TM1 for planning and budgeting as well as financial reporting. The company generates ad hoc forecasts in fewer than five minutes, and that information is then used to create budgets and actual performance reports for all of its 20 legal entities. With the finance department now able to serve the reporting and planning needs of both its wholesale and its retail divisions, the company examined its business for other opportunities to use the TM1 software to improve efficiency and effectiveness.

Alfred Angelo's merchandising department saw an opportunity to use TM1 to improve its processes and performance. An additional project was undertaken to improve business insight and capitalize on opportunities while keeping costs down. The merchandising department can now see what items are selling and at what rate, which lets the manufacturing division determine what supplies to buy. The solution lets the merchandising managers perform what-if analysis to see the expected outcome that changes in pricing would have on sales, margins, and inventory levels. A TM1 cube dedicated solely to inventory data enables managers to keep costs down and products moving through the supply chain.

Results

Alfred Angelo is now able to do financial statement reporting with one full-time equivalent staff to support the solution that is used by up to 25 people. The company reduced annual staffing hours previously dedicated to manually generating these reports by an estimated 328 hours, and the wholesale reporting process now takes 186 fewer hours. Further cost savings from better inventory management have also been realized. Besides the easily measurable benefits of time savings from automating a business process, the company can also point to several other benefits:

- ☑ With forecasts being regularly updated and delivered to managers in near real time, the company has been able to manage the shift in its business model that moved it rapidly into a new industry.
- ☑ The company has provided several roles including executives with better business insight that is leading to more insightful decision making across the company. With no previous business intelligence system outside of production reporting, the company has quickly shifted to a fact-based decision-making culture.
- ☑ The solution enables managers to track costs against demand plans, which has meant more accurate execution of corporate goals. One outcome of this is that other business process managers including HR and operations have identified where they could garner similar benefits and utilized the same business analytics capabilities to reduce manufacturing outsourcing needs and improve insight into product profitability.

ESSENTIAL GUIDANCE

There is growing evidence that better decision making can improve organizational performance and competitiveness. Increasingly, better decision making requires the support of a range of information technology solutions that go beyond what has been traditionally defined as business intelligence (BI) tools — which are focused on providing access to structured information in enterprise applications or data warehouses to individuals — to include technologies that can model the financial impact of business decisions, monitor and analyze business activities or events, apply analytics to data within the context of an application, combine unstructured content with structured data, and provide support for collaborative decision making and knowledge capture and learning.

Collaborative decisions are supported when planning solutions span multiple departments. Experienced managers from various departments are best suited to populating forecasts and plans. As the solution captures actual data and measures it against the forecast, future forecasts can begin to become more accurate and stakeholders know what is required of them to ensure budgeted goals are met.

Even for a company constrained by a small IT department, the ability to automate the financial close process, improve financial data quality, and implement a planning and budgeting solution that spans departments is not out of reach. Bringing in an experienced consulting firm to implement the solution can help ensure a successful project. When a company is faced with the need to change its business model radically, it is easier to justify the project costs, but a champion who can extol the intangible benefits that would be derived from better business insight can often be enough to spur change.

The culture of a company can often be a hurdle to implementing new business analytics solutions. In this case, the company was able to overcome this barrier by pointing out to management that it was constrained by its IT systems from achieving its goals. The financial manager was able to get the approval and funding by first targeting a fundamental problem specific to his department and then expand the solution from there. As the financial manager, Al Heinzmann, thought about other opportunities for TM1-based solutions, he commented, "That's what makes TM1 great — there are so many possible uses."

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- ☒ *Worldwide Business Analytics Software as a Service 2009–2013 Forecast* (IDC #221320, December 2009)
- ☒ *Financial Performance and Strategy Management Software: Examining IBM's Offering and Strategy* (IDC #220947, November 2009)

- ☒ *Worldwide and U.S. Business Analytics Software 2008–2013 Forecast by Vertical Market and Company Size* (IDC #219834, August 2009)
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