



r.i.m.

Performance Management in the Entertainment Retail Sector
Jochen Bremshey | arvato services

IBM Cognos La Gaude | June, 6th, 2010

Cognos[®]
software

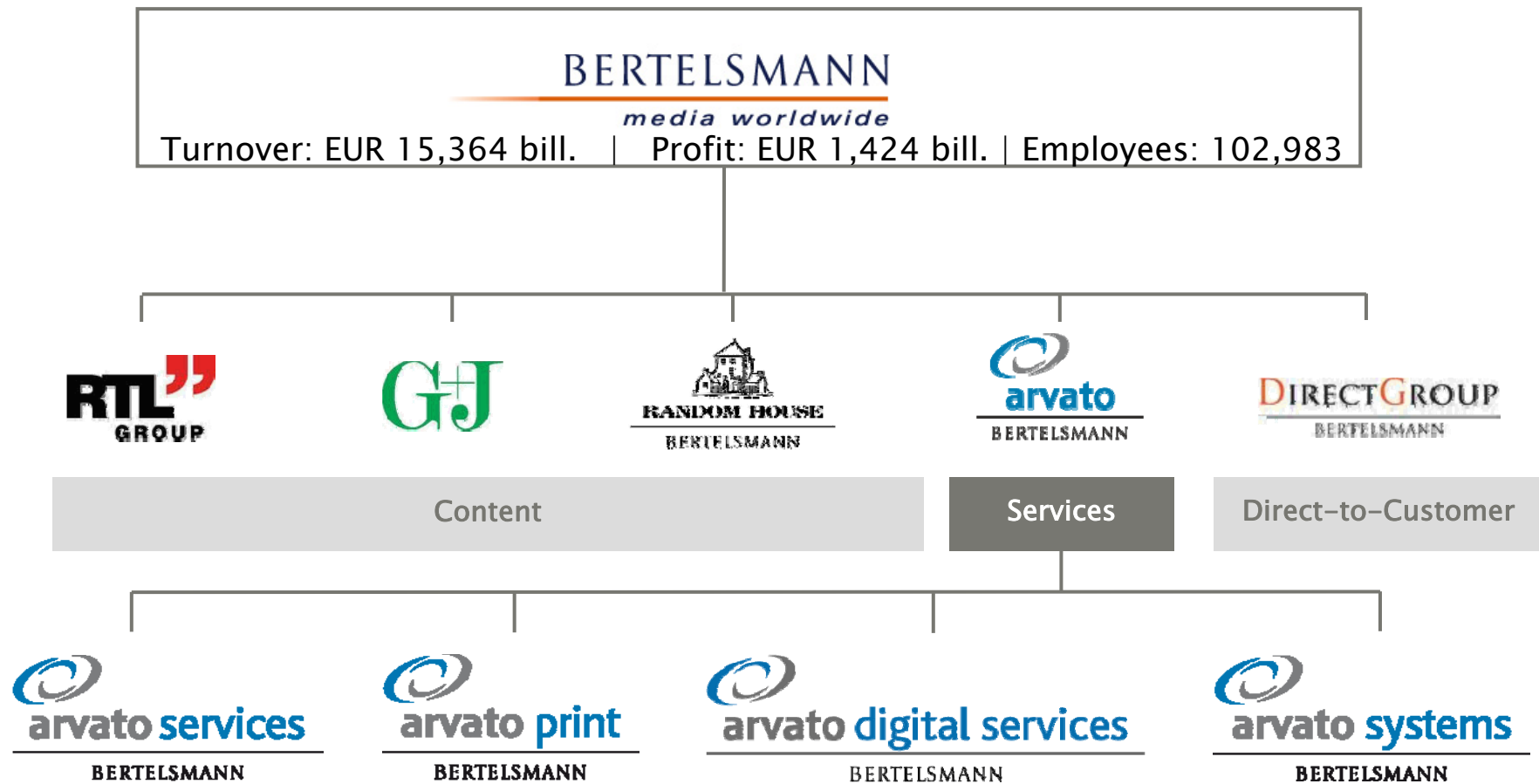

arvato services

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Who is arvato?



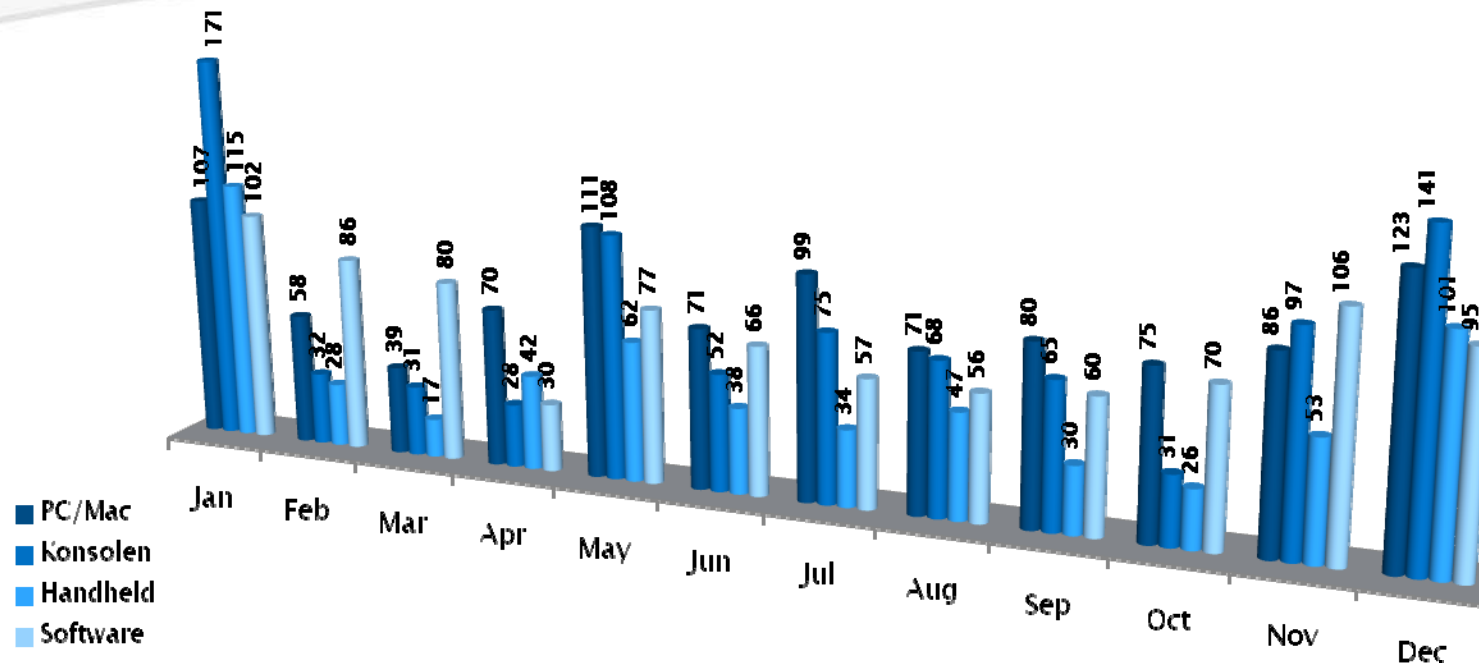
Bertelsmann AG organisation



Home Entertainment Market



New game releases in 2009

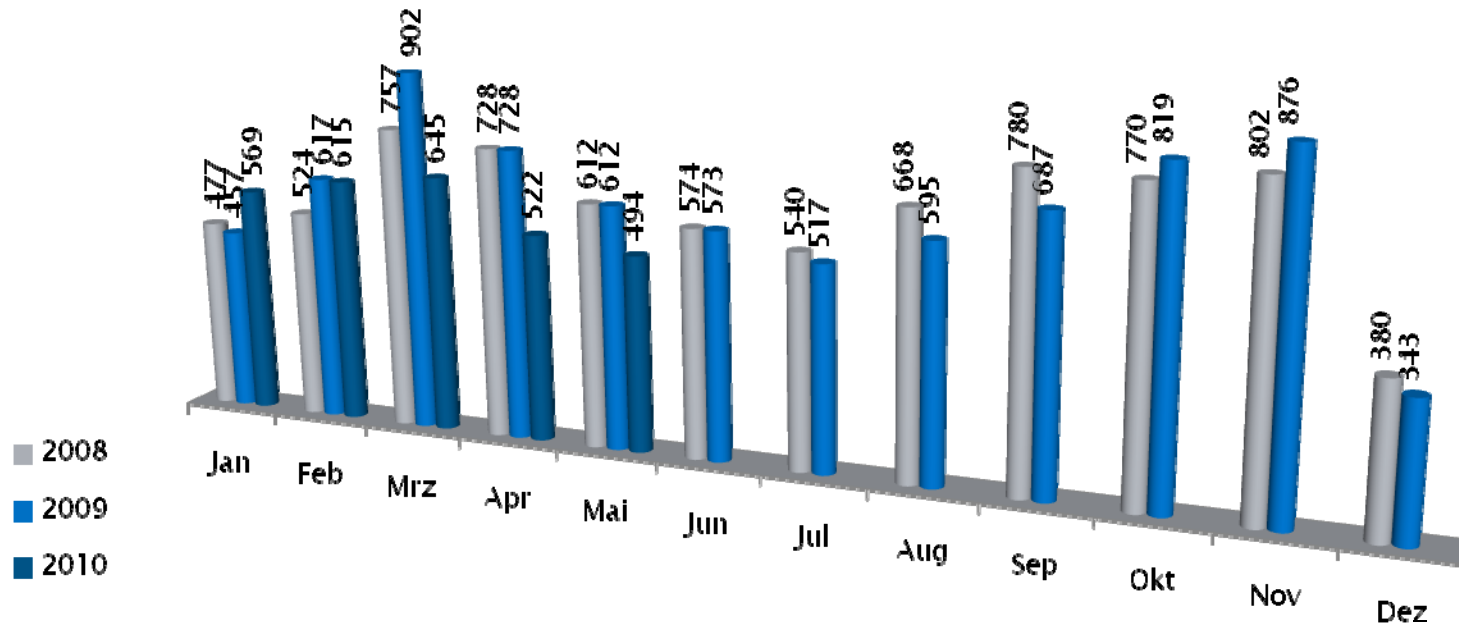


The cards are reshuffled daily. The coming weeks and months will show how the sub-segments will develop in monthly comparison.

source: GamesMarkt 23-2009

- On the average 281 game releases per month in 2009
- 401 game releases per month in season

New DVD releases

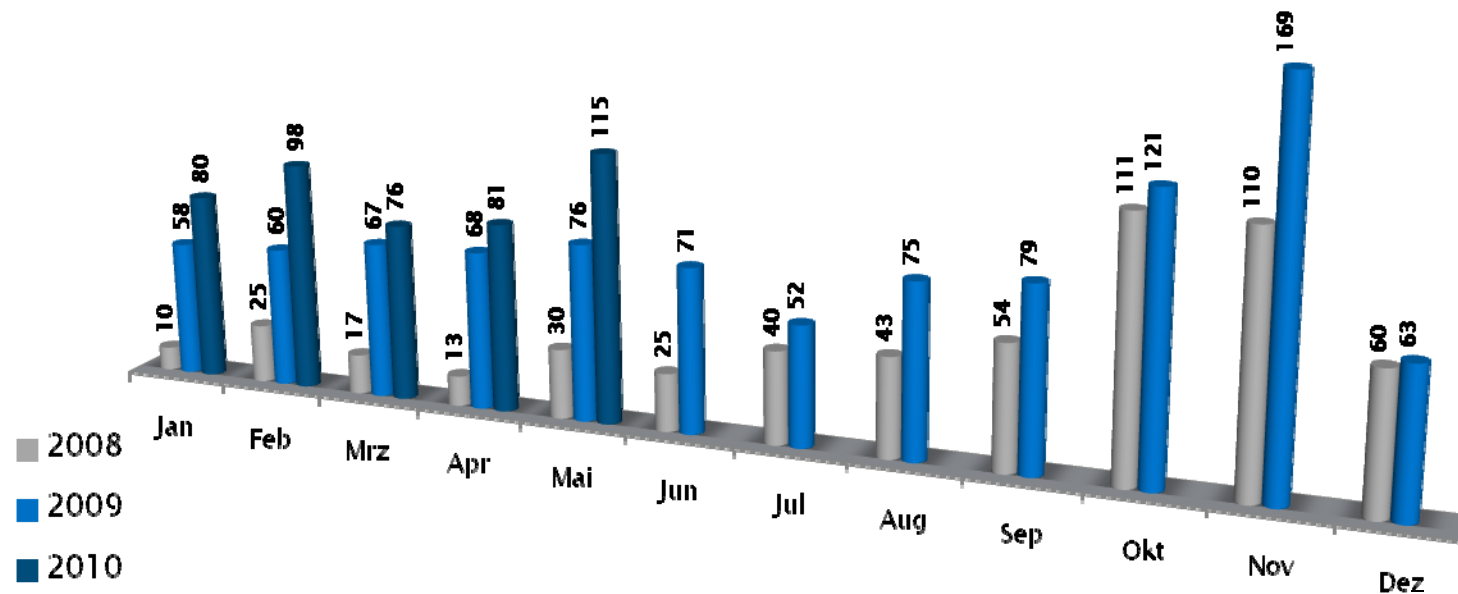


Up to now Mai is the month with lowest quantity of new DVD releases in 2010.

source: VideoMarkt 10/2010

- On the average 605 DVD releases per month in last 12 months
- Nearly 763 DVD releases per month in season 2009

New Blu-ray releases

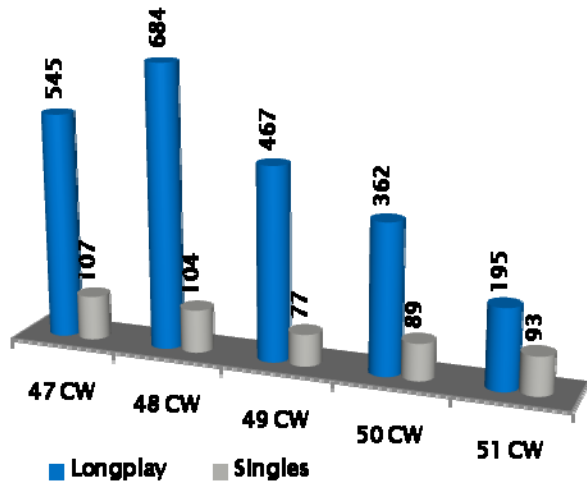


Up to now May is the strongest month regarding new Blue-ray releases.

source: VideoMarkt 10/2010

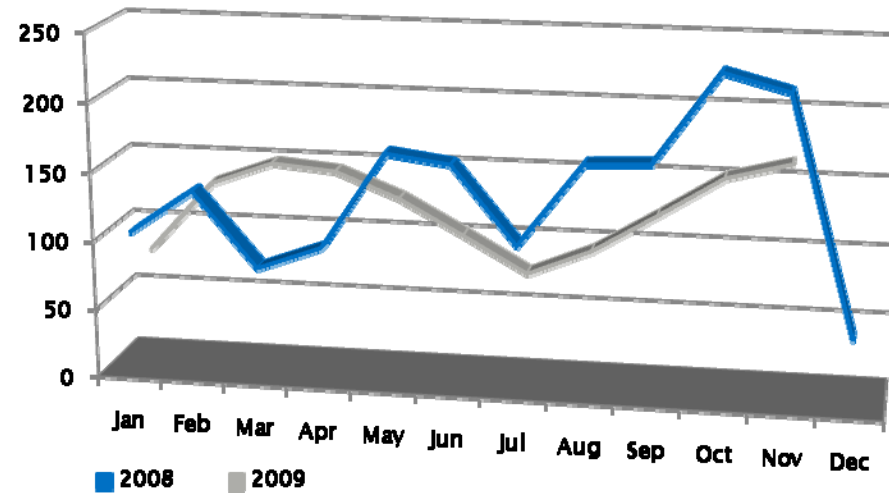
- On the average 90 Blu-ray releases per month in last 12 months
- 123 Blu-ray releases per month in season 2009

New CD releases 2009



Weekly comparison of total amount of new releases.

source: MusikWoche 51/2009



Total amount of reported new releases per month compared to the previous year (LPs and singles).

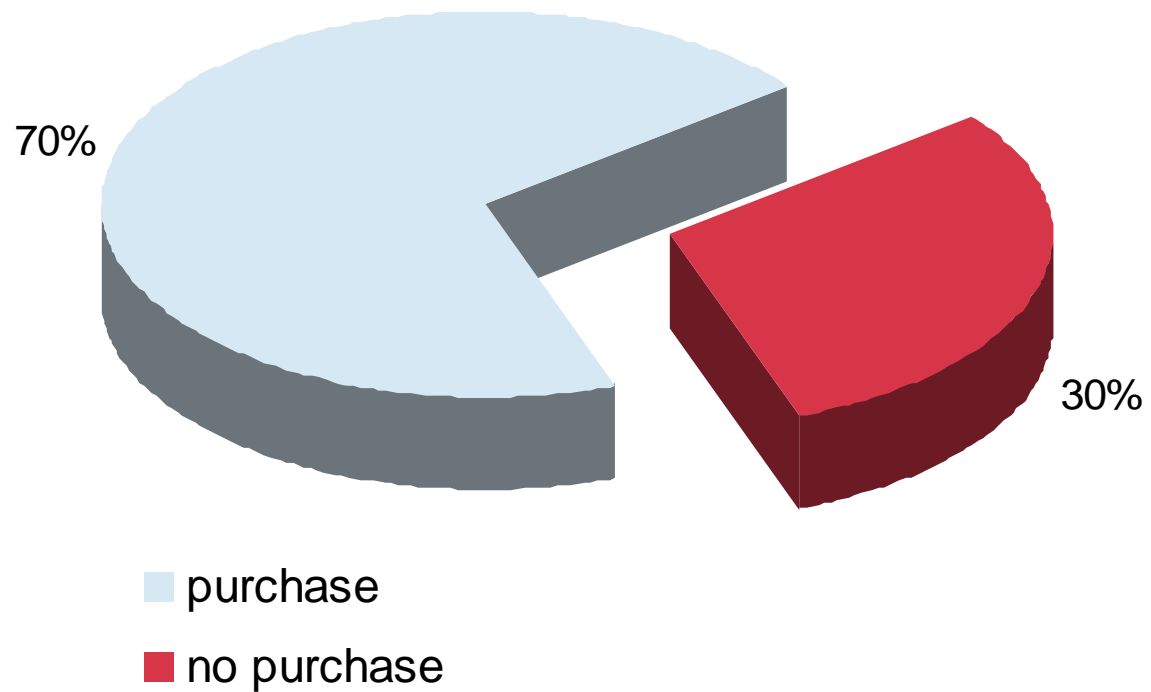
source: MusikWoche 51/2009

- More than 600 new music releases during the season 2009!

Why do I need VMI?

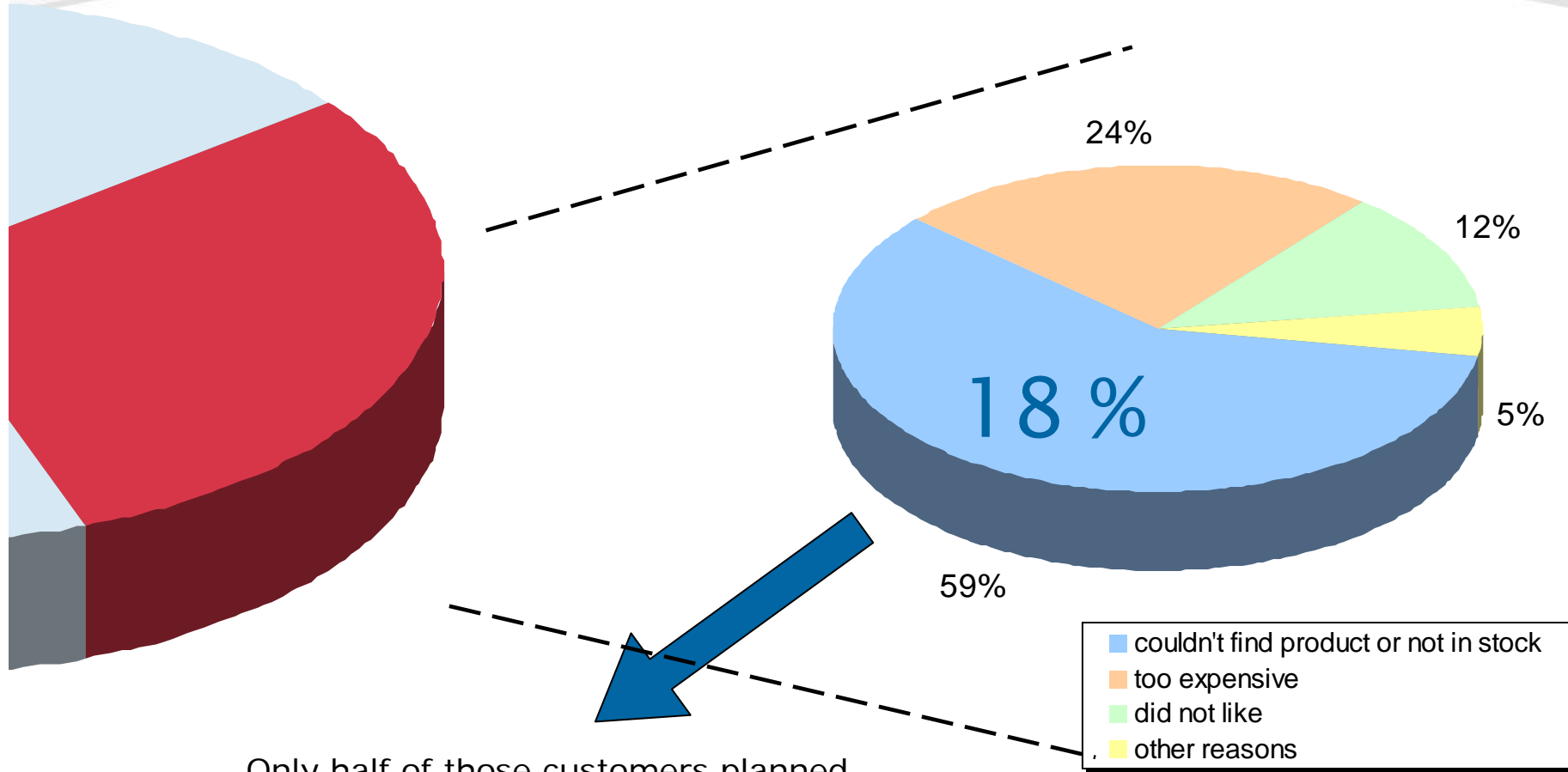


Buying Behaviour



Source: arvato survey;
see also G1-Study 'Optimal Shelf Availability dated 10/2006'

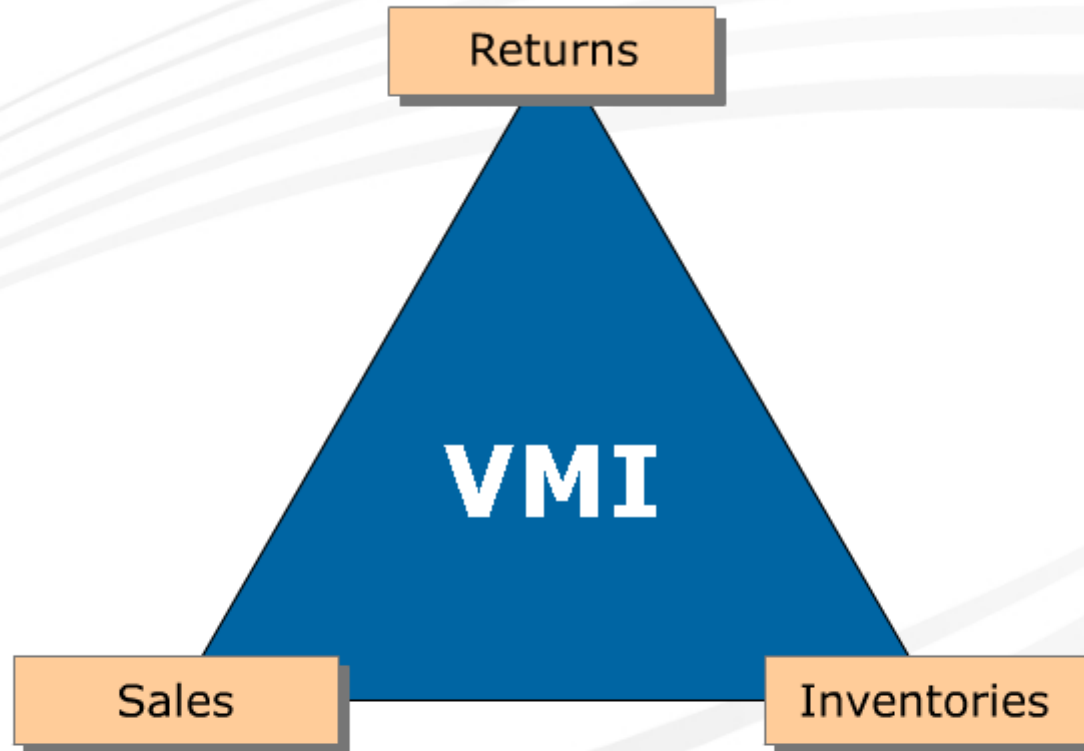
Buying Behaviour



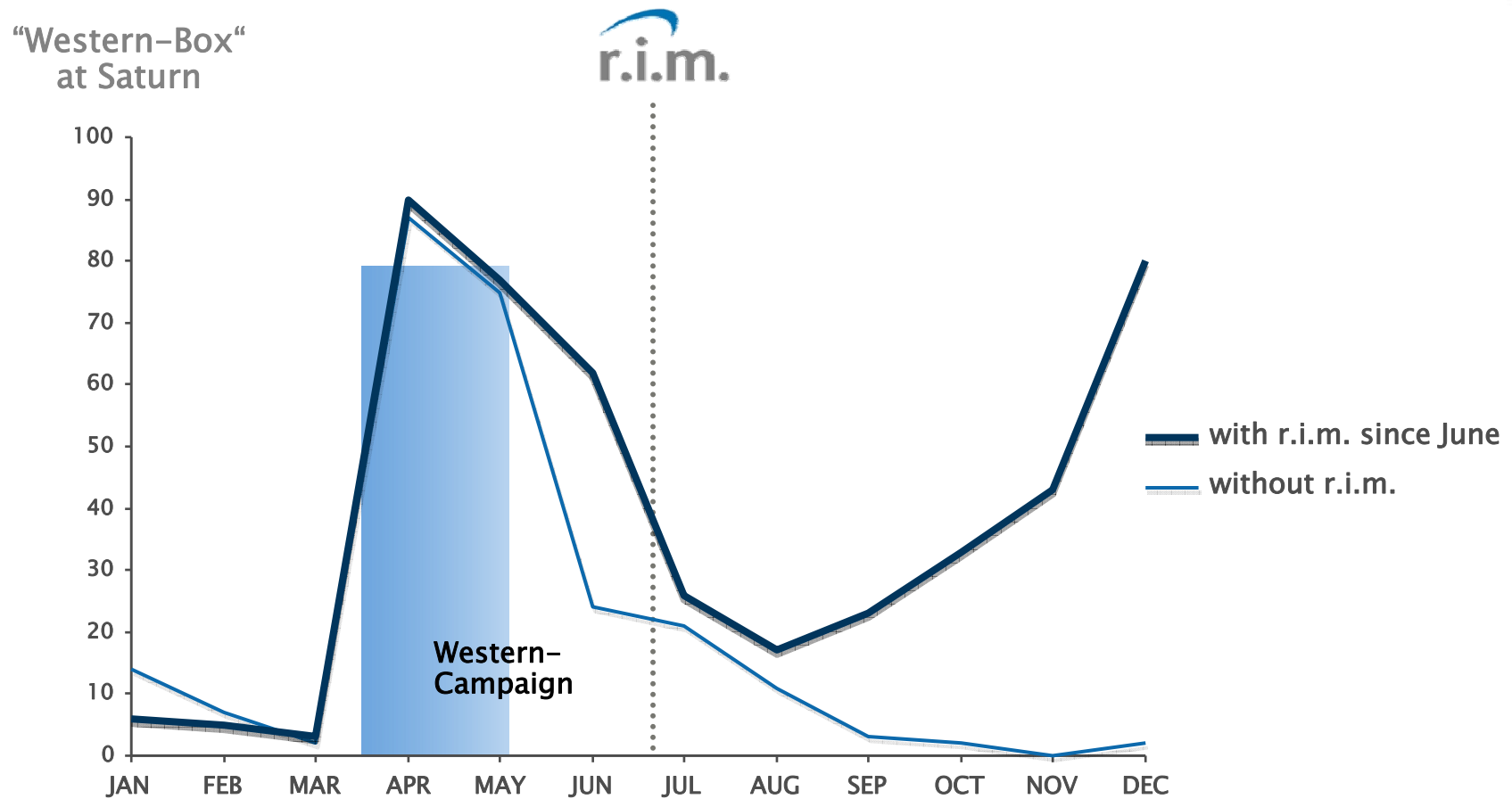
Only half of those customers planned to go to another store to buy the product there - loss of 9% of potential customers -

Source: arvato survey;
see also G1-Study 'Optimal Shelf Availability dated 10/2006'

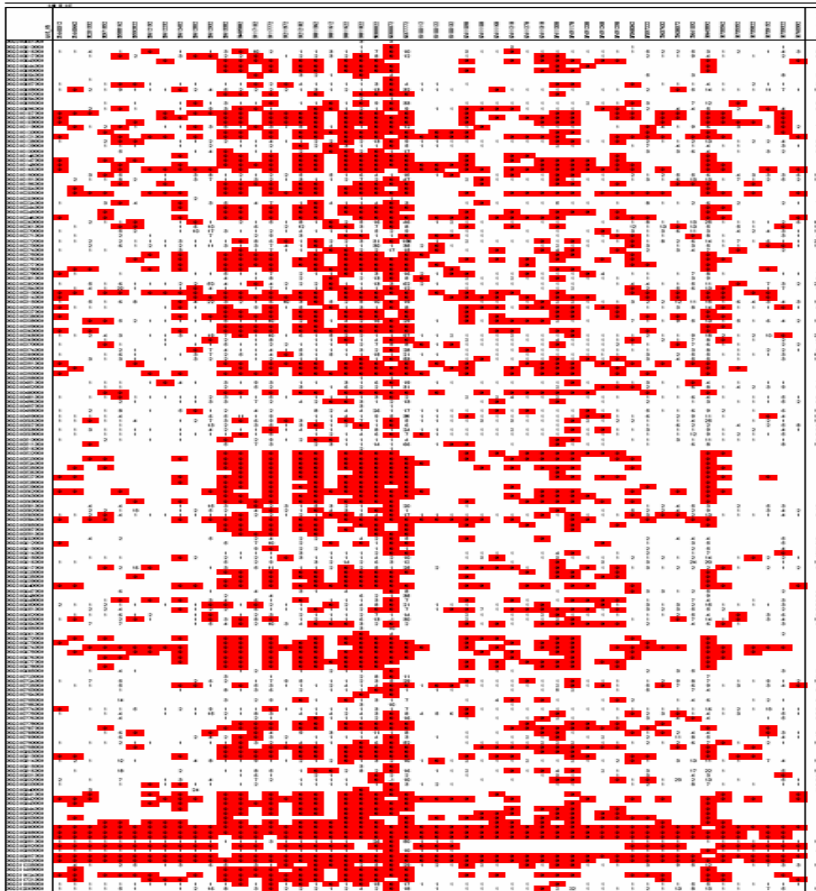
Key Elements of r.i.m.



Why do I need VMI? Resistance of the retailers and suppliers



Why do I need VMI? Resistance of the retailers and suppliers



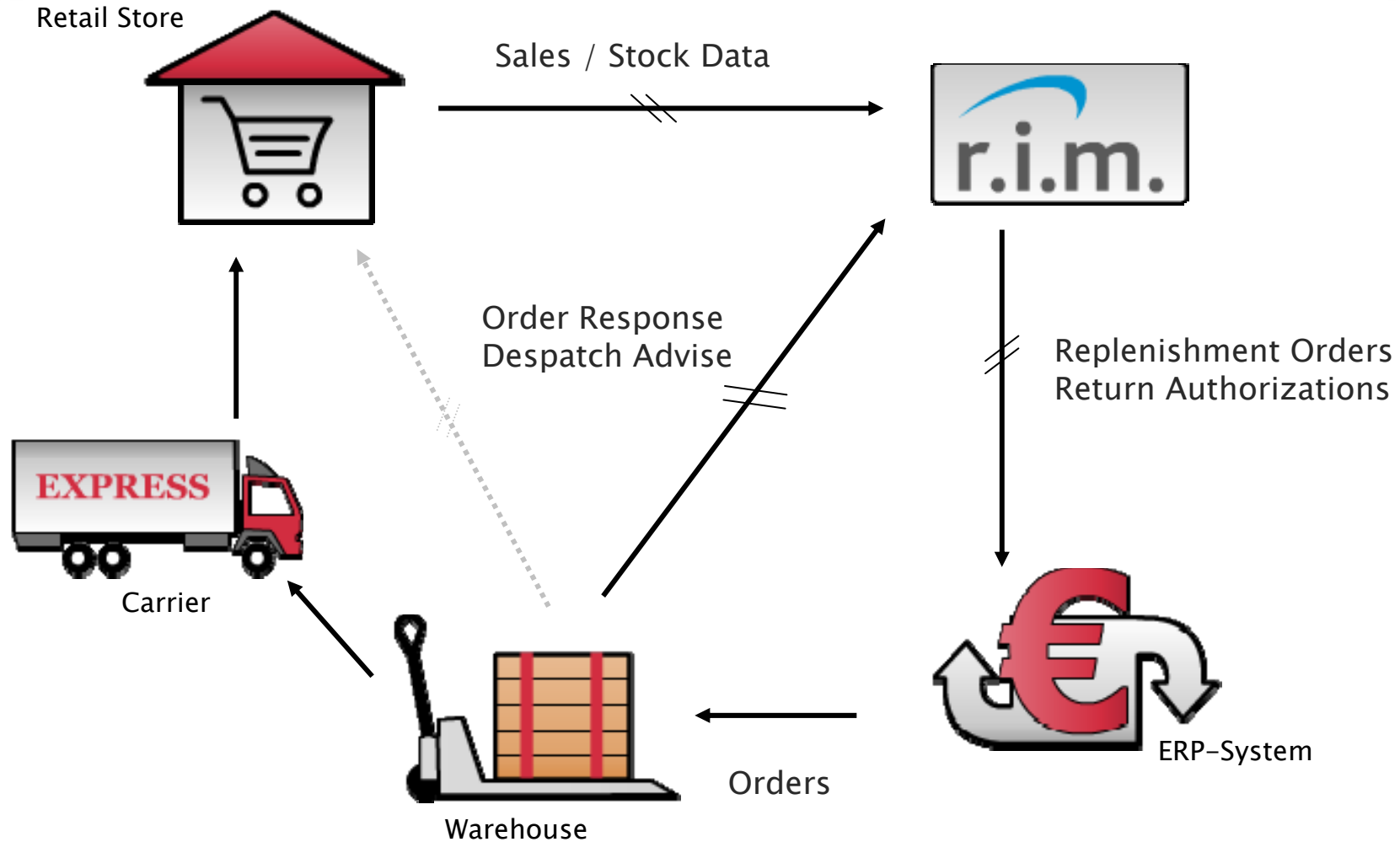
- Resistance of the retailers :
 - “I know my job and I am doing it well”
 - “I know what my customers need”
 - “No system can do this”

- Resistance of the suppliers:
 - “My sales force is working excellently”
 - “We need the closeness to the retailers”
 - “A system can’t replace the Sales Force”

How does VMI work?



How does r.i.m. work?

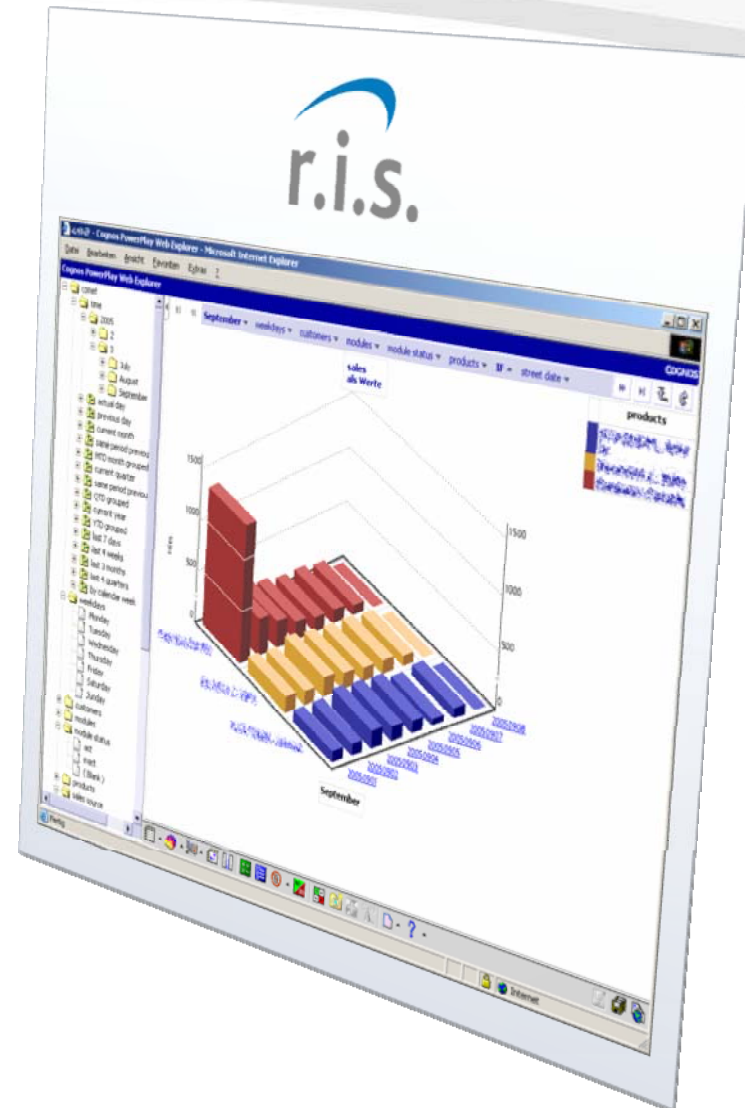


 = EDI - Interface

Key Elements of r.i.m.

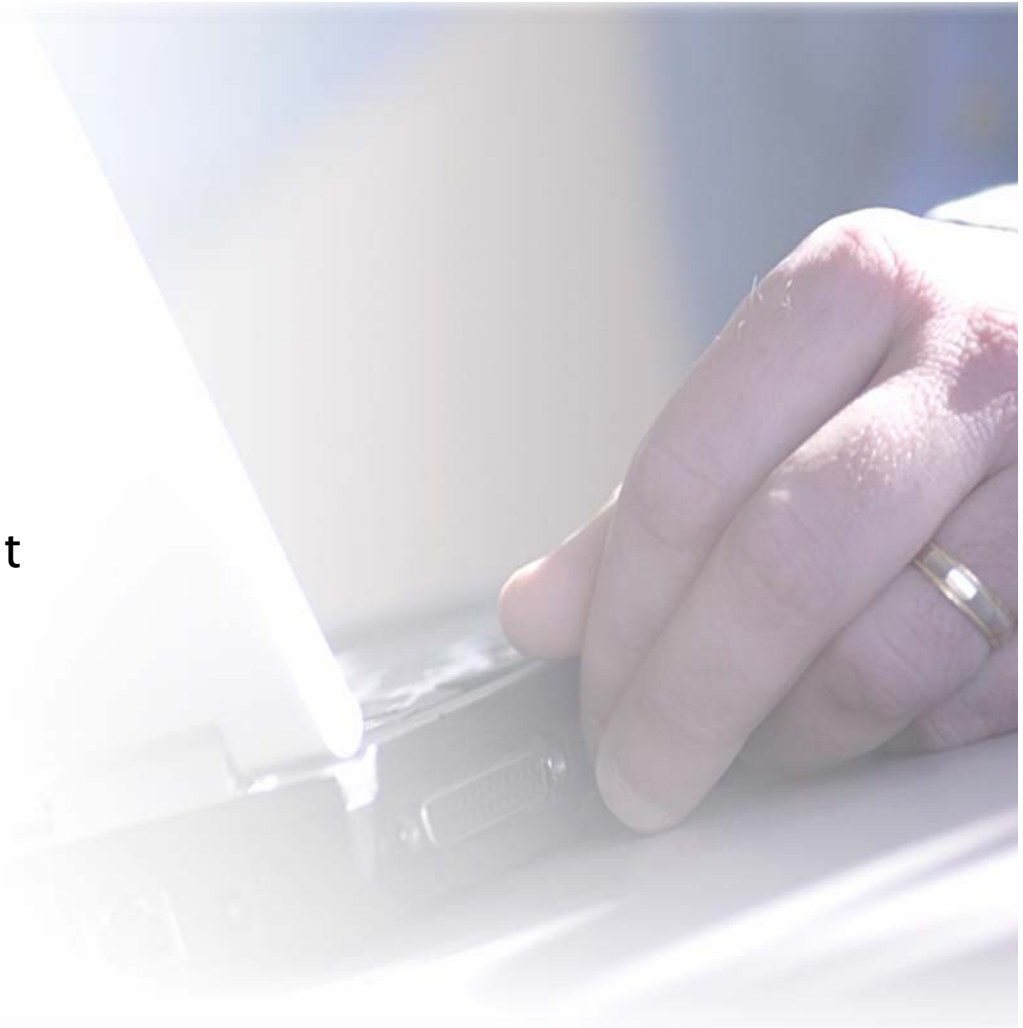


Components r.i.m. / r.i.s.



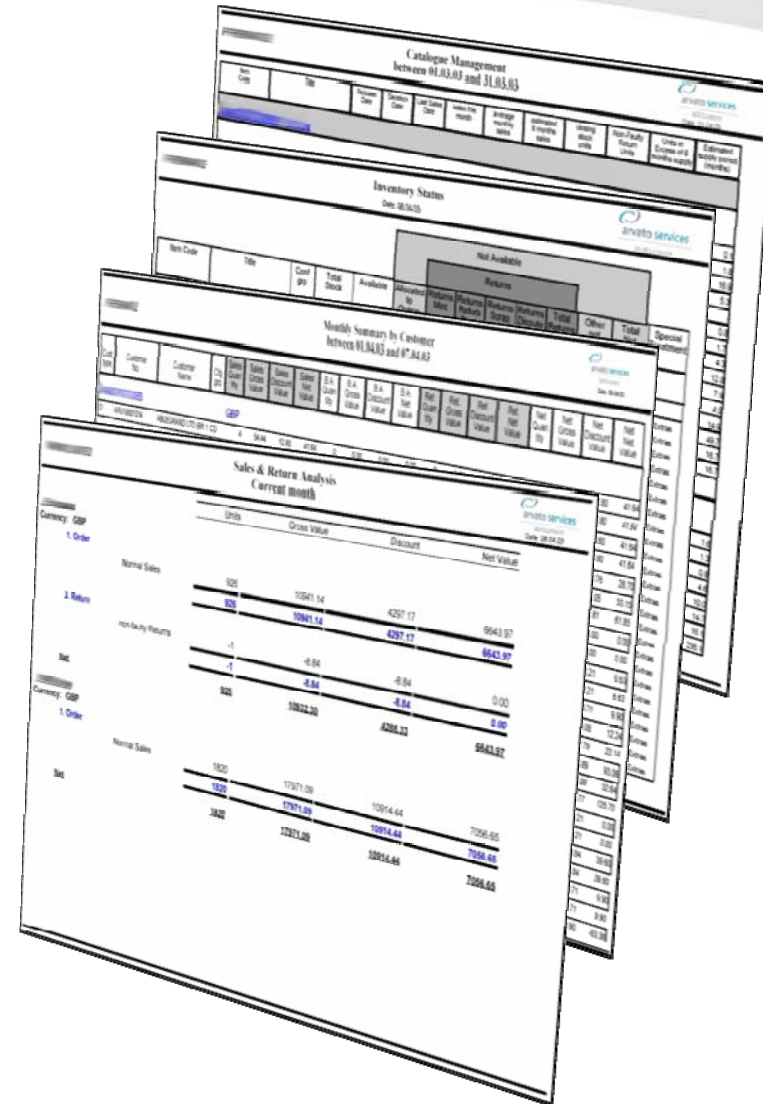


- Present data in
 - static reports
 - personalized reports
 - multidimensional structures for online analysis
- updated near time
- Online access via web front-end
- Export formats: PDF, Excel, CSV
- Flexible user access management
- Goals:
 - Market Analysis (top and flops, customer behaviour)
 - Stock Control
 - Quality checks / Monitoring



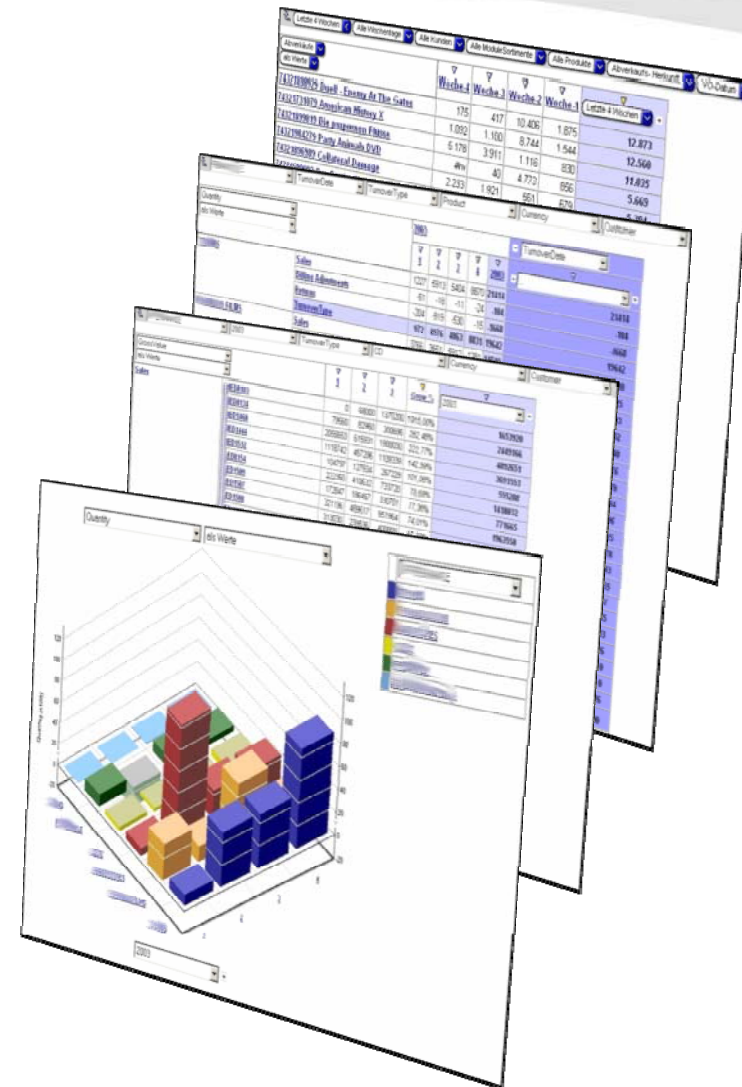
Sales Information System

- Reports about
 - Sales & return quantities and values of products and customers
 - Available stock, return stock of products
- Detail and summarized views
- Grouped and summarized by
 - Customer types
 - Headquarter
 - Label
 - Configuration
 - Order/Return types
- Several time frames
 - day, week, month, year



Sales Information System

- Multidimensional analysis of
 - Sales & return quantities and values of products and customers
- Customized views about
 - Top selling lists
 - Evolution of customers and products
- Interactive functions to analyze
 - Filtering and grouping of data
 - Sorting and ranking
 - Drill down to explore several levels of data
 - Calculated columns
- Graphical representations



VMI Experience References



r.i.m. VMI – History



Customers Connected to r.i.m.

Retailers

Stores



~	234	Germany
~	30	Benelux
~	24	Austria
~	19	Switzerland



~	142	Germany
~	17	Benelux
~	11	Austria
~	1	Switzerland



~	70	Germany
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~	473	Germany
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Customers Connected to r.i.m.

Retailers

Stores



~ 373 Germany



~ 239 France
~ 55 Belgium



~ 700 Germany
~ 2.700 Italy

Total: ~ 5.088

Products

r.i.m. Clients

Products



~ 7.181



~ 33.261



~ 36.895



~ 576



~ 21.436



~ 45.558

Products

r.i.m. Clients

Products



~ 48.417



~ 1.282



~ 110.952



~ 5.500



~ 11.478



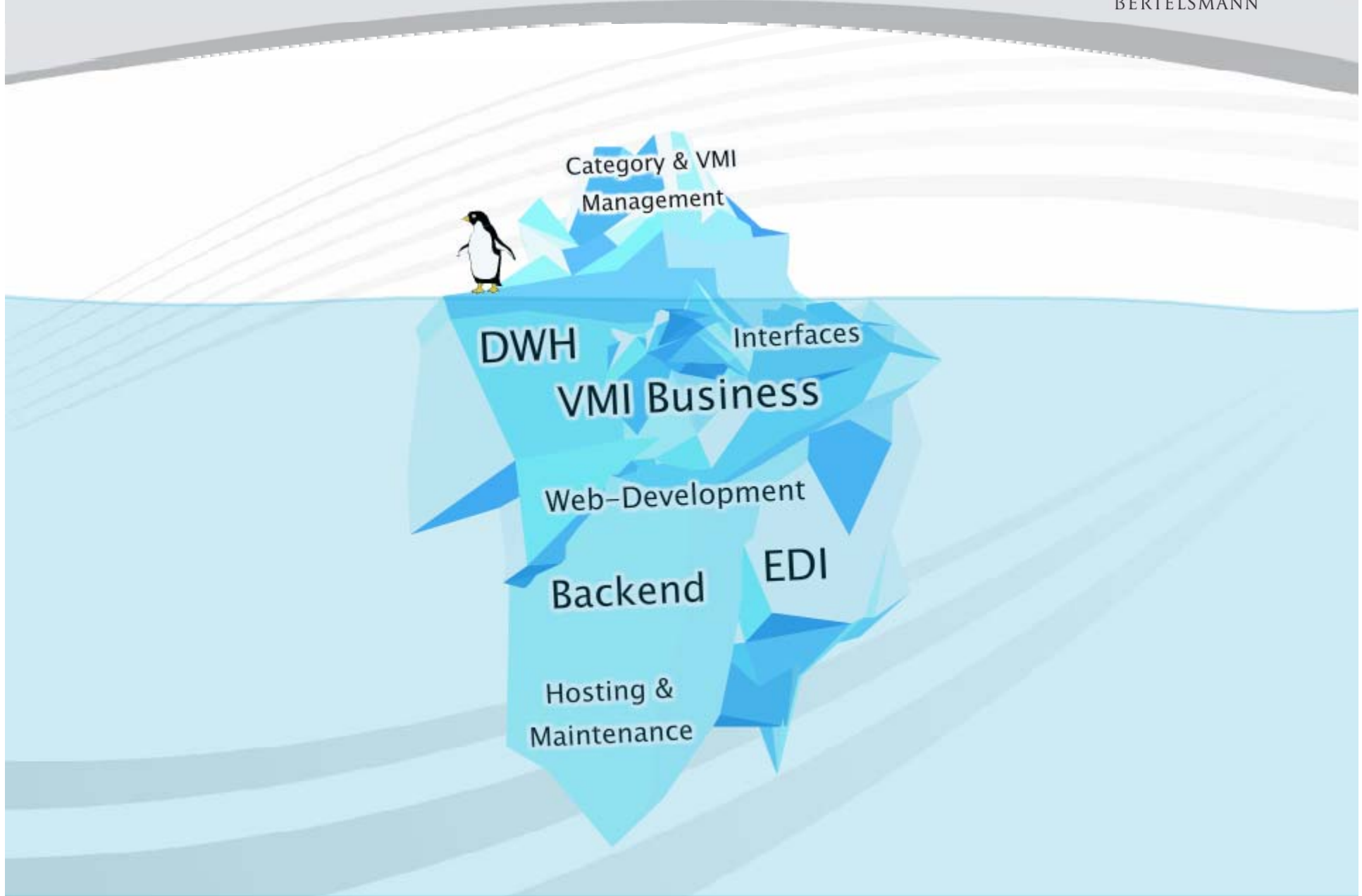
~ 1.759

Total: ~ 324.295

What arvato offers?



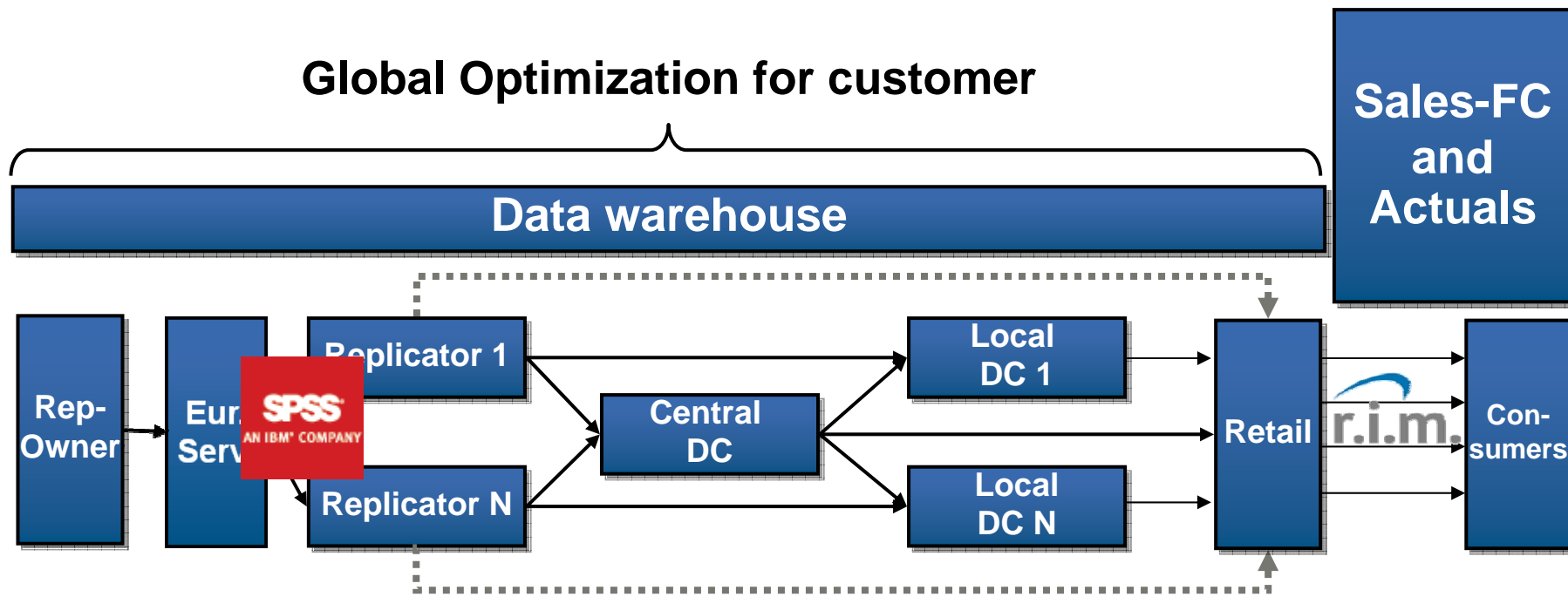
Services



Our plans!



Integrated SCM – forecasting and managing product from manufacturing to the point of sale



Integrated Supply Chain Management (across functions, organizations and countries)

Summary

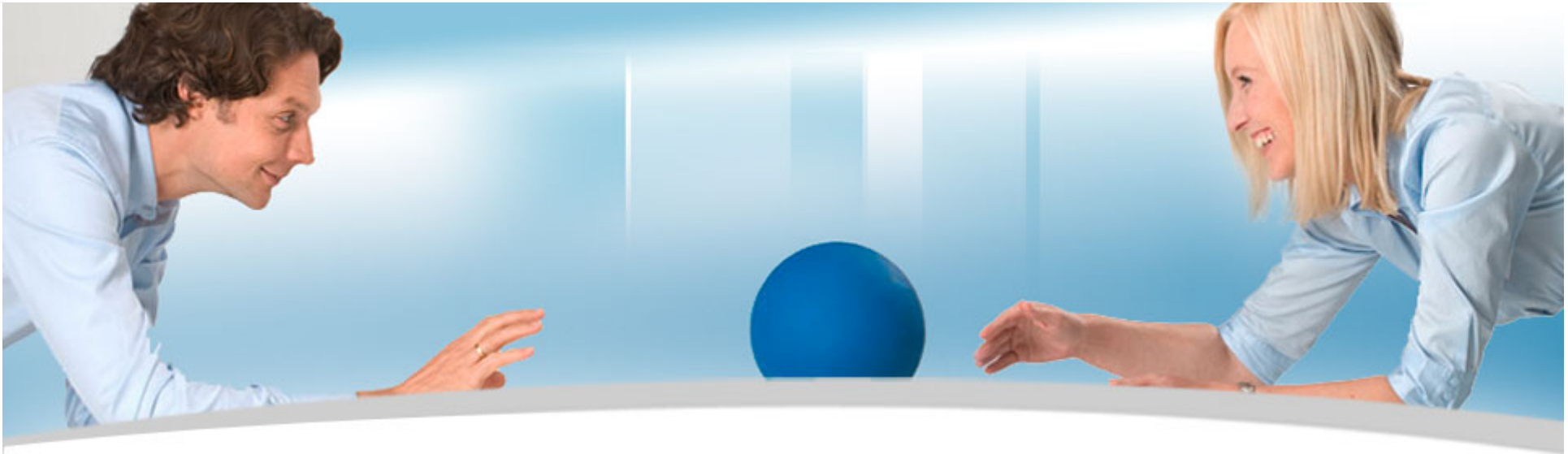


VMI changed the whole Supply Chain

- Step 1:
 - Set-up VMI-Business / Back-Catalogue Business
 - Optimizing assortments for B/C
 - Enhancement to New-Release and Campaign Business
- Step 2:
 - Usage of POS-Data
 - Optimizing New-Release and Campaign Business
 - Optimizing of first shipments for N/R and Campaigns
- Step 3:
 - Link manufacturer into the process
 - lower first shipments into the retail market
 - manufacture second / third lot if needed
 - reduce overall supply chain costs

Summary – Benefits

- Increased the sales
 - By avoiding out-of-stock
- Reduced return quote
 - By reducing inventory levels
- Optimized our product mix
 - By analysing sales and inventory data directly from the PoS
- Reduce stock in the warehouse
 - By optimizing the supply chain
- Improved our sales team
 - By using the transparency of the market (trends, regional differences)



Your contact

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software

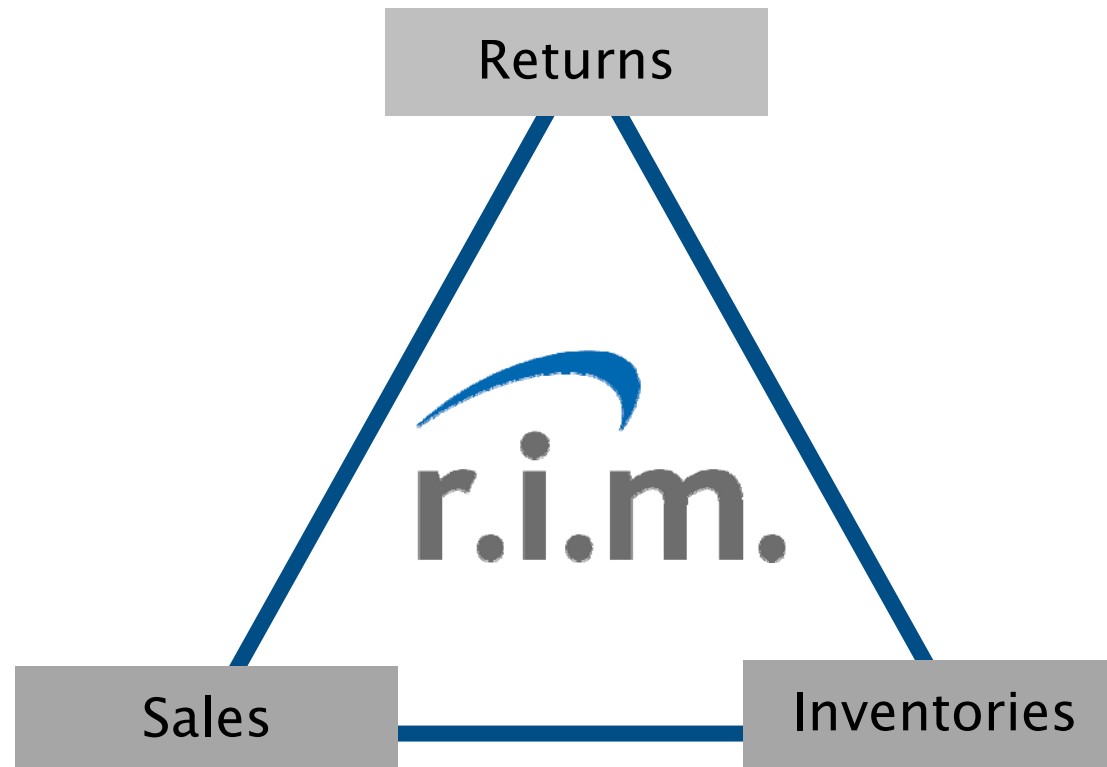

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Backup-Slides

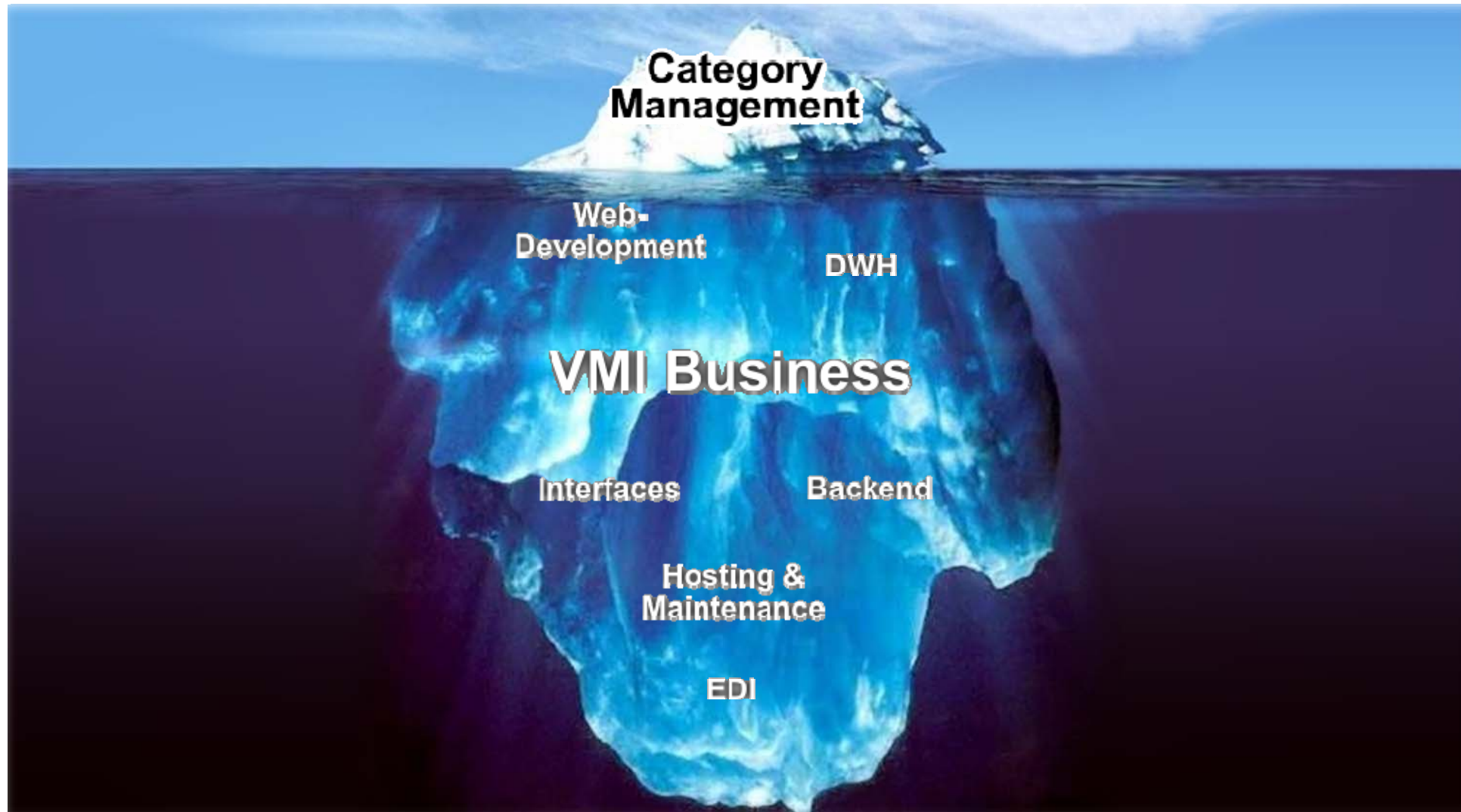


Why do I need VMI – the magic triangle



Key Elements of r.i.m.





Goals of VMI - Benefits

Increased Sales

- optimal product mix
- additional shelf space
- decreased out of stock

Increased Availability

- monitoring of inventory levels
- automated replenishment

Reduced Returns

- demand driven replenishments
- calculation of optimal inventory level

Reduced Costs

- less inventory and decreased returns
- less manual order entry
- order frequency can be managed
- reduced costs for order entry systems / interfaces