

Modernizing Retail Operations: A Strategic Guide to Cloud ERP Success



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Foreword

It's always inspiring to hear from industry experts who are in the thick of retail transformation. Recently, we've had the chance to be part of an insightful discussion with thought leaders from SAP and CIO.com on the future of Cloud ERP. Their perspectives reaffirm what we've been seeing: **forward-thinking retailers aren't thriving just because they're adopting new technologies; they're driving real value by aligning technology with their business strategies.**

Our [latest survey](#) of North America's top retailers reveals that nearly 60% have already transitioned to cloud-based or hybrid ERP solutions, with substantial investments in ERP modernization, AI, and predictive analytics planned over the next 18 months. These retailers aren't addressing technology challenges in isolation; they're adopting an integrated approach, connecting ERP, inventory management, order processing, and customer-facing systems to ensure long-term growth.

Cloud ERP has become the foundation of this movement. Through our work with 30+ retailers making this transformation, we've seen firsthand the tangible benefits Cloud ERP brings, and we've created this eBook as a practical guide to help retailers navigate this change.

Whether you're evaluating your next steps or looking for ways to maximize the value of your existing technology, this eBook serves as a guide to help you make informed, strategic decisions and seize the opportunity that cloud ERP presents.



Why Invest in a **Cloud-Based Retail ERP Platform?**

Retail is no longer just about selling products; it's about delivering experiences.

Traditional business models that once thrived now struggle to keep pace; in fact, what worked five years ago is fast becoming obsolete.

Operating on legacy IT systems makes this challenge even more difficult. These technologies aren't built to support this level of integration, making it nearly impossible to innovate using emerging technologies like AI, Automation and ML.

Data management has also become a critical concern, with businesses highlighting limited visibility, poor synchronization, and limited analytics capabilities as major pain points.

These issues bring a new urgency to the need for digital transformation. For retailers, the question isn't whether the industry is changing, but how your business is choosing to lead that change. **The diagram below provides a closer look at the current business challenges facing retailers and their growth ambitions for the future.**



Current Business

- Digital supply chain – retailers considering it important to have visibility into the global inventory pool
- Data-driven strategies – strategic use of data, including scenario planning and customer centricity
- Continuous margin pressure

Growth Ambitions

- Creation of new business models within their ecosystem
- Redefined stores equipped with real-time product and inventory information
- Serving the “segment of one” – delivering a fun, contextual, and personalized customer experience



- Geopolitical tensions – uncertainty around costs of war, pandemics, and energy
- Sales declining while costs of energy, transportation, and staffing are increasing
- Consumer behavior – changing shopping habits
- Inflation – 40-year high due to increasing energy prices and disruptions in demand and supply

- Sustainability – customers actively seeking brands with social, environmental, and political ethics
- Store innovations – stores with hyper personalized customer experiences and a shift from omnichannel to customer adaptation helping to outpace the competition
- Supply chain disruptions – inconsistent demand patterns while supply chain resilience and transparency continue to be priority areas

Justifying the investment for Retail Cloud ERP

The right technology isn't about keeping up with trends; it's about enabling organizations to respond dynamically to whatever comes next.

The findings from our latest survey of North American retailers reiterate a truth many in the industry already know; technology challenges are rarely isolated issues. Instead, they are a web of interconnected problems that impact everything from inventory management to customer engagement.



Consider the following core areas where cloud ERP makes an impact:

Omnichannel Fulfillment

Managing BOPIS, ship-from-store, and same-day delivery relies on real-time inventory visibility. Without a unified system, fulfillment becomes fragmented, leading to inefficiencies and lost revenue.

Inventory & Supply Chain Management

Retailers need end-to-end integration across sourcing, procurement, logistics, and distribution to respond quickly to demand fluctuations. A cloud-based ERP streamlines these processes, improving operational efficiency and reducing risk.

Operational Visibility

Legacy systems create data silos that make optimization difficult. A unified cloud platform consolidates data, providing business-wide visibility and enabling smarter decision-making.

Having been deeply involved in these transformations, we know that Cloud ERP is more than just an upgrade. It is now the core to retail innovation that sets the foundation for business innovation and long-term agility.

Addressing these challenges requires more than piecemeal solutions; it calls for a holistic digital transformation. These findings reinforce the urgent need for modernization, with cloud-based ERP standing out as a critical enabler of success.

SAP S/4HANA Retail Cloud ERP: An Intelligent Solution for Modern Retailers

Retailers today need more than just a cloud ERP - they need a solution designed to handle the complexities of modern retail operations.

SAP S/4HANA Retail Cloud ERP offers real-time data visibility, automation, and seamless integration across the value chain, helping businesses overcome inefficiencies and scale effectively.

Let's explore how SAP S/4HANA Retail Cloud ERP delivers tangible value in real business scenarios in the three case studies below.



01 Business Case

Supporting New Acquisitions and Expansion into Different Markets

Location:
North America

Stores:
290

Revenue:
\$12B

Employees:
80,000

SAP Solutions & Services:
SAP S/4HANA® Retail

Challenges

- **Lack of Standardization:** Without unified processes and systems across brands and markets, the company was limited in its efforts to create opportunities for further optimization and operational synergy.
- **Multiple ERP Systems:** Operating across multiple platforms increased operational complexity and costs.
- **Technical Debt:** Outdated technology and disparate systems limited business agility and growth, requiring a strategic overhaul to align systems with future business capabilities.

Approach

- The company initially engaged Rizing to carry out a health check on the project. Together with the retailer's team, Rizing identified and recommended several steps to optimize the project execution.
- Rizing was subsequently tasked with implementing SAP S/4HANA Retail within its Merchandising and Supply Chain divisions, spanning five countries and two brands. The project required managing large transaction volumes and integrating complex legacy systems.
- A global template was built, adopting global standards when appropriate while providing local flexibility. This multi-year global implementation started with the rollout for one of their brands in the U.S. in June 2023 and will ultimately scale across all brands.

Successes

- **Global template:** Leveraging our experience from multiple SAP retail projects, we developed a global template to adopt global standardized processes while providing local flexibility.
- **Harmonized processes across 5 countries:** The project involved unifying core functions across Finance, Merchandising and Supply Chain, spanning five countries and two brands. This reduced complexity, enabling more efficient operations and streamlined workflows.
- **Enhanced Compliance and Controls:** Delivered robust regulatory compliance and audit capabilities for reduced risk as the company expanded into new markets.

[Read the full case study ▶](#)

Consolidating Multiple Brands Into One System For Global Expansion

Location:
North America

Stores:
300+

Revenue:
\$5.8B

Industry:
Apparel, Footwear

SAP Solutions & Services:
SAP S/4HANA® Fashion

⚠ Challenges

- **Lack of scalability and standardization:** Current systems couldn't scale efficiently in high-growth categories like footwear and outerwear, as customization prevented streamlined process reengineering.
- **Cost and time consumption:** High costs and long timelines of mergers and acquisitions, including high-cost control models due to inconsistent configuration globally
- **Lack of standardization:** Customized solution had limited ability to simplify and reengineer processes

⚙ Approach

- Accelerated the timeline by implementing retail and wholesale processes using default functionality, accelerators, and the Fashion Suite
- Delivered core capabilities (buy & sell products) at go live, followed by a phased deployment of advanced capabilities.

✅ Successes

- **Single SAP S/4HANA ERP instance:** Replaced ERP systems with a single ERP instance with standardized processes across all brands and locations for seamless operations.
- **Robust data infrastructure with global industry standards:** Established a strong foundation for faster integration of acquisitions, long-term scalability and quicker access to shared information.
- **Omnichannel customer-centric model:** Integrated front-office and back-office operations across all sales channels to support omnichannel processes.

[Read the full case study ▶](#)

Integrating Retail and Wholesale for a Unified Omnichannel Model

Location:
North America

Revenue:
\$1B

Industry:
Apparel, Footwear

SAP Solutions & Services:
SAP S/4HANA® Fashion

⚠ Challenges

- **Lack of scalability:** A multitude of customized and disparate systems couldn't sustain the company's growth. The legacy system was nearing its end-of-life.
- **Inventory management:** Limited visibility led to stock inconsistencies and fulfillment delays across channels.
- **Process optimization:** Workflows needed to be redesigned to improve efficiency and enhance collaboration between associates, suppliers, and customers.

⚙ Approach

- Used a pre-configured solution for SAP S/4HANA Fashion – Fashion Suite to speed up design and build.
- Retail digitalization was prioritized first, followed by e-commerce and wholesale integration. Integration testing and project cutover was done virtually.

✅ Successes

- **Unified Platform:** Replaced its heavily-customized ERP with a single, modern ERP platform. The solution captures, manages, and analyzes data at unprecedented speeds in one SAP system.
- **Enterprise Collaboration:** Established seamless connectivity across business units, ensuring a single source of truth for all departments, functions, and operations across retail, wholesale and eCommerce.
- **Omnichannel Capabilities:** Provided a real-time, unified view of inventory to optimize sourcing and allocation across all sales channels.
- **Streamlined IT & Cost Efficiency:** Consolidated all core functions within a common IT footprint to improve operational efficiency and lower total cost of ownership (TCO).

[Read the full case study ▶](#)

Diving Deeper: How SAP S/4HANA Cloud ERP Supports Retailers of all sizes

Omnichannel Retail and Store Operations



- **Retail store management:** Merge the online and physical shopping experiences, attract consumers, and offer a great experience by leveraging new technologies
- **Customer service:** Deliver an omnichannel customer service experience to exceed customers' expectations
- **Omnichannel sales order management:** Buy anywhere, fulfill anywhere using optimized omnichannel sales order management

1-30%

Reduction in revenue loss due to stock-outs

Retail Merchandising



- **Merchandise and assortment planning:** Achieve corporate goals by creating profitable merchandise and assortment plans across all channels
- **Master data management for merchandising:** Centralize master data management for merchandising to improve productivity with real-time insight
- **Merchandising intelligence:** Leverage sales data and use insights to analyze merchandising performance to improve the profitability of merchandising decisions
- **Pricing and promotions:** Optimize omnichannel pricing and promotion throughout the product lifecycle in every channel

1-10%

Reduction of inventory carrying costs

Retail Sourcing and Procurement



- **Source and contract:** Reduce risk and cost through increased savings opportunities with sourcing and contract management
- **Supplier and risk management:** Reduce costs and increase savings opportunities and sourcing efficiency using a global business network
- **Merchandise buying:** Utilize effective procurement processes and controls throughout your supply chain
- **Indirect buying:** Improve operational efficiency and source determination for indirect buying of goods and services

5-15%

Improvement of sourcing savings on direct spend

Retail Supply Chain



- **Forecasting, allocation, and replenishment:** Meet shopper demand and optimize costs with data-driven allocation and replenishment plans
- **Omnichannel inventory and order response:** Manage inventory across locations to fulfill demand from anywhere
- **Track and trace and logistics networks:** Maximize supply chain logistics strategy and comply with regulations with a digital operations network
- **Warehouse management:** Improve warehouse management with optimized planning and automated processes

1-5%

Reduction of total logistics cost

Your Next Step: SAP S/4HANA Discovery Program

Before embarking on an ERP transformation, retailers must assess their current state, define objectives, and build a clear roadmap for success.

A structured 'Discovery Program' can help you evaluate your technology landscape, processes, and readiness to ensure a smooth transition.

Through our comprehensive assessment, retailers can evaluate their current and future business capability maturity and develop a value-driven strategy for implementing SAP S/4HANA Retail.

What you can expect:

- Determine current-future business capability maturity and priority based on standard industry business processes
- Identify high level change impacts from future state process, data, role, and organization recommendations
- Provide staffing recommendations to identify the necessary project talent from business and IT
- Provide recommended program management (PMO) and organizational change management (OCM) processes and governance structures
- Provide a subsequent phase costed resource plan for budgeting/planning purposes

How Our Discovery Program helped a Grocery Retailer build a business case for SAP S/4HANA

Region:
North America

Industry:
Grocery

Revenue:
\$55B

Employees:
197,000

SAP Solutions & Services:
SAP S/4HANA Retail Assessment

Challenges

- With support for its legacy ERP ending in 2027, the company recognized the need to migrate to SAP S/4HANA to leverage advanced capabilities but needed a better understanding of the scope of the migration to ensure successful transition
- Lack of expertise to build a business capability-driven SAP roadmap

Approach

- Conducted 44 workshops focusing on Business & IT capability maturity assessments across key areas such as PMO tools, enterprise architecture, infrastructure, and integration.
- Conducted a technology assessment, comparing benefits of cloud vs. on-premise options and determined a conversion approach (e.g., Greenfield, Brownfield, Bluefield)
- Completed sizing analysis for optimal deployment

Successes

- Developed a detailed migration plan, including scope, custom code remediation, system sizing, ROM, and Costed Resource Plan
- Defined a detailed project methodology and a deployment roadmap aligned with strategic objectives
- Defined 4–5-year future-state business capability-driven transformation roadmap
- Established a project governance model, balancing ownership and leadership roles
- Outlined initial Key Design Decisions (KDDs) for migration

[Get Started on your Discovery Session](#)

About Rizing

The go-to SAP partner for retail and fashion, Rizing helps companies transform to intelligent enterprises, leveraging proven accelerators and **20+ years of expertise in end-to-end implementations.**

Learn more about us: www.rizing.com

GROW WITH SAP | Partner

RISE WITH SAP | Validated Partner