



How Fashion Companies are Innovating with SAP S/4HANA® for Fashion

Insights from SAP S/4HANA Implementations



Table of Contents

01

**Foreword:
Insights from the field**

page 3

02

**Customer Story:
Improving Inventory Tracking
with SAP S/4HANA®**

page 5

03

**Simplifying Fashion Manufacturing
Business Processes with
SAP S/4HANA®**

page 9

04

**Building an Omnichannel
Customer-centric Model with
SAP S/4HANA®**

page 12

05

**Moving to SAP S/4HANA®
for Fashion: Why Act Now?**

page 16

06

Next Step

page 17

Foreword: Insights from the Field

01



It's a tough time to be in the fashion industry. We're not completely over COVID. The talent market is currently tight¹ but is about to be radically affected by artificial intelligence². Supply chains are recovering but still fragile³. Customers are tired of being greenwashed and want transparency about the true sustainability of your products⁴.

Ralph Waldo Emerson said, *"Every wall is a gate."* Amidst the challenges, opportunities await companies willing to open the gate and step through.

The biggest opportunity is revenue:

Statista.com projects the apparel market revenue to reach a peak of USD 1.94 trillion in 2027⁵.

While 89% of large companies globally have a digital and AI transformation underway, they have only captured 31% of the expected revenue lift and 25% of expected cost savings from the effort. Until business leaders are convinced of the value and confident in how to get it, they are unlikely to do the difficult, hands-in-the-dirt changes needed to improve their success rate⁶.

Rizing Specializes in Digital Transformation

Over the past two decades, we've been fortunate to guide over 100 companies through their SAP ERP software and digital transformations. We handled the entire process from selection to post-implementation support for some of these clients.

Standardizing business processes is our customers' primary focus. However, integration issues like incompatibilities between SAP and non SAP applications pose significant challenges.

We are proud that SAP recognizes us as the only SAP partner to complete over 20 SAP S/4HANA for Fashion customer projects.

This eBook highlights four focus areas for clients:

- Technology prerequisites for transformation
- How SAP S/4HANA for Fashion and other applications facilitate this transformation
- The opportunities and business benefits of transitioning to SAP S/4HANA for Fashion with Rizing
- Creating a roadmap to accelerate the transition and get the most value from SAP S/4HANA for Fashion

Digital transformation is the process of adoption and implementation of digital technology by an organization to create new or modify existing products, services, and operations.

The goal for its implementation is to increase value through innovation, invention, improved customer experience, and efficiency⁷.

Our insights are based on extensive global research and experience in the SAP ecosystem advising, planning, and executing S/4HANA for Fashion implementations for clients worldwide.



Customer Story: Improving Inventory Tracking with SAP S/4HANA® for Fashion

This global sportswear brand was operating with an aging back-end IT system, which limited them from getting products to market faster or seeing inventory in real time.

They wanted a new system with a standard, modern architecture to let them run faster with increased operational transparency.

They implemented SAP S/4HANA, focusing on the European direct-to-consumer market, **which included 95 stores, an e-commerce platform, and marketplaces in 26 countries.**

They also wanted to use SAP's improved analytics to help solve global supply chain issues.

Let's look at three different use cases that show how this client used SAP S/4HANA Fashion to overcome their challenges, including:

Integration

Difficulty implementing an omnichannel strategy due to multiple legacy systems in different regions and business channels.

Lack of scalability

Multiple customized and disconnected systems couldn't support the company's growth.

Time consumption

Basic functions were slow, increasing the total cost of ownership.



A blue athletic top and a clear plastic water bottle are shown in the background of the slide. The top is a bright blue color with a white trim around the neck and sleeves. The water bottle is clear with a black cap and a black strap.

Use Case 01

Supporting a Legal Structure *Spanning 26 Countries*

The Business Problem

The legacy ERP system couldn't handle the complexity of the required corporate legal structure, which included 26 countries, different tax jurisdictions, changing regulations, and varying compliance requirements.

The Solution

SAP S/4HANA's standard functionality accommodated the required legal structure with minimal customization.

To support the necessary goods movement within this legal setup and meet the target operating model requirements, Rizing consultants developed an innovation called the "flash transfer process". This simplified the implementation with increased statutory and operational visibility.

Running a business in 26 countries meant they also needed seamless tax reporting. SAP S/4HANA was able to export the required data for statutory reporting. Despite the volume of entities and countries involved, Rizing consultants completed the work within a year.



Use Case 02

Improving Retail Inventory Tracking and Auditing

The Business Problem

The customer needed to track and audit inventory in real time.

Every so often, they would manually reconcile the ERP inventory with the actual store inventory, uncovering discrepancies between the two.

The lack of inventory visibility led to lost sales, lower customer satisfaction, and increased costs due to overstocking or understocking.

The Solution

Rizing recommended integrating SAP's FIORI applications for store operations with SAP S/4HANA for Fashion and adding SAP CAR's POSDTA application for sales auditing and posting. This enabled the near real-time inventory visibility the customer needed.

We then tackled another source of frustration by adding the ability to handle under and over-delivery by reviewing and approving inventory postings.

If the differences were due to a warehouse mismatch in shipping quantities, we automated the warehouse posting to adjust the warehouse stock accordingly. Having an accurate inventory eliminated discrepancies from under and over deliveries.

Our customer could now audit and approve inventory differences rather than write off stock based on current store inventory amounts. This process benefitted the customer by improving inventory accuracy and operational efficiency.

Use Case 03

Supporting Real-Time Inventory Availability and Back-Order Processing



The Business Problem

The sportswear company identified three shortcomings in its legacy ERP system:

01. Its limited ability to provide real-time availability checks and confirmations inconvenienced customers.
02. Customers needed a faster and more accurate way to prioritize and reconfirm orders.
03. It was causing errors and delays because it lacked an automated process for allocating stock to orders.

The Solution

By implementing SAP S/4HANA, the company could use the native Advanced Available-to-Promise (*aATP*) functionality to run availability checks, reconfirm, and complete all orders.

The enhanced inventory visibility enabled:

- Priority customers to receive their orders based on available stock
- Improved inventory turnover
- More timely deliveries

Rizing consultants also added a "cut-off calendar," which included a buying calendar. This allowed the customer to receive an aATP confirmation based on specific customer purchase schedules.

SAP S/4HANA's native supply assignment feature addressed the remaining issue of allowing the customer to allocate products to meet demand.

Overall, the SAP S/4HANA for Fashion implementation by Rizing consultants provided the flexibility and sophistication necessary for a global company to manage and allocate its inventory to meet customer demands efficiently.

03

Customer Story: Simplifying Fashion Manufacturing Business Processes with SAP S/4HANA®

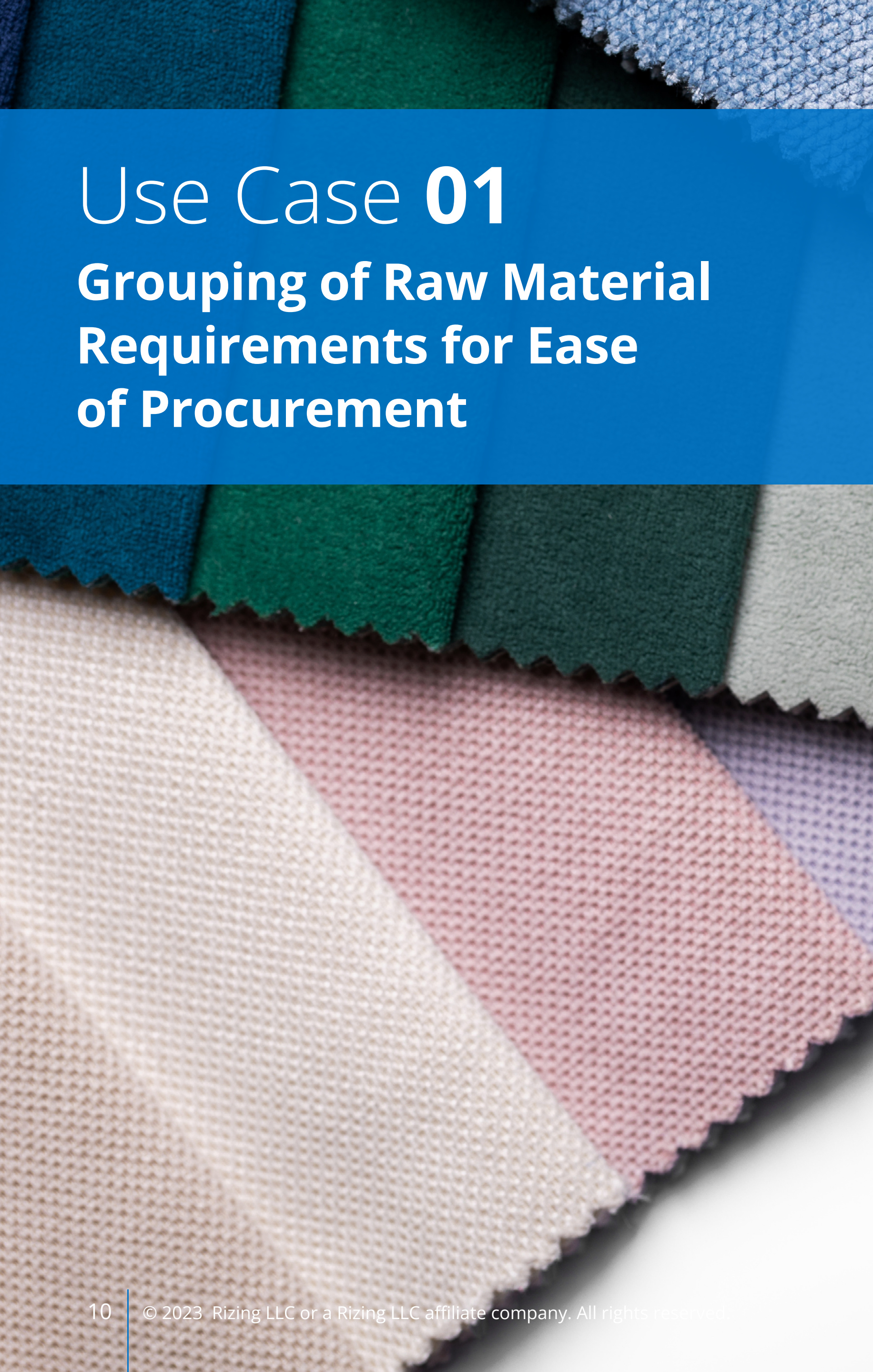
Since launching in 1995, this apparel manufacturer has grown into a major manufacturer, producing for the world's leading brands. The company wanted access to real-time data and analysis anytime, anywhere to improve efficiency, production, and visibility in its operations.

They also wanted to implement barcode scanning and monitoring dashboards on the manufacturing shop floor to reduce costs and improve efficiency.

Let's look at two use cases that show how Rizing implemented SAP S/4HANA for Fashion to help this client improve:

- Operational excellence through a unified platform to create a single source of truth
- Efficiency with structured process controls and data integration in its manufacturing locations
- Decision-making with real-time information
- Ease of use, control, costs, and processes through automation





Use Case 01

Grouping of Raw Material Requirements for Ease of Procurement

The Business Problem

Apparel manufacturers struggle to group raw material requirements.

As a contract manufacturer, this customer produces goods based on specific customer orders, leading to many line items for each size.

Their trading manufacturing model includes manufacturing plants in Vietnam and a trading company in Hong Kong. The geographic diversity makes efficient manufacturing and raw material procurement important.

The current process made purchasing raw materials frustrating and laborious for their procurement teams.

The Solution

SAP S/4HANA for Fashion has a segmentation feature that groups requirements based on common criteria or attributes.

This could be based on:

- Customer orders
- Specific styles
- Style and customer order combination
- Shipping destination

SAP S/4HANA's segmentation functionality allowed them to maintain the make-to-order line-item assignment while grouping common raw materials for customer or production orders. This yielded several benefits for the customer:

Profitability Analysis

Analyze profitability at the segment level, showing insights for decision-making.

Streamlined Procurement

Fewer purchase order line items simplifies the transfer posting of raw materials and goods issuance in the shop floor and warehouse.



Use Case 02

Integration with 3rd-Party Systems and Applications

The Business Problem

Apparel manufacturers use CAD/CAM systems to make their fabric-cutting efficient.

Importing markers, marker lists, and cut ratios from the CAD/CAM system into their ERP allows them to create production orders. Some data, like custom and production orders, may need to be re-exported into the CAD/CAM system.

Integrating this information usually required significant custom development work. This manufacturer had additional challenges in cut marker preparation due to a lack of integration with their CAD/CAM system.

The Solution

SAP S/4HANA for Fashion provides APIs and interfaces to integrate with third-party CAD/CAM systems.

This customer could import marker ratios, marker creation details, and marker lists into SAP. They used the imported data to create production orders in SAP. Required data like customer order details, style information, and production orders can be exported back into the CAD/CAM system.

This solution saved the cost of custom development work and helped the customer optimize their fabric use.

04

Customer Story: Building an Omnichannel Customer-centric Model with SAP S/4HANA® for Fashion

This global fashion brand is based in the Netherlands and operates in retail, full-price outlets, B2C, and B2B. They also have a significant franchise business.

In partnership with Rizing, they initiated a large-scale SAP-enabled business transformation to standardize their business processes.

Initially, this work focused on enhancing the retail direct-to-consumer channels and finance operations, and using consumer data to create a seamless omnichannel experience.

They later worked on streamlining planning systems, procurement, manufacturing, and B2B operations from a downstream perspective.

Objectives included:

- Streamline the company's global retail processes
- Enhance stock visibility and inventory management for omnichannel retailing
- Enhanced wholesale processes at a later stage





Use Case 01

Legacy Technology Limits Business Growth

The Business Problem

The client's legacy ERP system was approaching the end of support. Their decentralized retail systems kept them from standardizing and streamlining processes leading to operational inefficiencies and high TCO.

The client was also reliant on decentralized retail ERP and POS solutions. This hindered operational efficiency and made understanding customer insights, trends, and buying patterns across different channels difficult. The company had extensively customized its legacy solutions, which made business expansion or engaging with new franchise partners harder.

The Solution

Roadmap

We collaborated to create a roadmap to sunset legacy apps. We introduced a transition state architecture to minimize technical debt. The new architecture used S/4HANA and CAR to enable direct-to-consumer and finance operations. We followed the roadmap and transitioned core functionalities from the existing platform to S/4HANA.

Standardization

We collaborated with a POS partner to create a solution template that can integrate with the S/4HANA and CAR landscape. We integrated this template into the roadmap in all regions. This allowed the client to move from decentralized store systems to a centralized platform. The centralized setup enabled more efficient customer service and a better understanding of their customer's needs and behaviors.

Global Template

We used the global template to design a future state for supply chain, wholesale, D2C sales channels, and finance. The key was to implement standardized processes and standard technology across the organization. The customer now enjoys smoother personnel onboarding, better training, and streamlined solution support. We tailored the global template to meet legal, tax, and statutory requirements in the 29+ countries where the client operated, encompassing both their owned and operated businesses and their franchise ventures. This comprehensive approach ensured readiness for seamless expansion and operation on a global scale.

Use Case 02

Omnichannel Enablement Difficulty

The Business Problem

Our client wanted to understand consumer buying patterns across channels better to improve their service. For instance, they wanted to offer an endless store aisle experience and let customers return purchases anywhere.

The client struggled to get a holistic view of inventory in all regions and sites. This made it difficult to:

- Manage stock levels
- Serve consumers in a seamless and timely manner
- Improve customer satisfaction and brand loyalty

The Solution

Single Customer View

We used SAP S/4HANA and SAP CAR to establish a unified, 360-degree consumer view. This approach consolidated all orders from all sales channels for each consumer in one place, providing insights into shopping patterns across all markets.

Consumer Loyalty Platform

We implemented a consumer loyalty platform and a way to capture in-store activity, enriching the single consumer view. Using this integration, the client can target promotions to specific markets or consumer groups, supported by what-if analysis and pricing simulations for maximum profits.

Inventory View

Rizing's consultants replaced the legacy decentralized ERP with SAP CAR and S/4HANA to create a centralized, aggregated view of merchandise and stock protection.

The customer's Order Management System (OMS) could now create consumer orders from the most suitable site within the client's network. Using RFID technology in the stores improved inventory tracking and order fulfillment.

This setup is positioned to connect to other platforms in the future to allow features like replenishment planning and assortment management.

Use Case 03

Revamping Store Operations for Consistent Customer Experiences



The Business Problem

The client's legacy ERP platform had limitations in store logistics, merchandise and handheld connectivity, management, which hurt their consumer service levels.

The store's physical inventory process relied on an inaccurate, flat-file exchange between systems that often required recounting.

Ticketing and labeling used another third-party solution, which required manually loading data into the legacy printing application. The process caused delays at the storefront, making reticketing for price updates or replacing missing labels difficult.

The Solution

Store Operations

Rizing implemented standard store operations applications for store personnel's day-to-day activities. We customized these applications to accommodate specific needs. This enabled real-time accurate inventory and pricing visibility from any device, a significant improvement over the previous local POS and offline handheld devices. Rizing consultants streamlined the process for more dynamic scenarios with carton versus individual goods receipts. We integrated exception handling into the process - traffic transfers and returns could now be initiated from in-store devices. We enhanced storefront services like assisted sales, helping consumers find similar styles or specific products at nearby stores.

RFID Integration

We designed and introduced RFID integration in the global template with plans for rollout to other stores and regions. This implementation eliminated the manual download and update of files, leading to faster and more accurate stock figures.

Ticketing and Labeling

We used SAP S/4HANA for Fashion as the single source of product, site, and pricing data. We made it available on-demand for consuming applications and systems. This eliminated manual data extraction and uploading to ticketing handhelds. The S/4HANA solution also facilitated reticketing for products slated for outlets. They could now be directly sent to in-network outlet stores without stopovers at local or central distribution centers for repacking or relabeling.

Moving to SAP S/4HANA® for Fashion: Why Act Now?

05



With all the available SAP S/4HANA features, the planned innovations, and the product support and maintenance, the need to adapt SAP S/4HANA for Fashion is evident.

But how can fashion companies determine the best path forward?

There is no one-size-fits-all solution. However, early movers will get the most out of applications designed for the digital age. And they'll be the first to benefit from SAP S/4HANA innovations as they become available.

06

Next Step Learn how SAP S/4HANA® can help you meet your strategic priorities

Outcomes and Deliverables

- ✓ Test drive SAP S/4HANA® and see your business processes played out in an SAP S/4HANA® environment
- ✓ Ensure users experience the new platform
- ✓ Get clarity before embarking on your SAP S/4HANA® transformation
- ✓ See how current processes are impacted at a high level based on SAP S/4HANA® functionality
- ✓ Create a roadmap and a recommended deployment approach





© 2023 Rizing LLC or a Rizing LLC affiliate company. All rights reserved. This document is provided for information purposes only, and the contents are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission. Rizing, Rizing HCM, and other Rizing products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of Rizing LLC or a Rizing affiliate company in the United States and other countries. All other product and service names mentioned are the trademarks of their respective companies.

