# PROFIT OPTIMISED OMNI RETAIL SOLUTIONS

Maximise Profit. Improve Customer Experience.

At 4R Systems, we look at retail inventory management differently. Replenishment, seasonal allocation, assortment and buying decisions are all designed to achieve maximised profits.

We use advanced analytics based on statistical and machine learning techniques developed from profit optimisation algorithms.

Profit Optimizing Retail

4R

BENEFITS AT A GLANCE
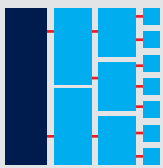
TRUE MULTI-ECHELON REPLENISHMENT:

Our DC reorderpoints leverage 4R profit-optimal store reorderpoints and current store inventory positions to determine the store orders that will be placed on the distribution center during the next vendor coverage period.

OMNI-CHANNEL SUPPORT:

We take into account all sources of demand on the DC, including brick-and-mortar store, Internet, catalog, and wholesale channels. Rather than treat Internet sales as just another store, 4R's Direct Reserve quantity is calculated to protect DC inventory from being drained by store orders.

VENDOR ORDER FORECASTS:

Our solution enables you to share long-range order forecasts with your vendors. This helps them plan better, resulting in higher fulfillment rates and shorter lead times for your DCs.

SAAS+

4R's unique Software-as-a-Service "Plus" delivery model provides dedicated customer service experts as well as cloud-based software. You don't have to purchase hardware or software, or get training; all you do is set up data exchanges. Our team performs Quality Assurance on our deliverables and consults with you on a weekly basis. They act as an extension to your team, ensuring you are getting the most out of our solution.

4 PROVEN STEPS TO PROFIT

Our four-step deployment process continuously validates expected benefits to make sure we deliver maximum value. Our clients have seen annual profit improvements between 1% and 3% of sales. That's ten to 24 million dollars a year for a billion dollar retailer – money that drops right to the bottom line.

MULTI-ECHELON MEANS A BETTER ANSWER

In order to determine how much inventory to hold at a DC, you need to know the true demand on that DC. A traditional approach is to look at the forecasted consumer demand at the stores that the DC services. But that doesn't take into account current levels of inventory at those stores or the timing of future inventory level fluctuations driven by store reorderpoints.

That's why our solution leverages the reorderpoints generated by store replenishment, along with current SKU-store inventory positions, to balance oversupply and to determine the forecast of orders needed to calculate a more effective DC reorderpoint.

Retail Is More Than Brick-and-Mortar

The Omni-channel world provides a new set of challenges to retailers with regards to service and convenience for the customer. To provide the best and smoothest customer shopping experience, the retailer would utilise a variety of fulfillment locations in order to maintain high service time and the right inventory levels.

We take into account the true Omni-channel replenishment needs across DC and store networks. This means understanding and predicting where the fulfillment happens for click n' collect and home delivery orders will happen and ensuring the stock is available in those locations.

Our solution includes omni-channel DC replenishment optimisation which dramatically reduces overstocks and out of stocks across all channels providing retailers with the inventory where it is needed the most.

Don't Treat the Internet Like Just Another Store

If you treat your website like a brick-and-mortar location, with its own store reorderpoints, you may be missing out on sales. That's because when you have higher than expected demand from the Web, you don't want to be artificially limited to a pool of inventory dictated by a store reorderpoint - you should be able to draw on whatever inventory you have on hand at the DC to satisfy your online customers.

So instead of using store reorderpoints, we calculate a Direct Reserve quantity, which is only available for Internet and Catalog sales. When DC inventory drops below that amount, you should stop filling orders for stores (which already have their own safety stock), but keep honoring online orders (which represent an immediate sale).

Collaboration Means Better Vendor Fulfillment

The best way to make sure your vendors will reliably fill your orders is to let them know ahead of time what those orders are going to be. That enables them to produce goods with greater confidence and have them available when your orders arrive. As part of our DC replenishment solution, we generate a 52 week forecast of the vendor orders you will place for every item. The forecast is based on what you currently own, and expected future demand on the DC. Our clients who have shared those forecasts with their vendors have been able to dramatically improve fulfillment rates and reduce average lead times, resulting in higher sales with lower inventory costs.

The Bottom Line: 4R's DC Replenishment Solution Will Boost Profitability

4R's DC replenishment solution boosts profitability in two ways:

- By combining our store and DC replenishment solutions, our clients have been able to reduce total system inventory costs while enjoying higher profits. That's because with profit-optimal store inventory levels you can generally run your DC leaner without losing sales.

- Collaboration with your vendors will improve fulfillment leading to higher sales, and reduce inventory costs for safety stock

We are so confident that our store and DC replenishment solutions together produce a measurable profit improvement, we are willing to guarantee it.
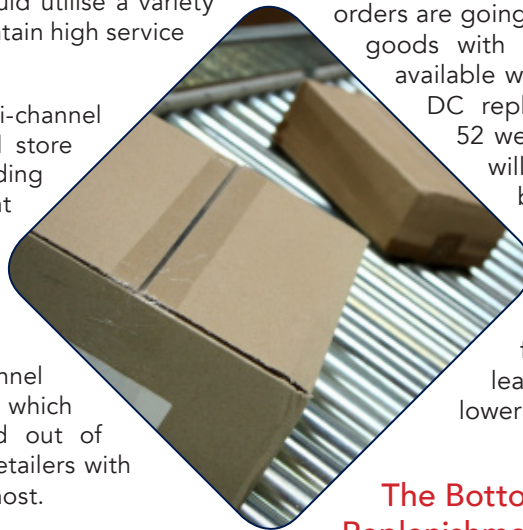
WE GUARANTEE A PROFIT IMPROVEMENT

We are so confident that our store and DC replenishment solutions together produce a measurable profit improvement, we are willing to guarantee it.

Cloud-Based

Hub & Spoke Models

Multi-Echelon Planning

Seasonal Allocation & Buying

Full Omni Retail Capability

Forecast & Demand Planning

Replenishment

Assortment

Stores & DC

Prescriptive Analytics

Wholesale/ Stores

Allocation

Markdown

eCommerce & Catalogue

Promotions

Profit Optimised Inventory

Value-Add Analytics

Machine Learning

Advanced Analytics

4R's *inventory as an investment* approach is designed to maximise the profit opportunity of your number one asset: inventory!

Meet Your 4R Team

We put a premium on developing a collaborative relationship and work hard to be your strategic partner.

Our analytics team is proactive in help you address new challenges in your business. Your Client Delivery team will regularly review our deliverables, provide observations about your business, and learn about upcoming changes or strategic initiatives that might impact your business.

At periodic face-to-face meetings, we review our performance and discuss topics of strategic value. If you are facing a new challenge to inventory management and need guidance, our analytics team is prepared to help sort it out.

We are a true partner. We guarantee your profit. It's simple. Learn more at www.4rsystems.com/uk/.

UK 20/03/17

www.4rsystems.com