



CASE STUDY

VALUE OPPORTUNITIES

- IMPROVE PRODUCT DATA MANAGEMENT ALONG THE ENTIRE COLLECTION LIFECYCLE
- ESTABLISH A SUPPLY CHAIN PLANNING ENVIRONMENT COVERING KEY PROCESSES SUCH AS FORECASTING, PRODUCTION PLANNING, ALLOCATION AND REPLENISHMENT TO STORES

TXT E-SOLUTIONS RESPONSE

- **TXTPRODUCT: FOR THE PLANNING AND DEVELOPMENT OF COLLECTIONS (PDM)**
- **TXTDEMAND: DEMAND FORECASTING AT SKU AND STORE LEVEL**
- **TXTPLAN:**
 - TO ENABLE OPTIMIZED ALLOCATION AND REPLENISHMENT AT THE POINT OF SALE
 - TO IMPROVE PRODUCTION AND CAPACITY PLANNING

RESULTS

- AVAILABILITY OF A COLLABORATIVE ENVIRONMENT FOR PLANNING AND DEVELOPMENT OF COLLECTIONS WITH BENEFITS IN TERMS OF DATA CENTRALIZATION, TIME, QUALITY, AND COSTS, AS WELL AS TIME TO MARKET REDUCTION BY 10%
- REDUCE STOCK OUTS BY 50%, IMPROVED SERVICE LEVELS AND STORE REPLENISHMENTS
- BETTER SYNCHRONIZATION OF SOURCING AND PRODUCTION PLANNING, INCREASED PLANNING FREQUENCY
- INCREASED FORECAST ACCURACY AND BETTER DEMAND PLANNING FOR PERMANENT PRODUCTS

Loewe

TIME TO MARKET AND STOCK OUTS REDUCED BY 10% AND 50% RESPECTIVELY

Loewe targets excellence in operations with a solution bridging PLM and Supply Chain Management

COMPANY PROFILE

Founded in 1846 in Madrid, Loewe has over one hundred and fifty years of experience as an international Brand in the leather goods and luxury accessories market. The combination of cutting edge designs, accurate selection of raw materials and handmade finished collections – particularly leather products – are the ingredients which have made Loewe one of the icons in the Spanish fashion landscape. Today Loewe operates in 35 countries, with over 150 stores globally and has also established a strong presence in Asia; markets like Japan are attracted to Loewe's quality and unique product range. Part of the LVMH Group, the company is vertically integrated from design to production, right through to the retail network; a business model which requires strong product branding and management capabilities.

www.loewe.com

SUPPLY CHAIN CONTEXT

The fashion and accessories sector has undergone a major evolution over the past decades; new operational and retail models with shorter product lifecycles

have created excess offerings and exacerbated competition. These trends asked for a higher level of competencies and specialization from companies in the sector.

In this context Loewe, who has always focused on keeping their traditional values whilst pursuing strong innovation, felt the need to adopt new strategies to keep up in this changing world. Regardless of whether Loewe positioned themselves under a cost, differentiation or a combination of both strategies, the opportunity to improve operational capabilities (focusing both on internal and external processes) was perceived as a real source of value.

THE CHALLENGE OF LOEWE

Loewe started a project called LEO "Loewe Excellence in Operations"; the objective being to turn the supply chain into a source of competitive advantage. More specifically, the company identified opportunities in several areas of the collection lifecycle, the first being the design and product development process where the company was interested in the following:

- Centralize product data and standardize

"Thanks to support from TXTPERFORM we are allocating the right products at the right time and store. The allocation functionality has enabled us to reduce stock outs by 50%; we can model the initial allocation and then replenish in-season based on actual sales and stock availability."

Marcelo Baltzer, Systems and Logistics Director - Loewe

"Additionally, we are experiencing benefits in terms of better synchronization of sourcing and production, which has had a positive impact on the timing and use of resources. The next steps in the project will include the re-design of the logistics network; as well as the distribution planning of raw materials and finished products across the network. This will allow the optimal use of all assets."

Jose Luis Fernandez, Project Manager at LEO project - Loewe

product definitions

- Improve the technical design process
- Get visibility into product costing and comparison activities.

After product development, the improvement of the forecasting, buying, production and allocation processes were also considered areas of focus to optimize the on-shelf availability of products. Inventory management could be improved, as well as planning processes as a whole; running some procedures on Excel had become challenging for a growing business with an increasing number of stakeholders involved.

WHY TXT?

TXT's expertise for the fashion and apparel industry was perceived as a key plus. TXT was able to demonstrate the ability to support Loewe's different requirements along the collection lifecycle from end to end: from the early design and product development phases (PDM/PLM), down to operations and store allocation. Rich PLM and supply chain management functionality result from over 20 years experience in this sector. TXT was particularly regarded by Loewe as having 90% of the needed capabilities out of the box, this was the better option compared to a custom development which would have added risk and cost to the implementation.

THE SOLUTION

The project which is now at an advanced stage of implementation involved the progressive implementation of the following solutions:

- TXTPRODUCT for PDM/PLM information centralization, sharing and

workflow management

- TXTDEMAND to support demand forecasting, both at a SKU and store level
- TXTPLAN for the management of operations and allocation in the retail network.

More specifically, Loewe selected an implementation method that allowed return on investment to be obtained as part of a series of business releases. This also guaranteed ongoing exchanges between TXT and Loewe's consulting teams. The total solution, together with the strong effort made by Loewe in terms of process revision and change management has already produced some important results:

- *A more efficient collection planning and development process*

The workflow and PDM capabilities within TXTPRODUCT allow the monitoring of different phases and the ability to share information, both internally and externally with suppliers across the product development cycle. This includes the management of BOMs, color options, costs and sourcing information. More specifically, the solution supports over 25-30 users including product managers, finance staff and buyers. Users can now all access standardized product information, costing and costing comparison data, and can easily collaborate with the supplier base. This has generated benefits in terms of quality, speed and costs in new product development.

- *A new production planning process by combining the planning of raw materials and finished products*

The process calculates the procurement of raw materials and generates production plan proposals to ensure optimized volumes and product launches during the season. Results are in terms of better synchronization of sourcing to the production environment; this has a positive impact on efficiency and resources optimization.

- *Improved forecasting and allocation for permanent products*

More specifically, the allocation functionality has enabled Loewe to reduce stock outs; the company can model the initial allocation and then replenish in-season based on actual sales and stock availability. Results have demonstrated to be extremely good in Europe and Loewe expects to replicate them in Japan as well.

