

Transforming Value Chains: Accenture in Retail, Footwear, and Apparel

CIMdata Commentary

Key takeaways:

- *Product lifecycle management (PLM) strategies and enabling solutions have been adopted in many industrial sectors, including the retail, footwear, and apparel (RFA) segment, well beyond PLM's origins in aerospace and automotive.*
- *Successfully implementing PLM in RFA firms requires deep RFA industry experience and process knowledge, and access to the levers of power in the executive suite of RFA firms.*
- *Accenture offers access to the latest PLM technology, a deep bench of savvy RFA professionals, and a long history of successful PLM implementations.*
- *Accenture is also expanding the boundaries to social, analytics, crowd sourcing, predictive analytics, and IoT; leveraging strengths and experience from across Accenture.*

Introduction

Industries of all types offer products and services. These offerings are conceived, designed, implemented, sold, and, eventually, retired. Complex physical products like automobiles and aircraft were the first to demand rigorous data and process management supporting lifecycle strategies, a discipline that came to be known as product lifecycle management (PLM). Of course, all products have a lifecycle and PLM tools and techniques also proved valuable across a wide range of industries, from finance, insurance and telecommunications to retail, footwear, and apparel (RFA). At the core of most PLM strategies are data and process management solutions to help manage collaboration, tasking, and resulting intellectual property central to the product or service.

But each industry has its own unique challenges, and RFA is no different. While speed to market has always been essential in RFA, the lines are now blurring between designers, manufacturers, and retailers in ways that have huge implications for their PLM strategies and enabling technologies.

Value Chains Transformed

Unlike most product industries, it is not product complexity that drives adoption of PLM strategies and enabling solutions in retail, footwear, and apparel. RFA companies are driven by **speed**, supply chain complexity, relentless seasonal pressures, and ever increasing consumer demands. RFA companies have to meet these demands while managing complex and often rapidly changing value chains. Based on CIMdata's research and the work of RFA-focused analysts, there has been solid uptake of PLM in the RFA space, with providers ranging from discrete stalwarts Dassault Systèmes and PTC, to specialists like Bamboo Rose and Centric Software. CIMdata tracks over thirty PLM firms that focus on the RFA market.

RFA companies, and the PLM solution and service providers that support them, have to evolve to support ever more dynamic value chains, where today's partner is tomorrow's competitor, with roles evolving daily it seems. Over the last several years the lines between manufacturing and retailing have blurred, driven, in part, by the transformative power of digital solutions.

For example, the marketplace has witnessed an insurgence of small to medium sized players developing capabilities around design and development, and acting more like manufacturing companies. At the same time, manufacturers are becoming nimbler to compete against these more agile entrants so they can respond to ever increasing consumer demands.

No longer do major retailers just outsource design and manufacturing and then slap their label on the product. Today, they must evolve their processes and strategies toward private labeling, an approach that is ever more significant. Many retailers now offer their own brands, developing their own styles unique to them to satisfy increasingly discriminating consumers.

Retailers are going even further, buying up factory space to backward integrate. At the same time, long-time manufacturers are going into the retail space. Creating a very blurry line between wholesale, retail, and channels indeed.

While some are moving toward bricks and mortar, others are moving away and focusing on direct-to-consumer to bypass traditional retail channels. If done successfully, this approach enhances margins and offers significantly better insights by directly connecting to the voice of the customer. Underpinning many of these business changes is digital technology, used to design customer experiences that let consumers buy what they want, when they want it.

Another change that is disruptive is moving some manufacturing processes onshore or at least closer to shore. Today many products are made in China or in the Pacific Rim. Some companies are improving efficiencies in their operations model by on-shoring the last mile of manufacturing, enabling last minute changes or “style injection.” The garments might be made in China today, but changes in trade policy could offer incentives to produce closer to home.

Supporting this dynamic environment requires a fluidity in PLM processes and technologies to support ever changing business models and value chain relationships. One major consideration when supporting this dynamic cast of supply chain characters is usability. Some participants are facile with technology, while others are not, but all must be supported. In fact, this is one of the issues PLM solution providers had to face in bringing offerings to the RFA market. But technology is only one part of the solution, and often the easiest. CIMdata experience indicates that changing processes and training and educating the people in the new ways of working are usually the bigger challenge. That is why many companies turn to systems integrators and other services companies to shepherd their PLM implementations.

Accenture: “Winning at the Speed of Fashion”

Accenture is a global professional services company with \$39.2 billion revenue in fiscal year 2016, with over 400,000 employees worldwide. While Accenture is known for a broad range of expertise, based on CIMdata’s PLM market research, Accenture is also the leading systems integrator in the PLM market. They have over 25 years of experience in this market and a broad ecosystem of solutions. Accenture partners with all of the leading PLM solution providers, and a wide range of large to niche providers as well.

Their Product Lifecycle Services unit, with over 10,000 consultants, includes their PLM for Fashion group. While Accenture has offered focused support in the RFA space for over ten years, in 2016 they greatly expanded their breadth and depth in the RFA space by acquiring Kurt Salmon, an RFA specialist and now part of Accenture Strategy. Founded in 1935, Kurt Salmon is known for operational strategy consulting, including logistics and supply chain, merchandising and product development, corporate strategy and due diligence, and omni-channel retail strategy. Through this acquisition, Accenture added 260 RFA-focused

employees serving clients across the world from offices in the U.S., Germany, the United Kingdom, Japan, and China.

Accenture’s RFA offerings have evolved with the market. In 2010, they focused on private brand management, calendar management, and sample & prototype management. By 2015, speed to market was in focus, so Accenture expanded to meet those requirements, and added support for advanced materials management and product development PLM. Today Accenture is supporting their customers’ focus on product innovation, helping them apply 3D design and virtualization (visualization) technologies and increasing support for wearables/connected products.

Accenture can offer a breadth of capabilities, but often developing a complete solution requires an ecosystem of solutions, including technology unique to RFA. As a result, what one might call “PLM solutions” could only be 70-80% of the implementation. In addition, Accenture must support a range of data and process management systems. Figure 1 highlights their products and services offering, which consists of a set of templates used with the PLM solution of choice. Accenture is technology agnostic and has partnerships with most of the major players in the RFA space, including Centric Software, PTC’s FlexPLM, and Bamboo Rose. This allows Accenture to provide best-of-breed technology to apply to customer-specific needs.







Offering Modules	Description
 Fast Fashion Transformation (End –to-End)	End-to-end offering that looks at how a Fashion player can optimize management of their assortments, product development lifecycle, and product sourcing to accelerate targeted revenue growth, reduction in cost of goods savings, and speed to market
 PRODUCT INNOVATION MANAGEMENT	Develop an innovative and trend-setting brand through balancing the product portfolio between fashion and heritage products and creating capabilities to compete closer to the consumer
 GO TO MARKET CALENDAR	Engineer a Calendar model defining end-to-end Planning, Product, and Sourcing process, roles, and tools to sustain a high performing business
 PRODUCT DESIGN & DEVELOPMENT (3D DESIGN, PLM)	Design the foundational process and tools for your product design and development organization to better understand how to make products cheaper and more targeted, at the speed of fashion
 PROTOTYPE & SAMPLE MANAGEMENT	Create the organization and process governance for how to manage Prototypes and Samples to optimize cost, to free-up workforce hours, and to improve factory/vendor performance
 DOMESTIC/ IMPORT SOURCING	Select the right Domestic/Imports sourcing model for the Retailer/Wholesaler, taking advantage of Accenture’s relationship with key Agents and Vendors both domestic and abroad

Figure 1—Accenture Support for Fast Fashion Transformation

How Accenture works with clients varies widely by client. Most companies are looking to achieve some relevant transformation or business improvement. Accenture helps implement new strategies, processes, and technologies to help them meet their objectives. To fully understand the client, Accenture will conduct an operations and product development assessment to document the current state, including strategy and technology mapping. Accenture will identify the necessary initiatives to address any gaps and to help the company meet their objectives. This includes strategy and road map development, and specific approaches to help achieve business value. This road map often goes well beyond technology to include operational areas of business improvement like product development, sourcing, design, procurement, and aspects of manufacturing. Sourcing has become a significant offering focusing on speed and spend optimization. Accenture offers sourcing services

designed to deliver innovative products on time and at the best cost. One of the offerings, Material Platforming, puts “fabric first”—consolidating material orders across brands and lines, leveraging volumes for best cost and flexibility. Another offering, Speed Models, helps companies determine the optimal timing for the assortment of products to reduce cycle time and increase flexibility to react to emerging trends. Accenture’s team of 500 dedicated sourcing experts in 120 countries have a strong track record in the sourcing space helping companies succeed in today’s fast, digital, integrated marketplace.

Accenture will help customers identify requirements, select the right software, and design and implement the necessary tools and processes. This broad-based approach to implementations often provides an impetus to change the business in more transformative ways. Companies can adopt new business models and practices, aided by Accenture. At the other end of the spectrum, other companies just want Accenture’s RFA savvy team to help optimize their existing technology for them.

They are also developing new offerings to support trends in the RFA market. Many companies want to use, or already use, crowdsourcing, letting their customers and prospects define products and services, new delivery models, and other innovations. For example, Accenture collaborates with First Insight, a service to capture and analyze crowdsourcing data, to take the pulse of the market. Predictive analytics can help pick tomorrow’s winning concepts and ideas. Being able to classify consumers by their fashion preferences and shopping habits can help companies spot trends and help ensure success. It can also help assess which categories offer the greatest opportunity for additional products or line extensions. After working with Accenture experts to identify key analysis parameters, customers can be reviewing insights within 48 to 72 hours. According to Accenture, one large specialty retailer increased its ability to pick winning new products from 35% to 70% using this approach. More information on Accenture’s customers can found here: <https://www.accenture.com/us-en/retail-index>.

Another advantage for Accenture is being able to bring skills and technology from their many other business units. Wearables are a game changer in RFA, and certainly a transformative change for companies developing them. Based on CIMdata’s research, smart connected products are proving difficult for mainline discrete manufacturers to assimilate, and these technologies are even farther afield for RFA companies. The PLM for Fashion team can help customers leverage expertise from across Accenture via the Internet of Things (IoT), while providing that RFA focus that is essential to understanding their true requirements.

Conclusion

PLM strategies and solutions are used across a wide range of industries, including retail, footwear, and apparel (RFA). Each industry has its own needs, and RFA is no different. RFA companies are driven by high speed, intense seasonal pressures, and complexity and dynamism of supply chains. Supporting this dynamic environment requires a fluidity in PLM processes and technologies to support ever changing business models and value chain relationships. While technology is important, all companies struggle with the people and process changes needed to fully embrace PLM. Companies need a partner with broad experience in the people, process, and technology issues around PLM that understands the specific needs of their industry.

Accenture has a long history supporting PLM strategies in the RFA market, and recently made a strategic acquisition to strengthen both their breadth and depth to support PLM and RFA business processes. Kurt Salmon brings expertise in operational strategy consulting, including logistics and supply chain, merchandising and product development, corporate strategy and

due diligence, and omni-channel retail strategy. With this move, Accenture added 260 RFA-focused employees serving clients across the world. Their Fast Fashion Transformation process and tools provide a framework to help companies get up to speed quickly on their chosen solution. Many Accenture engagements go well beyond just implementing data and process management. Road maps often include other enterprise systems and processes, most notably sourcing, where offerings like Material Platforming and Speed Model help optimize their ordering and assortment timing. Their combination of in-house developed technology and best practices from their previous engagements is helping their RFA clients win in today's global digital economy. For more information on Accenture's retail, footwear, and apparel practice, please see: <https://www.accenture.com/us-en/service-winning-speed-fast-fashion>.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at <http://www.CIMdata.com> or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.