



Collapsing the deployment model //

By Vicki Raport, Chief Executive Officer, Quantum Retail

If you've been through a major systems implementation, you will know it can be a fraught process. As the years tick by and millions of dollars are swallowed up, it's increasingly likely you'll find yourself asking, "When will it work?" and even, "Will it work at all?" The problem with existing systems lies in their highly complex user interfaces and installation processes. Additionally, they require vast amounts of time and money to both set up and maintain, meaning only those retailers with a large pool of resources – both human and capital – can take advantage of such systems.

Due to the initial investment involved in such a large project, it can typically take anywhere from three to five years before a retailer can expect to see a return. The problems can stem from a number of sources. The technology involved may not be designed for fast integration. The complexity of the software, combined with the hardware and networking requirements makes it a difficult project. The collection and storage of many terabytes of historical data also adds to the problems. However, one of the biggest problems is the fact that these systems were intentionally not designed to make the implementation process as easy as possible.



Dig a bit deeper and you will discover it is the initial deployment and implementation process that eats up the budget. Therefore the system integrator or the software vendors themselves are incentivized to make that process as lengthy as possible, in order to generate as much revenue as they can. For these people, shortening the deployment period would most likely create huge losses of revenue. However, as their systems continue to frustrate, they are also building up a huge stock of resentment.

Meanwhile some retailers have found a better way. It's called Q, and it is revolutionizing the field of inventory allocation and replenishment. Where other systems typically require two to three years to be fully functional, Q can be fully operational inside six months. That applies whether you are a global giant or a flourishing local retailer. Furthermore, in addition to being a tenth of the cost of traditional systems, there are rapid payoffs whichever way you look at Q. For retailers such as New Look and Guitar Center, Q is already bringing multiple benefits.

Designed to deliver rapid return on investment

From the start, our purpose at Quantum Retail was to figure out how to collapse what we saw as a fundamentally flawed deployment model. We wanted to create a way in which retailers could get an automated allocation and replenishment system up and running quickly – and realize significant ROI in as short a time period as possible after doing so. This idea that retailers should be able to see a return on their investment in a system quickly means that when we undertake an implementation we do so in stages. This allows for the installation of different aspects of the solution, according to the retailer's specific business needs.

We call this the Agile Customer Experience (ACE)[™] Implementation Methodology and it follows a phased implementation that lets retailers start seeing value within 6-8 weeks of beginning an engagement, and is fully functional within 6 months. That applies whether you are a global giant or a flourishing local retailer. Furthermore, in addition to being a tenth of the cost of traditional systems, there are rapid payoffs.

Thus, different pieces of the system can be installed incrementally. This allows an initial implementation to be up and running in as little as ninety days or less, even for very large clients. It also means retailers can begin to see a return on their investment almost immediately. While these early stages are fully operational, additional functionality and modules can be added to the Q system. Compare this to traditional systems where years can pass until all parts of the system are ready to be turned on at once.

Q also means significant reductions on upfront costs. Operating on an annual term license basis means it greatly reduces initial investment and risk. Because of the staged implementation, the entire solution will rapidly become self-funding. A key benefit is that Q does not necessitate an increase in the retailer's IT department: the entire program can be hosted by Quantum Retail. There is no hardware investment required and only minimal involvement with the internal IT department is initially necessary to connect and operate the system.

A staged implementation also means that the project team can learn from the deployment process as it goes along. Inventory and roll-out strategies can be altered from one stage to the next, based on what provides optimal results. This not only helps troubleshoot the system deployment and reduce problems, but also optimizes the effectiveness of the solution to ensure it provides the most benefits possible. Should a client be opposed to the concept of a staged implementation, we can fully deploy Q – at a retailer of any size – within six months of beginning the process. So, even if you want to conduct an end-to-end full implementation before switching the system on, it can still be done much, much faster than other systems.

Created by retail specialists

Quantum Retail functions in a very different way to other demand forecasting, allocation and replenishment software vendors. Firstly, we employ the most intelligent retail industry experts – people who have worked in retail or retail technology for 10 years or longer – so that everyone understands both the language and needs of retailers. It is this understanding that has made an innovation like Q possible. As founders of Quantum Retail we all knew this was something retailers have always wanted but have been unable to achieve. We also felt it was important to provide as much flexibility as possible with regard to business process support throughout the entire deployment.

After all, every retailer has different requirements and a different set of goals for its inventory and business. Before an implementation even starts, our team will sit down with the retailer and develop a detailed set of inventory goals and construct the strategies necessary for retailers to achieve them using Q. As part of this, Q was designed to be completely customizable from the outset. Q will continuously adjust to changing needs: it can automatically adjust optimal outputs to changes in business strategies over time without the need for system changes, recoding, or manually altering the system. The system itself does all the work.

Other benefits

Cost savings and a quick implementation process are not the only concerns retailers have. Allocation and replenishment system implementations often require a 'rip and replace' of existing systems. This greatly increases the implementation time and the risk associated with traditional deployments. Even during a short implementation process, say two to three months, a retailer needs to maintain its existing systems and processes as turning them off even for that length of time would be disastrous. Q allows the retailer to continue using its existing systems and to co-exist during the staged implementation. It can even permit those systems to continue running once the deployment is complete.

The difference is that Q will take over most of the manual tasks previously carried out by the legacy system and will optimize the running of other tasks. Not surprisingly this option is viewed by many as an attractive alternative to 'rip and replace' actions. Once Q has been installed alongside the legacy system, it can operate in that way indefinitely. Alternatively, the legacy system can be phased out over time with Q replacing its functions. For example, a retailer might start by using Q to make decisions about longrange forecasting and initial in-season allocation of a certain range of SKUs in its stores, then increase that to all SKUs. They may then add in replenishment and store ordering activities, followed by forecasting and finally, time-phased order planning.

Finally, traditionally migrating legacy data from one system to another has historically been problematic when switching allocation and replenishment systems. Many competing systems require significant amounts of historical 'seed' data, often several years' worth, in order to produce and maintain demand forecasts. This is an expensive part of the deployment, and ongoing operational costs of traditional forecasting, allocation and replenishment systems do not produce inter-compatible data. Thus a retailer must either stay with the same company it had previously, even if it is disappointed with the old system, or spend even more time and money to migrate the data.

However, Q does not require significant historical data to produce highly accurate forecasts, allocations, and replenishment recommendations. In fact, Q is unconcerned with what kind of historical data is to hand – it does not store historical transaction data. Instead it looks at the data as it's provided, learns from it, and makes changes based on the latest information available. Because of this, Q has already proven itself effective in replacing systems from Oracle, JDA, i2 and even custom built systems.

Q in practice

Q has already been successfully deployed at a number of retailers in North America and Europe. Every implementation has paid for itself within six months of going live, and each continues to provide significant benefits as time goes on. One example from the United States is Guitar Center, one of the country's leading specialty retailers.

Guitar Center went through a staged implementation, completing initial deployment in just 16 weeks. Guitar Center has progressed through multiple stages to continue to advance its use of Q in their business environment – it is now moving into stage four. Each and every stage has provided extremely rapid return on investment, and improved overall revenue generation to the point where each stage not only quickly pays for itself, but helps pay for the following stages as well.

Another example is European fashion retailer New Look. New Look opted for a full implementation – which was completed in just six months and paid for itself within another five.

All additional benefits from this implementation are therefore realized as pure profit for the retailer.

In the future: off-the-shelf solutions

In the future, Quantum Retail intends to make implementation times even shorter. The ideal is to enable retailers to self-implement with an essentially off-the-shelf solution. This would also completely collapse the typical deployment model and could potentially lead to a brand new era of automated and optimized allocation.

Quantum Retail Technology, Inc.

The market is asking new questions... you need new answers.

Q answers the new questions facing grocers and retailers today with solutions that enable them to profitably buy, move and sell merchandise, solving the most complex and costly problems they face - **quickly and permanently.**

Q is the answer for: Assortment and Range Planning - Forecasting and Order Planning - Replenishment and Allocation

Every Quantum Retail customer has achieved 100% return on investment in less than 6 months. For more information visit <http://www.quantumretail.com>. Follow Quantum Retail on Twitter at <http://twitter.com/quantumretail>.