WELSPUN

LINKING MULTICHANNEL RETAIL AND MANUFACTURING TO SPUR GLOBAL GROWTH

"With a more systematic approach to running our merchandising, replenishment, and assortment processes, we have substantially improved their productivity."

Mukund Prasad, Director and Group CIO, Welspun Group

QUICK FACTS

Company

- Name: Welspun Group
- Location: Mumbai, India
- Industries: Mill products and retail
- Products and services: Home textiles, line pipes and steel products, oil and gas exploration, solar energy, and thermal power and infrastructure
- Revenue: US$3 billion
- Employees: 24,000
- Web site: www.welspun.com
- Implementation partners: SAP® Consulting and Groupsoft

Challenges and Opportunities

- Enable multichannel retailing
- Facilitate growth with world-class retail partners in the United States, Europe, and Asia as well as with Welspun-owned and franchised retail stores in India
- Improve supply chain responsiveness and reduce costs
- Manage cash flow more effectively
- Enhance customer service
- Support product development
- Increase internal efficiencies
- Improve data visibility and delivery to support faster decision making

Objectives

- Improve integration of textile point-of-sale data with business planning and reporting processes
- Create a business communication network that automates and streamlines information sharing across the enterprise
- Enable multichannel retail access and visibility for supply chain processes

SAP Solutions and Services

- SAP NetWeaver® Business Warehouse component
- SAP Point-of-Sale application

Implementation Highlights

Used SAP Consulting and Groupsoft to handle project scoping, software customization, system integration, and training

Why SAP

- Robust and well-integrated automation of retail processes
- Single source of data for business performance management
- Scalability to support future growth
- Ease of integration with other SAP solutions
- Employee familiarity with software, optimizing acceptance and adoption

Benefits

- Improvement in internal efficiencies, process control, and decision making
- Enhanced relationships with business partners and customers
- Increased focus on company brand
- Improved development of new products
- Support for new marketing initiatives

Existing Environment

- SAP NetWeaver technology platform
- SAP ERP application

WELSPUN

Dare to Commit

Welspun Group, based in Mumbai, India, is a global leader in the manufacturing of home textiles and line pipes. It also has expanding operations in oil and gas exploration, solar energy, and thermal power. With a presence in over 50 countries, the firm is rapidly expanding abroad.

To support its retail growth, Welspun turned to SAP® software – including the SAP Point-of-Sale application and SAP NetWeaver® Business Warehouse component – for process and efficiency improvements across its multichannel retail and manufacturing operations.

Welspun's retail business deals in household textiles. Today the company is already the third-largest home textile company in the world and India's largest home textile retail chain – with plans for further growth ahead. The company's retail outlets in India alone are expected to increase from 200 in 2010 to 1,000 or more by 2012. To achieve its growth objectives, Welspun needed to make its global retail operations and supply chain more efficient, reduce costs, and handle market transitions more effectively. The company also wanted to provide multichannel access to services and ensure that service levels match customer expectations. At the same time, Welspun hoped to enhance support for product development and improve internal efficiencies.

"Global expansion had extended our lead times and increased the complexity of our supply chain," says Mukund Prasad, Welspun director and group CIO. "Most of the technology we had for our retail and textile business had been developed locally and did not have the scalability we needed to address new supply chain issues as they arose."

Lacking a centralized business information framework, Welspun could not share point-of-sale information across its retail and textile manufacturing divisions. At the same time, inventory and order management processes were not integrated across all sales channels. This resulted in excessive stockouts and other serious inventory management issues. It also made it difficult for the company to predict and manage cash flow effectively.

In 2007 Welspun's retail and textile business stakeholders undertook a major project to integrate its retail business processes. Key to this effort was a unified business information framework that could help with reporting, sales management, inventory management, replenishment, procurement, and cash flow positioning. Included in this framework was point-of-sale support that would centralize end-of-day data from all of Welspun's retail stores, provide end-of-day sales figures, and streamline stock replenishment. The framework was also intended to provide the scalability that the company needed to fulfill its plans for worldwide growth.

A Uniform Technology Platform

Welspun had previously implemented SAP solutions in its textile business as well as in other divisions of the company.

"We chose SAP software to handle our organizational needs across functional and vertical business operations because we wanted a uniform technology platform," says Prasad. "We knew from experience that the software would be easy to run and maintain and readily adopted by our employees, even when it came to retail processes."

Another reason for selecting the SAP software was its ability to transfer data on sales and inventory from point of sale to a central repository for more effective management of stock availability and procurement. In addition, Welspun was attracted to the software's support for store-related processes such as billing, payment, and sales.

"In our previous system, we had used 11 different promotion solutions," Prasad notes.

In setting the priorities for its business information project, Welspun identified the challenges faced in sales and demand planning, marketing planning, replenishment, e-commerce, vendor collaboration, and merchandising.

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It then categorized the challenges according to their impact on revenue. Data integrity, visibility, and speed of availability were identified as priority issues.

India-based Groupsoft and SAP Consulting handled project scoping for the implementation, as well as software customization, system integration, and training.

Centrally Managed Processes and Multichannel Retailing

With the new SAP software in place, Welspun can connect its point-of-sale data with processes for inventory planning, replenishment, and procurement. The firm is currently using the software to integrate processes with retailers and centrally manage those processes – whether for the stores and distribution centers that it owns and operates or for business partners such as Wal-Mart and Target.

"Our order fill rate has improved from 60% to 75%. Inventory days on hand have fallen from 90 to 45 at the warehouse operation level. . . . Together, these enhancements have increased our return on sales and decreased the cash-to-cash cycle time."

Mukund Prasad, Director and Group CIO, Welspun Group

"Welspun retailers can now offer true multichannel processing," Prasad says. "Inventory, order, and data management are integrated and shared across all channels. We can create and prioritize data management strategies that span multiple channels and readily share customer data throughout the enterprise. As a result, our merchandising can be focused on our brand rather than on specific channels."

Prasad also notes that a more complete e-commerce offering, along with fewer stockouts and better merchandising, has enhanced the customer experience.

Greater Internal Efficiencies and Improved Reporting

The new SAP solutions have helped Welspun automate and streamline processes for merchandising, demand modeling, revenue optimization, and promotion planning. There is also better control of sales management, transportation management, and trade management. Improved planning has made the company more efficient in its use of manufacturing resources. Greater efficiency is also evident in supply chain management, service operations, and workforce management.

Better integration and management of data have helped Welspun quantify these improvements and create reports that are more useful to company decision makers. Detailed reports are now available in areas such as demand forecasting (planning cycle time), inventory management (usable and obsolete inventory), procurement (supplier delivery performance), credit and collections (payment period and percentage of items purchased by lead time), order management (published delivery lead times), and delivery scheduling (order-entry methods and percentage with billing errors).

"Our order fill rate has improved from 60% to 75%," Prasad says. "Inventory days on hand have fallen from 90 to 45 at the warehouse operation level, improving inventory value and inventory turns. Together, these enhancements have increased our return on sales and decreased the cash-to-cash cycle time."

Reports can be provided by channel, division, store, and region, among other breakdowns. Sales and SKU movement can be analyzed to better understand demand, optimize staffing levels, improve stock position, and prevent stockouts. Welspun is able to consolidate, analyze, and report on market information more effectively, enabling better insight into consumer and market trends and quicker reaction to changing market conditions.

Dashboards and scoreboards help the company measure performance against strategic initiatives and track financial goals in terms of growth, profitability, key controllable expenses, and return on net assets. They also help Welspun measure the effectiveness of its marketing and merchandising campaigns and evaluate supply chain activities, vendor performance, and logistics operations across a range of metrics.

A Long-Term Partnership

"Per our original priorities," Prasad says, "we have addressed most of the challenges that affect revenue and planning. We have also realized significant achievements in controlling and reporting but continue to work on these areas."

Better store feedback has enhanced product development and inspired new ways of delivering marketing messages to target audiences, planning marketing strategies, controlling store systems, and analyzing inventory value. With subsequent help from the SAP Consulting organization, Welspun has further improved demand planning, category planning, and other business processes.

"Our decision-making processes are clearer, more automated, and better defined," Prasad notes.

Welspun plans further SAP software implementations to automate its sales promotion processes, enhance information dashboards, and improve processes for service operations as well as distribution and logistics.

"Now that demand has become less predictable, it is particularly important that we continue to increase the speed, visibility, and responsiveness of our supply chain," Prasad says. "In SAP, we have a long-term partner who can help us address these challenges and support our plans for worldwide growth."

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