



UNDER ARMOUR INC.

SAP BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	Consumer products – apparel and footwear
Revenue	US\$430.7 million (2006)
Employees	1,005 (2006)
Location	Baltimore, Maryland
Web Site	www.underarmour.com
SAP® Solution and Services	SAP® Apparel and Footwear Solution for Consumer Products package
Implementation Partner	Metamor Enterprise Solutions LLC

The brainchild of former University of Maryland football player Kevin Plank, Under Armour Inc. is the originator of performance apparel designed to keep athletes cool, dry, and light throughout their games and workouts. With more than 1,000 team members around the globe, 100% bottom-line growth year over year, and nearly US\$0.5 billion in revenues, Under Armour was one of the best-performing and fastest-growing public companies in 2006 and is promising to give other athletic companies a run for their money in 2007.

Key Challenges

- Lack of application support for product-line growth and global expansion to multiple countries
- Need for flexibility to outpace the competition and the ability to reinvent the company every 6 months
- Time-consuming and nonscalable hard allocation process, with no support for available-to-promise (ATP) checks
- Limited ability to deliver streamlined multicompany and multicurrency financial processes

Why SAP Was Selected

- Offers scalable solution to support constant innovation, reinvention, growth, and global expansion
- Enables strategic goal of “staying nimble and quick”
- Delivers industry best practices in sync with Under Armour’s “Big Bets with Big Partners” philosophy
- Provides fail-safe support for ATP
- Has proven track record and is “solution of choice” for other apparel and footwear companies

Implementation Best Practices

- Lessons-learned documentation from 3 mock go-lives
- Strong management commitment and guidance
- Jumpstarted implementation with Metamor’s preconfigured Quickwear™ and the ASAP methodology from SAP
- “Safe” environment for training with mock go-lives
- Approached as a business project, not just an IT project

Low Total Cost of Ownership

- Quickly onboarded new operations and countries to SAP® software
 - Under Armour Canada in 2.5 months
 - Third-party warehouse in Europe in 1 month
- Accelerated implementation in 8 months
- Retired legacy systems immediately after go-live

Financial and Strategic Benefits

- Support for product innovation, growth strategy, and flexibility with improved scalability of applications
- Enhanced ability to manage customer expectations with ATP checks
- Better equipped to perform virtual inventory segmentation for each channel and region
- Improved management and operational visibility with most reports delivered through Web-based SAP NetWeaver® Business Intelligence

Operational Benefits

Key Performance Indicator	Impact
Time to close books	-33% and getting faster every month
Reporting query times	-83%, with more than double the volume growth in number of queries



“We are a different company every six months. We need to work a lot smarter, not just a lot harder – that is why we decided on SAP.”

Kevin Plank, President and CEO, Under Armour Inc.

“SAP [software] gives us the capabilities to expand our business . . . we are not going to need another ERP system no matter how large we get.”

Kevin Plank, President and CEO, Under Armour Inc.

Under Armour Makes “Big Bets with Big Partners” and Needs a Fail-Safe Solution

In 1996 innovation from Maryland-based Under Armour Inc. created a disruption and revolution in the sports apparel industry by originating a new sportswear category – performance apparel – that looked different, felt different, and performed differently than cotton by keeping athletes lighter and drier. Just 10 years later, Under Armour has become the fastest-growing designer and distributor of branded performance apparel in the world, dominating the category with more than a 75% market share. The name Under Armour has now become synonymous with the category – a remarkable accomplishment considering the strength of incumbents like Nike, adidas, and Reebok.

In 2005, to sustain its growth and compete on a global scale, Under Armour needed a scalable and flexible IT landscape. The company was making “Big Bets with Big Partners,” and it sought a fail-safe solution. It needed better visibility of data to drive business performance and decisions. To improve its brand and channel management, it needed to replace ineffective, manual allocation processes with rock-solid available-to-promise (ATP) processes. And to maintain international expansion, it needed multicurrency and multicompany capabilities.

Under Armour Takes Innovation to the Next Level with SAP® Solutions

Constantly innovating, Under Armour reinvents itself and becomes a different company every six months. Only a scalable IT solution could support this rapid change, and Under Armour found it in the SAP® Apparel and Footwear Solution for Consumer Products package – the robust functionality it needed, including ATP, came right “out of the box,” and

Under Armour appreciated the built-in best practices. The SAP NetWeaver® Exchange Infrastructure component and the solution package were the definitive choice in helping Under Armour achieve its ambitious expansion plans.

Going public in November 2005 did not stop Under Armour from kicking off the SAP project in August 2005 and giving it broad executive support and guidance. Just eight months later, a core 20-person project team from operations, IT, and Metamor, the implementation partner, successfully implemented the solution using the ASAP methodology. Three mock go-lives accelerated training and created a “safe” environment that did not affect business operations.

Under Armour Wins with Business Benefits

The SAP Apparel and Footwear Solution for Consumer Products has helped Under Armour improve brand management while rushing innovative products to its customers – especially with ATP. It can now virtually allocate inventory across channels and regions. It can close its books faster than ever, quickly bring new operations or countries onboard, and make faster, more knowledgeable decisions with greatly improved operational visibility.

Coming off a strong year in 2006 (when net revenues increased 53.2% to \$430.7 million compared to net revenues of \$281.1 million in 2005), Under Armour has embarked on a four-pronged strategy to grow its apparel and footwear businesses and expand internationally. Company management believes that the most important growth phase is yet to come. And with state-of-the-art solutions like SAP Apparel and Footwear Solution for Consumer Products, the US\$1 billion revenue mark will be another milestone in its high-performance run.