supported by:

Rolling Inventory Reconciliation | 13/10/2015

How to capture real time insights

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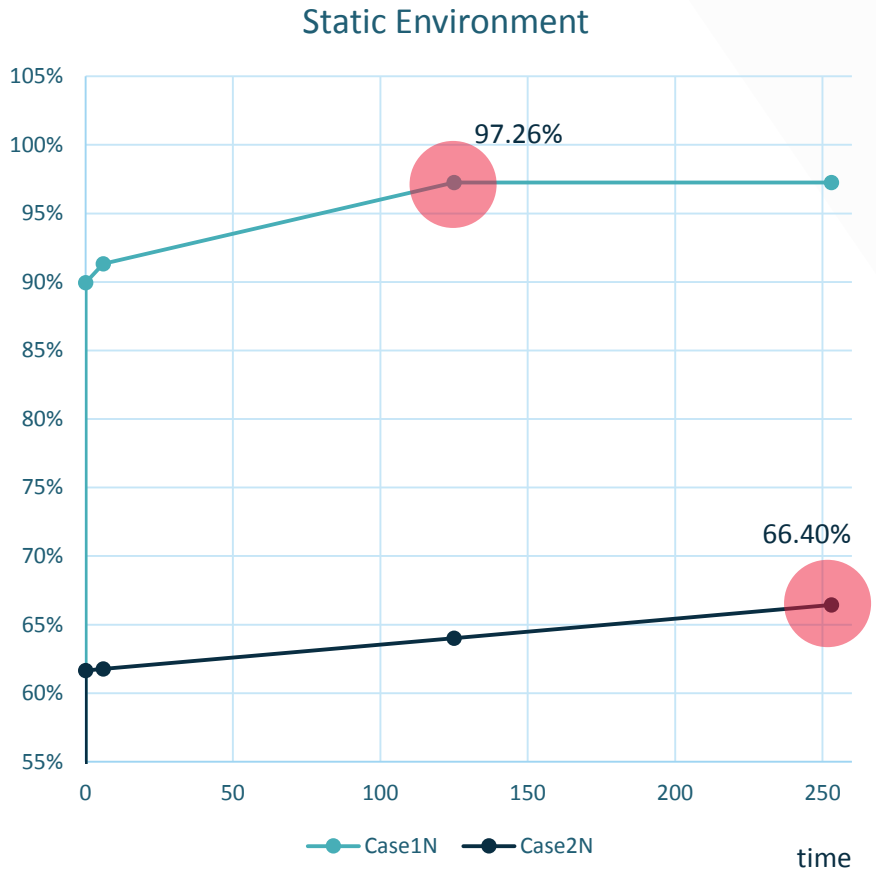
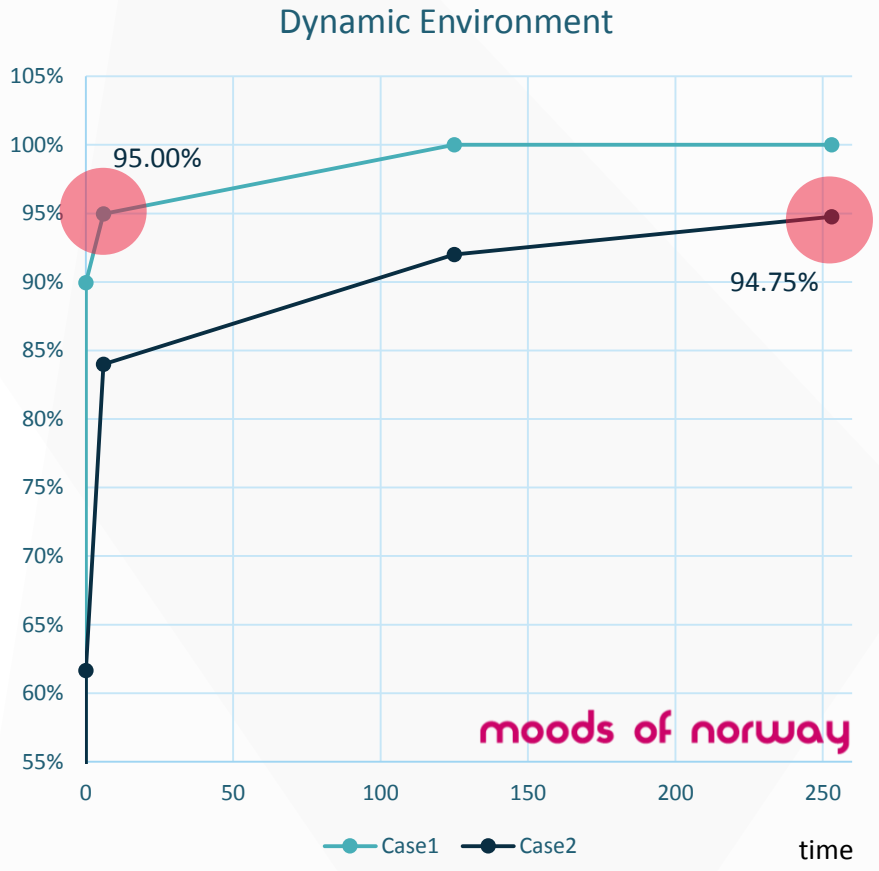
Data from the field





Why does real-time data matter?

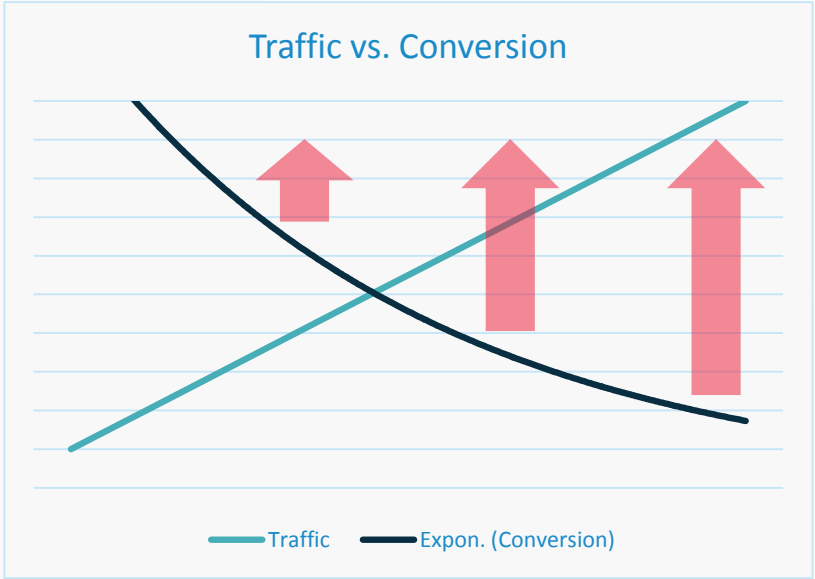
BIGGEST LEVERAGE FOR FIXED INFRASTRUCTURE DURING PERIODS OF HIGH TRAFFIC

Traditional

- Grow traffic
- Grow average revenue per customer
- Grow conversation rate

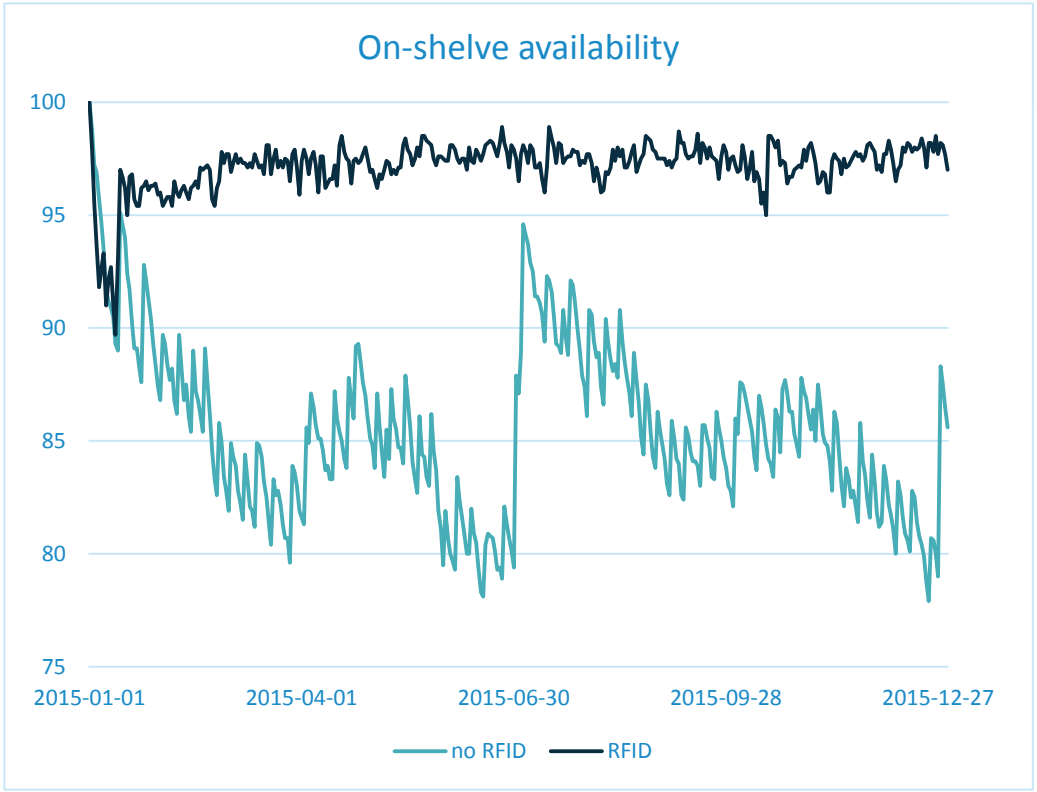
(New) Trend

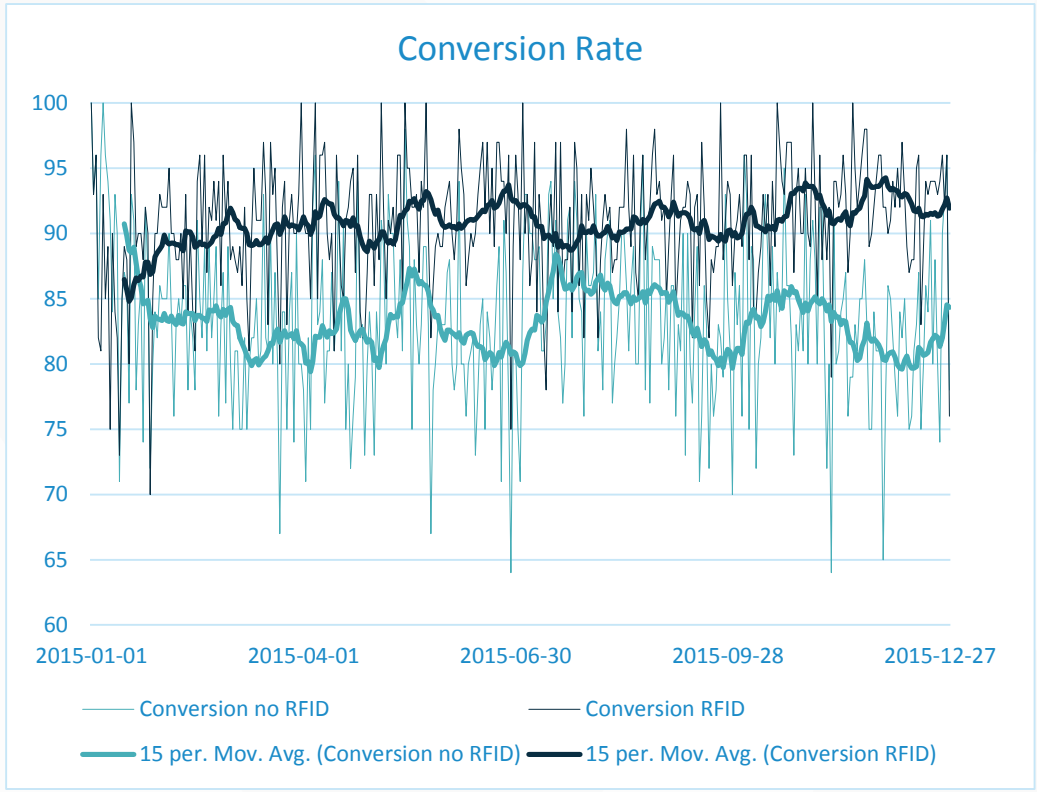
- Use same inventory across different sales channels



On-shelf availability leads to conversion

AND REVENUE GROWTH





Retail Inventory Dashboard

Deloitte. Digital

Different use case requirements

THERE IS NO SINGLE CORRECT ANSWER

Business Process
Re-order, DC replenishment
Omnichannel fulfilment,
ERP master stock record

Omnichannel availability
Balance between real-time
data and undercounting
inventory

In-store operations
Back to front replenishment

Process Requirements

ASSUME THE NEED OF STORE ACTIVITY TO OPTIMISE COVERAGE AND ROI

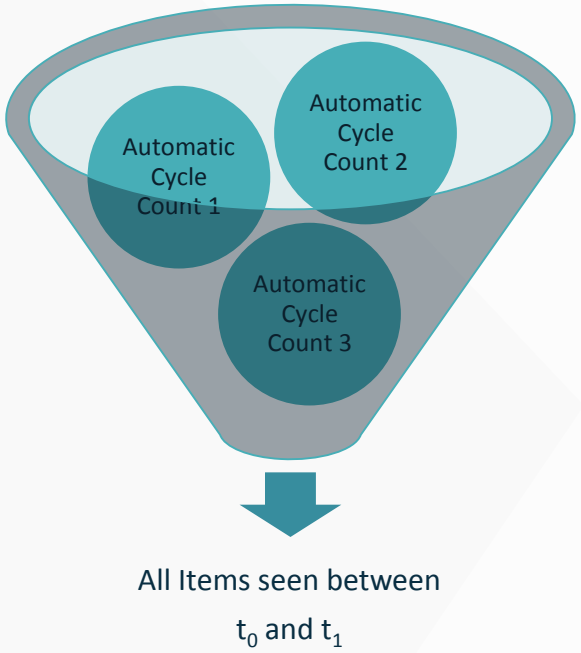
- Define acceptable level of accuracy for different use cases e.g.
  - DC replenishment 98% / Daily
  - Online availability 92.5% / 30 min
  - Out of shelve alert 87.5% / 15 min
- Identify required period of read operation to attain acceptable level
- Execute data capture operations
- Define audit process and requirements (e.g. by business value and risk)

➢ **How to use the data from fixed infrastructure in Inventory System of Record?**

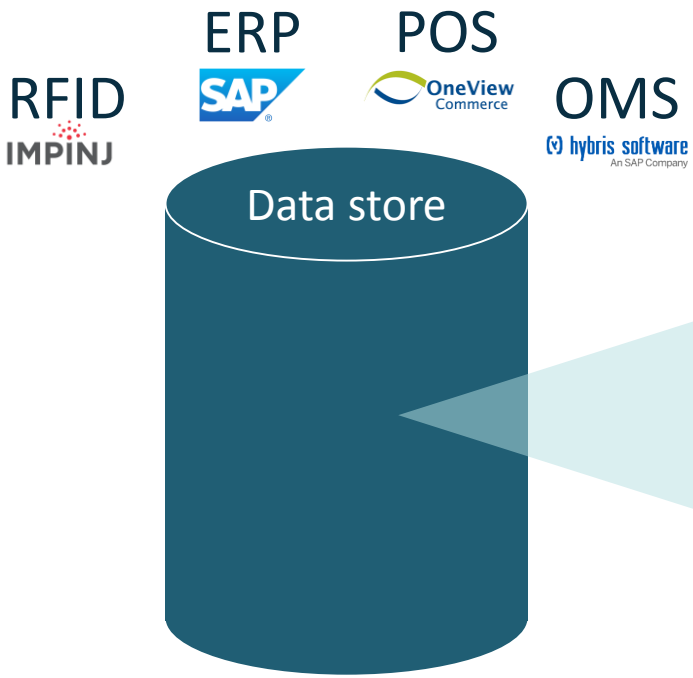
Approach

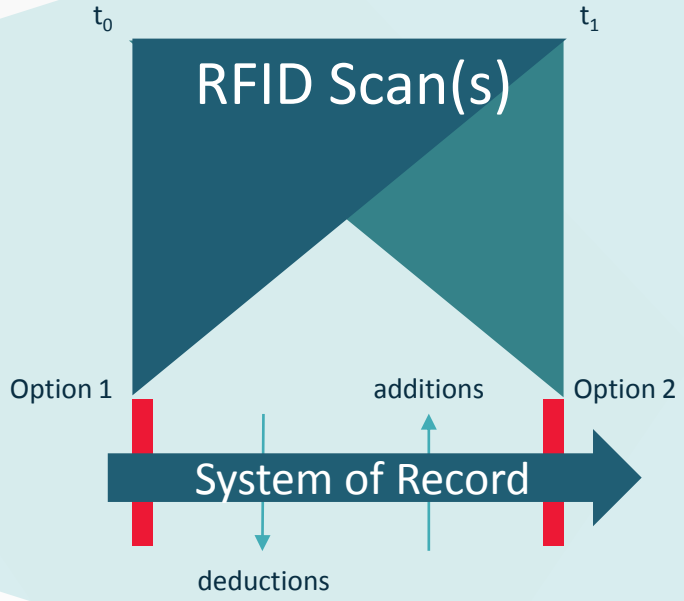
ERP Inventory Process

- Inventory is usually determined at a specific point in time
- Reconciliation process with ERP depending on
  - POS Systems
  - Merchandising Systems
  - ERP Systems used
  - OMS System used
  - WMS System used
  - Availability of transactional records
  - SGTIN data capture
  - Level of integration
  - Frequency of data exchange between transactional systems and master



Assemble all data and transactions





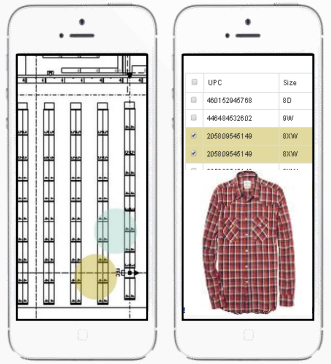
"Additions" have less number of transactions than "deductions".
Mostly higher data quality / accuracy for "additions"

Audit and Approval process

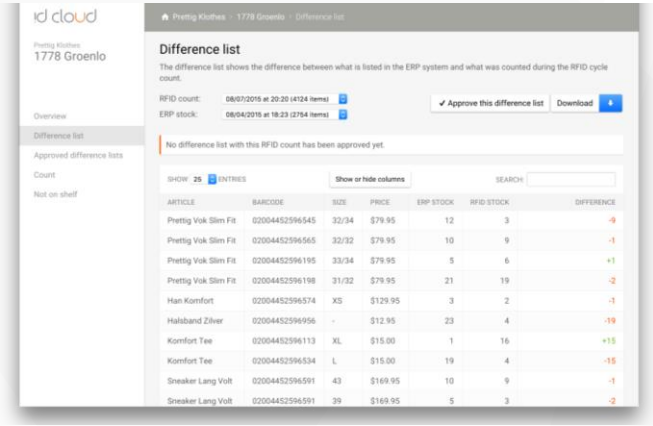
BEST PRACTICES

- Priorities for physical checks – where to invest physical labour
  - High business value
  - High risk
  - Discrepancy threshold (e.g. 4 out of 5 seen for a SKU)

- Create business rules for automatization e.g.
  - not seen in n cycle counts, automatic ageing
  - last seen in fitting room
  - Triggered alarm with LP



if [...]
then [...]



➢ **Accept or reject differences**

➢ **Execute update of master stock file**

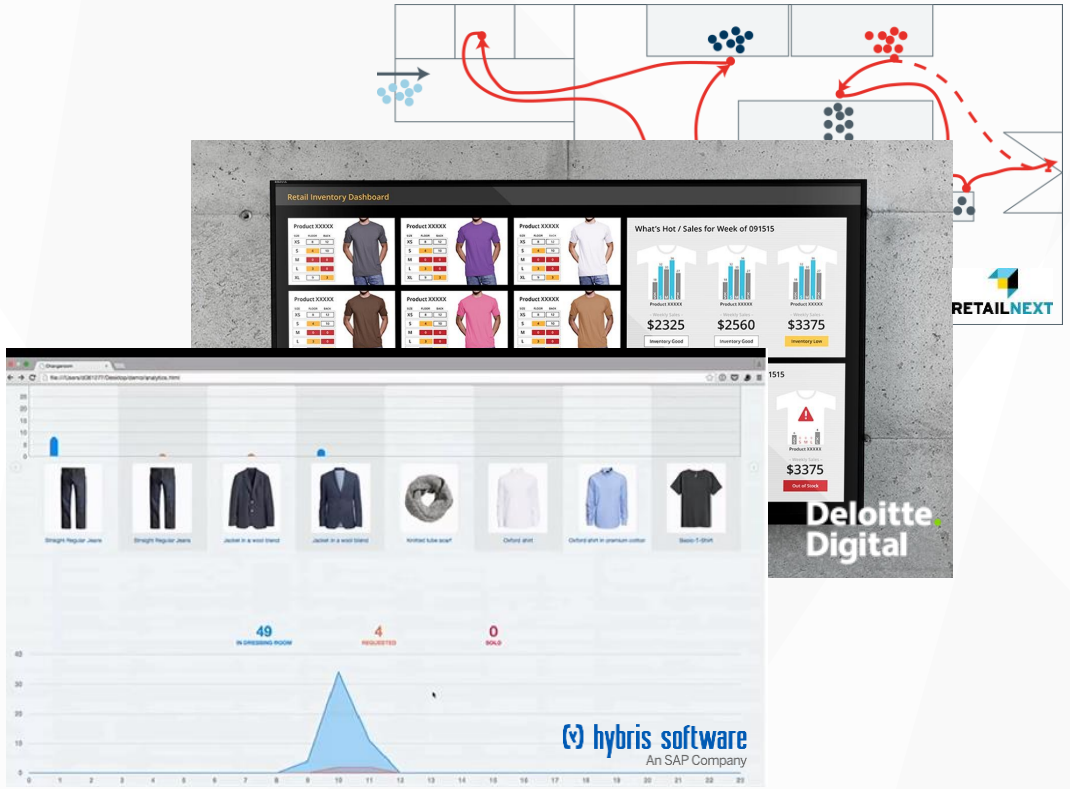
nedap | retail

Outcomes & Conclusions

- Data requirements depend on the use case and have an element of timeliness and accuracy
  - Webstore
  - Click & Collect
  - Store operations
  - Inventory issues - Tasks

- Data Capture should be independent of use case and application

- Integration highly depends on specific systems and integrations installed. Whitepapers can provide guidance but details require 1:1 conversations with all stakeholders



Discussion

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