

Rockport Finds New Comfort Zone with SAP Fashion Management

The comfort-shoe company is rolling out a suite of SAP solutions to bring IT into the modern era — and capture the modern Millennial shopper, too.

In 1971 the Rockport Company started in small-town Massachusetts with a man, a van and a plan. Founder Saul Katz and his son Bruce realized that the footwear market lacked casual and dress shoes that featured the compelling comfort and cushioning that made sneakers so popular. With that in mind, the duo embarked on a journey that brought an entirely new concept — comfort shoes — to the footwear landscape.

Katz senior was born into a footwear family. He inherited his own father's business, Hubbard Shoe Company, taking over operations in 1945 and facing a battle 15 years later as the U.S. footwear industry was just beginning to grapple with overseas outsourcing and being consistently undercut on price.

Through a bit of lucky timing and serendipity, Katz found himself with a "one man's trash is another man's treasure" conundrum that became the beginning of the Rockport brand. An order intended for one of Katz's Highland customers (Hubbard had changed names and transitioned to focus on Brazilian imports over the years) arrived too late and languished unwanted for months in a warehouse. Seeing and seizing an opportunity, Katz enlisted his son to traverse the East Coast from Boston to Washington, D.C., hawking the white-boxed handcrafted sturdy



While the company has long dominated in men's shoes, Rockport is striving to "build up" the women's business and even out the 70/30 split between men's and women's footwear.

leather moccasins — informally dubbed the Rockport after the Brazilian leather used to make the shoe — to boutique stores in small towns dotting the Atlantic seaboard. When people started to copy the shoes, Katz got ahead of the problem, making the branding official and bringing comfort shoes featuring innovative sports technology to the hearts, minds, and feet of the American public.

Today Rockport encompasses Aravon, Cobb Hill, and Durham in addition to the original Rockport brand as the Rockport Group. The company has changed hands over the years; in August, adidas Group sold it for \$280 million to New Balance and Berkshire Partners, returning Rockport to its New England roots.

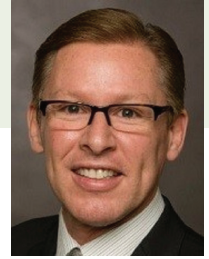
Rockport IT director Charlene Higgins-Crawford joined the company from Wolverine World Wide just less than a year ago and is already undertaking a major project to transform and modernize the firm's backend infrastructure. Working with systems integration partner attune, Rockport is implementing a

suite of SAP solutions featuring Fashion Management Solution (FMS),

Hybris and Customer Activity Repository (CAR) to unify its wholesale, retail and B2B channels. "Fashion Management is a great hybrid of retail and wholesale solutions that provides one view of inventory across channels," she says, describing the pre-implementation IT environment as "greenfield."

SAP invested significant time and resources in crafting FMS to address the reality of the changing marketplace that was forcing companies like Rockport to evolve their business processes. Built on HANA, SAP's next-gen platform for applications and analytics, FMS helps apparel and footwear companies with wholesale and footwear businesses to simplify their massive quantities of master data by unifying all channels and improving inventory segmentation.

Working with a 12-person on-premise IT team, Higgins-Crawford says Rockport plans to aggressively grow the retail business, emphasizing the importance of the



Apparel: The number of touchpoints between consumer and retailer has multiplied exponentially, opening opportunities for retailers to sell in more places, but also creating challenges when it comes to managing inventory to meet the increasing number of nodes of fulfillment. This scenario grows greater in complexity for a brand that is serving consumers via its own retail channels, as well as others'. What do you see as the biggest obstacle to gaining real time and unified insight into inventory management and how can it be overcome?

MINNIX: There is a sizable opportunity for apparel companies of today to capitalize on the increase of touchpoints and the avenues through which they can sell to consumers. We are seeing not just an increase of touchpoints but an integration of channels vertically. Given this shift in the landscape, processes must now be omnichannel ready. They should flow seamlessly across the various platforms that customers might use, including desktop, mobile, and in-person.

What is prevalent today, however, is a piecemeal approach to delivering services across these channels. Most companies report challenges with the integration of back-office technology across retail, wholesale and online channels. This stems from the fact that many companies still operate their channels as siloed businesses. Each of these channels tend to maintain their own systems, leading to multiple data sets and invariably, multiple agendas. As a result, such fashion retailers are still locked in a struggle to gain a consolidated, accurate and real-time view of their inventory and consumer demand leading to disconnected shopper experience.

Overcoming these challenges calls for a radical re-think of existing systems and processes. Most solutions today were not built with the omnichannel consumer in mind. What is required is a shift to a vertically integrated platform which has the capability of unifying inventory across channels and providing real-time visibility into store, ecommerce and wholesale inventory. Inbuilt system functionality should be capable of providing a segregated view of channels and the demand for stock where you can define business rules on how this stock can be managed across channels. Overall, this will enable companies to make decisions ranging from channel planning to final execution to the customer.

Apparel: Likewise, these multiple touchpoints offer increasing opportunities to gather data on the consumer path to purchase. What kind of technology infrastructure commitment is required for a firm to turn data into actionable intelligence?

MINNIX: Customers today generally tend to go through several stages in the buying journey, and this is not necessarily a linear process anymore. Fashion retailers have an opportunity to

capture data at each of these stages and gather insights to help improve the overall process. By having the right tools in place at each touchpoint, brands can enhance the customer experience while tweaking their own processes to be more receptive to consumer desires.

Considerations will need to include the ecommerce platform, tightly coupled with back-end systems, social sentiment analysis tools and systems capable of capturing data from physical stores and making it available in real-time. Some firms have already begun the process of capturing data but typically these are still scattered across multiple systems and therefore curtail the true potential of consolidated information.

Merging the customer data you've collected gives you a complete view of each customer and their unique buying journeys. Combine it with inventory, sales, marketing, manufacturing, and other data — and you have a powerful foundation that can be harnessed to drive omnichannel excellence. In essence, a robust data repository with in-memory processing power to run real-time analyses and provide insights as and when they occur will mark the next frontier for fashion retailers.

Apparel: What do you see as the greatest stumbling blocks internally with respect to un-siloing information and giving departments and/or divisions a view into a much greater amount of data? Relatedly, once the data is consolidated, what possibilities open up to the users?

MINNIX: While technology opens up exciting new opportunities, ultimately it is the people within the organizations that are responsible for execution. Existing structures and processes create inertia that keeps businesses from moving forward. And the biggest challenge as we see it is the presumed safety net to maintain the prevalent culture, processes and the reluctance of the people responsible to embrace change.

On the flip side, in order for companies to move to a consolidated, true omnichannel model, the people within the organization need to have confidence in the system. This is ultimately determined by the robustness of the solution and its ability to optimize for overall business success as opposed to channel benefit.

But the good news is that once this hurdle is overcome, the possibilities that open up as a result of 'un-siloed' information are limitless. For example, stock can be pooled as well as cross consumed across channels to maximize stock-order fulfillment. Additionally, stock protection rules can also be introduced to cater to key demand elements such as a product launch with a key wholesale customer. This will be instrumental towards minimizing stock outs and markdowns.

retail channel's impact on the bottom line. In addition to entering new markets such as China, the company aims to strengthen its presence in existing markets such as Japan and Korea, just two of the more than 60 countries where Rockport currently is sold.

Still in the build and configuration phase of the systems implementation, Rockport is measuring the success of the project by how smoothly the deployment goes, how well the business runs on the new platform and whether shoppers suffer any interruptions (always a no-no). Physically moving warehouses during the implementation is adding yet another layer of complexity.

Long known as a comfort-shoe company favored by an older demographic, Rockport is trying to shake off that image a bit — whilst not alienating those shoppers, of course — and appeal to the coveted Millennial crowd. "We're working on our shoe styling to try to appeal to a younger audience," Higgins-Crawford explains. And

In addition to entering new markets such as China, the company aims to strengthen its presence in existing markets such as Japan and Korea, just two of the more than 60 countries where Rockport currently is sold.



while the company has long dominated in men's shoes, Rockport is striving to "build up" the women's business and even out the 70/30 split between men's and women's footwear.

"Design is in its own world," Higgins-Crawford notes, "but we can react quickly to trends and changes with information through CAR. The product development cycle is longer than we want right now, but we're working on that in order to keep up with the consumer."

Although the implementation is in early days and ongoing, Higgins-Crawford already is looking forward to the new possibilities that the SAP platform

will enable. With future software updates, Rockport plans to roll out endless aisle capabilities to address the omnichannel shopper and save the sale, and with centralized inventory visibility, purchase orders will better show what product is available and where.

"This is by far our best investment and key to our growth," Higgins-Crawford concludes. ■

Jessica Binns is a freelance writer in New York City focused on fashion, retail and technology.