



Client **SUCCESS**

## Guess? Improves Stock and Service Levels

Luca Tacchi, IT Director, Guess Europe



Over the next three years Guess plans to open 180+ new stores as part of an aggressive new strategy to develop the US fashion brand in Europe. According to Luca Tacchi, IT Director for Guess Europe, so many new stores means a much greater need to manage the business more efficiently. And he acknowledges that without integrated retail technology, the company's ambitions could not be achieved.

The expansion has already started in earnest, following two recent UK store openings, as well as many others throughout Europe, where the brand now has over twenty company-owned stores. Guess says it plans to expand further through a franchise-style system of 'sub-licensing,' which is already popular in southern Europe. It means more autonomy for the retailer, although inventory still being supplied by the brand. Guess currently has around twenty more franchise-style outlets spread mainly across southern and eastern Europe. A large wholesale business in Europe is also supported through hundreds of concessions operating through department stores and independent fashion retailers. Globally, the brand has become a \$1.2 billion multinational retailer with over five hundred stores worldwide.

### **Euro Expansion**

Many other fashion retailers, including Naf Naf and Calvin Klein Jeans, have expanded along similar lines. They all rely on VCSTIMELESS technology, which provides them with the necessary multi-lingual and multi-currency platforms to manage complex inventory needs, whether from a store, retail head office, or overseas franchise.





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«We're finding more and more fashion brands looking at shared licence agreements as a low-risk means of expanding across Europe,» says Tania Oakey, marketing director at European software vendor VCSTIMELESS. «Yet not all Anglo-Saxon or American retail software systems cater for the franchise, wholesale and multi-channel operations typical of Europe.»

### Forecasting Fashion

For Guess, the use of the VCSTIMELESS Columbus retail management suite has led to improved stock and service levels, since installation began in 2005. All company-owned stores are now kitted with a store interface which, via the internet, gives instant links to the head office in Florence, Italy, and allows them to monitor new product lines or check on stock availability.

From head office, a team of fourteen people in the IT department can now see what stock is left in each store, as well as look at the best ways of avoiding lost sales or heavy discounting, because of either too much or too little merchandise left on the shelves. In-depth analysis of sales data is made easier using a business intelligence module, called Optimum. Tacchi says that the software has helped the company enormously in decision-making, especially when it comes to planning

sales promotions. Reporting has also greatly improved, he says, «thanks to a constant exchange of information with stores, as well as scorecards for management and reports to the US corporate headquarters in Los Angeles.»

Generally, all products are reviewed on a weekly basis, and the software works by looking for anomalies and weighing them up against current stock levels and other variables, such as seasonal sales patterns, price or profitability. The software then comes up with a 'best-fit' to satisfy forecasted demand and suggests what products any store should be stocking to meet the needs of their local market.

### Next steps: automated replenishment

The Guess IT department intends next to focus on automated replenishment, with a planned project completion date by the end of 2006. Given that Guess will shift its production of shoes to China later this year, Tacchi says that automated replenishment, and the need to monitor the supply chain over long distances, will become even more crucial. Currently, most of the European merchandise is manufactured in Italy, with some products purchased direct from Guess in the US. It is also considering adding another VCSTIMELESS module, Columbus Regional, which gives greater control and autonomy to overseas stores, whilst allowing them to continually stay in touch for stock requirements. This, says Tacchi, is particularly useful for countries like the UK, where Guess firmly has its sights fixed.

Tacchi acknowledges that without the software, Guess would no longer be able to manage the entire infrastructure. And given the plans to massively expand the number of overseas stores through more franchise networks, a shared integrated system is vital for everyone, he says.

Cegid retail is a leading international software solutions provider to the specialty retail sector, with over 1,000 retailers and 20,000 stores across 64 countries using Cegid's integrated retail management solutions. Solutions include merchandise planning, manufacturing, sourcing, merchandise management, supply chain, CRM, point of sale and business intelligence.

Cegid retail is part of the Cegid Group, a global provider of enterprise applications, created in 1983. The group has more than 2,000 employees and 241 Million Euros revenue.

VCSTIMELESS was acquired by Cegid Group in September 2008.