HITACHI
Inspire the Next

LS Travel Retail Success Story

LS travel retail
NORTH AMERICA

◎ **Hitachi Solutions**

Dynamics AX

NORTH AMERICAN SPECIALTY RETAILER IMPLEMENTS DYNAMICS AX, RESULTING IN IMPROVED PRODUCTIVITY, BETTER CUSTOMER SERVICE, MORE ACCURATE REPLENISHMENT, INVENTORY OPTIMIZATION AND ULTIMATELY IMPROVED PROFITS.

Business Situation

Several years ago, LS Travel Retail embarked on a major initiative to implement an end-to-end retail solution governed by a motto of putting the customer first and taking noticeable steps to ease the day-to-day administrative burdens in the stores. Faced with a growing business and diverse product assortment across more than 15 banners, management realized that operating multiple disparate systems was becoming increasingly complex and fraught with workarounds in key processes. As described by Vadim Motlik, Chief Administrative & Chief Financial Officer, LS Travel Retail. "LS Travel Retail strives to make our customers' journey more enjoyable. In order to continue to achieve and exceed their expectations, we required a more sophisticated and integrated technology solution that could deliver core retail capabilities to meet our near term goals, as well as implement foundational components to support LS' longer term strategic goals."

Solution

Based on the future-state business processes, LS Travel Retail embarked on a rigorous system evaluation and selection process that carefully reviewed a range of competitive solutions from vendors as Microsoft, SAP, Oracle, Epicor and JDA. After selecting the Microsoft Dynamics AX platform, a 3-month Conference Room Pilot (CRP) was completed to confirm the solution could support the core business processes of LS Travel Retail and to identify key project gaps that would require creative solutions to address. A key outcome of this CRP was the identification of a Demand Planning and Replenishment add-on from TXT e-solution to fully support the centralized replenishment model.

When the implementation project kicked-off in spring 2009, the LS Travel Retail solution design comprised of Microsoft Dynamics AX and the Retail and

CUSTOMER PROFILE

LS travel retail North America is transforming the travel experience. With over 250 stores, their programs are engaging passengers in new and exciting ways. From news and gift, to specialty retail and food, their brands and concepts focus on delivering trendsetting products and services that are relevant to today's traveler.

INDUSTRY

Retail

LOCATION

Toronto, ON

Merchandising add-on from LS Retail. The project proceeded throughout 2009 as planned until Q3 when the announcement of the LS Retail acquisition by Microsoft resulted in a re-assessment of the overall implementation strategy both short- and long-term. It was decided at that stage that the project would transition from the LS Travel Retail software to the new Dynamics AX for Retail solution, and LS Travel Retail would become an early adopter of the Dynamics AX for Retail solution and a key member of the Technology Adoption Program (TAP).

LS Travel Retail was one of the first companies in the world to go-live with the Microsoft Dynamics AX for Retail Solution. This is truly an integrated retail solution that uses Dynamics AX for Retail for merchandising, store operations, supply chain and finance. Microsoft ISV partner, TXT e-solutions' Perform 2008 is being used for advanced forecasting and replenishment while a SharePoint-based portal is used to carry out a number of operational workflows around requisitions and approvals. Going forward, the portal interface will be extended to deliver role-based reporting and KPIs for store and corporate office users based on the ProfitBase Retail business intelligence solution, another Microsoft ISV partner. Microsoft BizTalk and SQL Server are used orchestrate all data exchange, integration and information management including interactions with external parties.

Benefits

- Accurate replenishment will reduce out of stock levels. The total sales uplift from improved in-stock position is estimated at over $1,000,000 annually.
- Inventory Optimization: Greater inventory visibility and defined re-order quantities based on forecast & inventory position can reduce slow moving inventory. Estimated potential savings at $500,000
- Improved gross profit through enhanced assortment control : Improved planning and increased inventory visibility enables better assortment strategy and planning which, in turn, will lead to reduced incidence of markdowns and write offs

In addition to the measureable benefits described above some key improvements across business operations are also being realized including increased field productivity through reduced administrative burden at the stores, providing better customer service by optimizing product assortments and inventory through centralized replenishment and improved access to information by providing a fully integrated solution.