



## WHITE PAPER

# Microsoft Dynamics 365 for Apparel and Footwear Brands

## How to Combat the Challenges of Growth in a Complex, Global, Omni-channel World

A brand is a promise of quality, service, and value. Keeping that promise is the ultimate success factor for a brand-based company. This is especially true in the apparel and footwear industries where a company's name may inspire good feelings and trust.

Apparel and footwear companies are under tremendous pressure to fill orders faster, reduce operating costs, and increase margins — all while expanding through acquisition or by branching out into new product lines, channels, and global markets.

Whether the business is high volume/low margin, low volume/high margin, luxury or basic, it is imperative that operations are run with a flexible, integrated platform. That means integrating supply and demand planning with real-time financials across all channels and countries. That's a hard thing to do when point systems have traditionally created disparate silos.

Making the digital transformation to a single integrated platform is the key to gaining or maintaining a competitive advantage. And in all actuality, it's the key to your brand's very survival and protecting the trust and promise given to customers.

Sunrise has worked extensively with apparel and footwear brands to identify the levers for improving profitability, increasing operational efficiency, and driving brand growth. This white paper will dive further into industry challenges and explain how Microsoft Dynamics 365 Enterprise Edition combined with **Sunrise 365™** industry extensions can support your brand and consolidate legacy systems, as you navigate the complexities of growth and expansion into new channels, markets, and product categories.

# Apparel and Footwear Industry Challenges & Solutions

When your brand promise is built on quality, service, and value, it is of the utmost importance to select a financial, supply chain, service, and retail platform that can not only manage industry-specific complexities easily and efficiently but also scale with growth. However, many organizations are still crippled by outdated legacy systems that cause them to struggle with these common issues:

- Excess inventory
- Poor customer service
- Low inventory turns
- Inaccurate forecasts
- Seasonality and long lead times
- Lack of inventory **visibility** across stocking locations
- Lack of performance visibility across global sites
- Inefficient inventory optimization across channels
- Tremendous volume of SKUs
- Data silos lacking one version of the truth

Anybody can buy a suit off a rack, and that's just fine for your cousin's wedding. But when you need a suit to last you the next fifteen years, you go to a skilled tailor who knows the perfect fabric, cut, styling, and personal embellishments that will make you look and feel like a million bucks.

With Dynamics 365 and Sunrise, you're not just getting something off the rack. You're receiving an unrivaled blend of modern cloud technology, proven experience, best practices, industry solutions, and lifetime support.

Among Tier 1 ERP solutions, Microsoft Dynamics 365 is uniquely suited to solve the challenges faced by apparel and footwear companies. It can manage multidimensional product structures, multiple channels, multiple legal entities, global nuances, and complex supply chains with ease.

And, it comes with all the affordable, reliable, flexible, and elastic benefits of a cloud-based platform. For apparel and footwear industries, this really is the last ERP and CRM solution with embedded business intelligence that will ever be needed—backed by a proven track record of solving industry challenges.

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## **SOURCING CHALLENGES:**

With today's competitive low-cost, labor-intensive offerings, many apparel and footwear companies outsource the manufacturing of their branded goods to companies overseas. In order to do this and still provide a high level of customer service, organizations can't just leave their supply chain unmanaged. In order to reduce the lead time and lower costs, a virtual management of the supply chain is absolutely critical. This includes tracking the in-transit or "on the water" inventory.

## **SOLUTION:**

Companies that can virtually manage the full supply chain have significant gains in revenue and customer satisfaction. Microsoft Dynamics 365 enables comprehensive procurement and sourcing, and transportation functions that give apparel and footwear companies the insight required to run a virtual supply chain efficiently.

### **MANUFACTURING CHALLENGES:**

While many apparel and footwear companies tend to source their products from other trade partners, some have various strategies for global and domestic manufacturing. Whether through partnerships or vertically owned and managed manufacturing plants, managing such a manufacturing operation requires special attention to ensure these facilities perform at a competitive rate. Detailed material/labor variance analysis is needed to better understand and track the direct and overhead manufacturing costs. This may require shop floor control, data collection, or deployment on production floor terminals and/or mobile devices.

### **SOLUTION:**

Unlike other Tier 1 ERP solutions that only include these essential functionalities as an add-on, Microsoft Dynamics 365 has all of these manufacturing functionalities within its core offering.

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### **LOGISTICS CHALLENGES:**

Moving products or raw materials through the global supply chain can be costly — especially when logistical issues come into play. Tight management of transportation helps ensure that freight costs are minimized. Moreover, landed cost components must be analyzed and variances reported to ensure that margins don't get hit by logistical challenges.

Furthermore, logistics planning does not stop once goods are received. Each delivery must be planned and scheduled based on each customer's unique and specific requirements. However, the plan also needs to be flexible in case delivery details need to be changed mid-shipment. Thus, logistics must plan to ensure the correct shipping carrier arrives at the right outbound dock at the right time, to keep customers satisfied with an on-time delivery.

### **SOLUTION:**

With built-in transportation management planning functionality, Microsoft Dynamics 365 helps companies run their logistics efficiently and deliver customer value on time so they can keep their brand promise.

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### **PLANNING CHALLENGES:**

With long lead times, planning becomes a key function. Being able to forecast and convert that data to a supply plan months ahead of when the true customer demand will be realized is mission critical. This makes intelligent allocation of supply-to-demand an important differentiator of the best Tier 1 ERP solution for an apparel or footwear company.

### **SOLUTION:**

Microsoft Dynamics 365 has excellent supply chain planning tools that peg inventory against demand and monitor the supply chain during each step, including purchasing, transfer orders, and production. Streamlining demand planning and inventory replenishment processes reduces unnecessary inventory related costs and increases sales by eliminating out of stock or excess inventory situations.

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### **OMNI-CHANNEL CHALLENGES:**

To grow and compete, many brands sell through multiple channels – call centers, catalogs, wholesale, eCommerce, and retail. Traditionally, each channel runs on disparate software systems with limited, if any, interaction. To see a full picture of the overall company health (including customer, inventory, and financial performance), businesses dedicate constant attention to master data synchronization and aggregation of business information across platforms. Most of the time, this process is manual, time-consuming, and costly. This traditional setup also precludes any kind of cohesive, omni-channel customer experience — leading to frustration and negative brand perception.

### **SOLUTION:**

Microsoft Dynamics 365 supports an omni-channel purchase experience from day one. It is a single solution from wholesale to retail, with call center and EDI capabilities, a modern POS that's deployable on any device, and eCommerce integration capabilities. This single solution eliminates channel specific islands, providing true real-time business visibility and a 360° view of the customer. It empowers brands to easily run multiple delivery scenarios that are critical to survive in today's world. Whether the customer wants to buy online and pickup in store, buy in store and ship to home, or buy online and return to store, Dynamics 365 can support it all.

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### **PRODUCT MANAGEMENT CHALLENGES:**

Apparel and footwear companies require a comprehensive, multi-dimensional product structure to correctly model product variants with the correct classification, attribution, and categorization. To add to the complexity, besides being multi-dimensional some products are configurable — driven by the end consumer's specific requirements. Thousands of possible combinations may exist, and they must all be intelligently managed to avoid excessive data maintenance on the product variants, the respective Bill of Materials (BOMs), and production routes.

### **SOLUTION:**

Microsoft Dynamics 365 has out-of-the-box style, color, size, configuration, and fit dimensions which can correctly model the true nature of the inherent complexities of an apparel and/or footwear product. While many other legacy systems have limitations in product hierarchies and multidimensional product management capabilities, Dynamics 365 is ready to **tackle** these challenges head on, starting on day one.

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### **FINANCIAL VISIBILITY CHALLENGES:**

Having real-time, integrated financial management capabilities is key to running an efficient supply chain and omni-channel distribution network. Variances on purchasing (PPV), production (material versus labor), and logistics (landed cost components) should be tracked by division, product, plant, work center, vendor, etc.

If there is an issue during any of these transactions, it's impossible to take corrective measures until after the fact unless the issues are reflected in the financials in **real-time**. The more systems involved in providing this data, the more difficult and time-consuming accessing this information can be.

## **SOLUTION:**

The comprehensive financial management and financial dimension functions in Dynamics 365 ensure that companies get the most out of their operations. Out of the box, it can handle multiple legal entities and currencies with ease. This makes consolidating financials across brands, divisions, and legal entities a breeze.

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## **CUSTOMER SERVICE CHALLENGES:**

Building differentiated customer experiences for the buying process isn't the end of the line. For apparel and footwear companies, whether B2C or B2B, every interaction before, during, and after the sale matters. But all too often reps don't have access to the information they need to update customers on sales order status, delivery issues, service tickets, or product details.

## **SOLUTION:**

Microsoft Dynamics 365 supports a "care everywhere" customer service strategy, allowing customer service representatives to be empowered to build loyalty with customers at every touchpoint. Within a single, unified experience, agents are able to take advantage of collaborative, knowledge-base tools that help make them subject matter experts. Combined with customer insights from advanced analytics they're armed with everything they need to create a positive experience for the customer.

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# Benefits of an Intelligent Cloud Platform for Apparel & Footwear

Apparel and footwear companies trying to manage all of these financial, channel, and supply chain complexities without a global, Tier 1, unified commerce platform like Dynamics 365 may struggle to uphold the brand promise made to consumers. Not to mention this is the "Age of the Customer" where mobile devices, business intelligence, the cloud, and the Internet of Things have transformed the way we work with and serve our customers.

As technology continues to reshape our world, it has created new baselines for what customers expect from businesses. They want to be able to see product availability from any device while they're on the way to the store or at their office desk. They want to order a product online and have it delivered the next day. They want products personalized to meet specific wants and needs. And, of course, they want all of this to work in a seamless, flawless, experience. Whether an apparel or footwear brand sells directly to customers or not, digital transformation is at the core of delivering this customer-centric experience for a brand, or its customers' customers.

You can be more competitive by transforming your business processes and making smarter decisions faster, all while growing at your own pace with a scalable solution. Through the power of the cloud, it's easier and more affordable than ever before to capitalize on the challenges of today and turn them into the opportunities of tomorrow.

Microsoft Dynamics 365 Enterprise Edition introduces a gorgeous, modern user interface, advanced functionality with built-in analytics, amazing integrations with Office 365, and truly unifies commerce

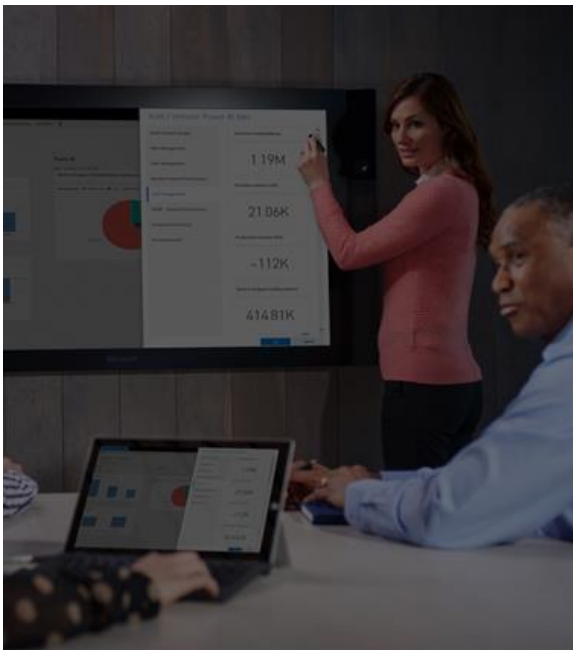


on a single platform. It is an affordable intelligent cloud solution that has the power and flexibility to support any brand's growth into new product lines, channels, and global markets — today and 10 years from now.

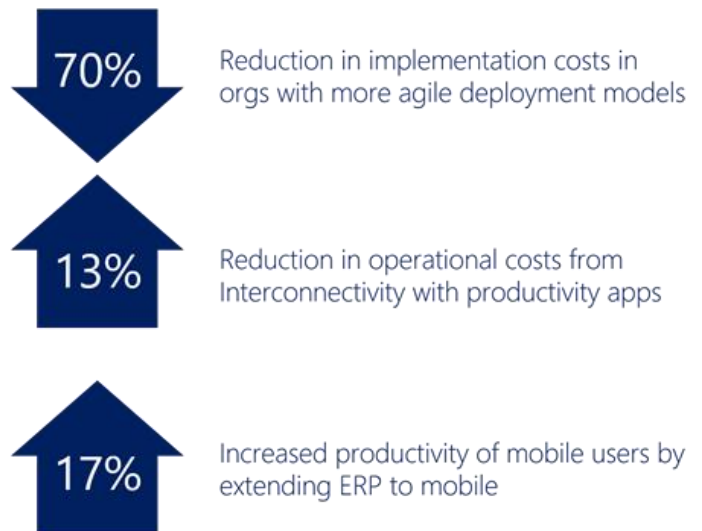


Microsoft Dynamics 365 addresses these challenges by connecting complex item and order specifications with flexible process management through an integrated, cost-effective business management solution. With greater end-to-end control of item and process variables, apparel and footwear companies gain the visibility and insight they need to enhance profitability and build a competitive advantage. Benefits include:

- Increased efficiency
- Insight to improve decision-making
- Control of multidimensional item variables
- Quick response to change
- Maximized opportunities and accelerated growth
- Managed complexity
- Enhanced flexibility
- Improved supply chain collaboration
- Reduced costs and improved productivity



### The benefits of cloud ERP



1. IDC Custom Solutions, Achieving Greater Productivity Through Business Solutions, Randy Itern, Christine Dover, August 2015.  
 2. This data was published by IDC Custom Solutions as part of a larger research document and should be evaluated in the context of the entire document.  
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# Microsoft Dynamics 365 + Sunrise 365™ Industry Extensions

On its own, Microsoft Dynamics 365 is a global, omni-channel, Tier 1 supply chain system with built-in intelligence delivered on a unified cloud platform and deep integrations to Office 365. It is nearly a perfect fit for apparel and footwear brands and **Sunrise 365™** industry extensions fill the final industry gaps that Microsoft does not include in the horizontal solution. These solutions include:

## **SUPPLY CHAIN 365™**

Ensure intelligent inventory optimization with advanced forecast netting, sophisticated allocation rules, and actionable insights that allow you to spot supply chain problems well before they materialize. Built on over twenty years of experience, this smart solution enhances usability with matrices on every transaction with added season tracking capabilities and built-in analytics.

## **BUSINESS INTELLIGENCE 365™**

The more you know, the faster you grow and Sunrise provides prebuilt solutions that allow you to harness the power of Dynamics 365. With Power BI, PowerApps, and Cortana Intelligence you can bring apparel and footwear industry KPIs to life with minimal effort. Rather than start from scratch or treat reporting as an afterthought, take Dynamics 365 workspaces to a whole new level from day one.

## **QUICK START 365™**

Get to value faster with preconfigured, industry-specific templates for implementing apparel and footwear best practices in every deployment or upgrade of Dynamics 365. Project teams can hit the ground running, save time and money, as well as ensure they have easy-to-follow documentation for years to come.

## **GLOBAL SUPPORT 365™**

Long after your Dynamics 365 implementation reaches production status, Sunrise will help ensure your investment continues to deliver value for a lifetime. Free up your IT team for other mission critical activities and let us provide a cost-effective, 24x7, support umbrella that crosses North America, Europe, and Asia to give you peace of mind. Naturally, earlier versions of Microsoft Dynamics AX are supported as well.

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## About Sunrise Technologies

Sunrise Technologies is the premier provider of Microsoft Dynamics 365 for companies that manufacture, source, distribute, and retail apparel and footwear products. As a Microsoft Cloud Solution Provider, Sunrise offers one-stop, end-to-end industry solutions for ERP, CRM, and Business Intelligence. Sunrise has been delivering game-changing, omni-channel, global, Tier 1 supply chain solutions since 1994 and can be your single source for planning, deploying and supporting Microsoft cloud solutions. The roadmap for Microsoft Dynamics 365 is extensive and our industry experts will work with you to implement the capabilities that best fit your needs. As a global systems integrator operating out of North America, Europe, and Asia, we are everywhere you do business.