



heine

Success Story Heine

blueyonder

Forward looking. Forward thinking.

Planning materials with a cool head and a steady hand

"Always something special." That is what Heine pledges to its customers, who are generally high earners aged between 35 and 55. It is also what Heine's regular customers demand of the company themselves. As Arno Ritthaler explains, "We constantly provide our customers with the very latest fashion and inspirational furnishing ideas. The products themselves can't be too expensive but must nevertheless still be exclusive. We pick up on the latest trends in fashion and tailor them to suit our own customers." Another of the company's objectives is to make sure they carry the right balance of fashion items and household/furnishing goods.

"Even making small improvements in forecasting at product level significantly increases Heine's profits, as transportation costs are reduced and departments are able to make decisions at an earlier stage."

Arno Ritthaler, Area Manager for Category Management Service

Why Blue Yonder?

Greater advantages for purchasing.

NeuroBayes allows material planners to identify actual return quotas far earlier than in the past and provides them with highly accurate sales forecasts. This puts them in a far better position to initiate promotional sales activities or to place repeat orders.

The entire company benefits.

The forecasts provided by Blue Yonder help Heine to make sure they have the right products in their warehouse at the right time, thus giving their customers the best service possible. Furthermore, it also enables the company to save significant transportation costs. Blue Yonder supports the departments within the company to make rapid, well-founded decisions independently.

Ordering with style

When it comes to presenting its range within its catalogs, Heine truly excels. For many customers, a catalog is more than just an overview of a company's products. They feel the Heine catalog is there for them alone, browsing page after page for hours, until finally placing an order. This is also true for Heine's Internet shopping solution, thanks largely to the host of interactive functions the mail order company has integrated into the online shop, such as the "Mix

& Match Tool", which allows customers to combine their own set of products. Regardless of whether orders are made on paper or via the Web, an abundance of data is transferred to the Karlsruhe headquarters of the multichannel mail order company; data about their product range, their customers, and even data about what connects their customers to their products.

Forecasting to the nth degree

Heine needs to be able to handle enormous amounts of data statistically, using it as a basis for deriving forecasts. For the past two years, the mail order company has been working together with Blue Yonder to achieve just this. For their ladieswear, menswear and accessories sections, Heine creates forecasts in all product groups, for every article and every size. NeuroBayes® also takes into account whether an article was bought online or via a particular catalog. A total of seven different factors are considered for every single article. Forecasts are drawn up once a week, relating to the end of season.

Only one question is needed to assess the analysts' performance: How early in the process does Blue Yonder identify the correct value? Return forecasts are also used for the entire product range at Heine: "Out of those ordered in size L, 43.3% of the red blouses featured on page 53 of the summer catalog are sent back." Deduct the returns quota from the sales forecast, and you are left with the net sales value. As Arno Ritthaler continues, "In terms of returns forecasting, NeuroBayes is far superior to material planning at Heine."

The most streamlined of projects

Those at Heine attribute the project's success to the people who make Blue Yonder the company it is. "We found them to be highly competent and, more than anything else, extremely visible. During the initial stages of the project, Blue Yonder's project manager

visited the material planners at least once every week in order to allow the planners' expertise to flow into the project, thereby achieving the best results possible."

Less is more...

Ultimately, forecasts are there to improve the quality of initial orders. A buyer starts by ordering an article in one particular size for the entire season. "Here, the planner decides to play it safe. He orders a basic amount that will cover demand at first, ordering more stock whenever demand arises. The sooner and more accurately he is able to forecast this demand, the more impressive his results will be; after all, aside from serving their customers properly, keeping transportation costs down for articles that often come from overseas is also

extremely important. Consolidated shipments by sea are simply far more cost-effective, even though planners often have to deal with delivery times of four weeks or more. When transported by air, goods can be shipped in smaller quantities and delivered within a matter of days; however, the inflated costs and impact on the environment are just two of the negative aspects of this method. Due to this eco-balance aspect, the company's management also tells its staff to purchase as little as possible by air."

Better to bite the bullet early on

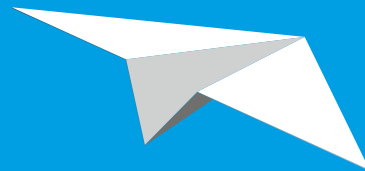
If a planner has been too optimistic when estimating the sale of a product, he can initiate promotional sales activities, such as price deductions, or negotiate with suppliers to see if all or part of the order can be cancelled. Every single day counts in a bid to keep losses to a minimum. One reason why NeuroBayes and Heine work so well together is the quality of data involved. "We have always kept our data very clean. This gives us exactly the basis required for accurate forecasting," states Arno Ritthaler. He is utterly convinced that investing in the Predictive Analytics software developed in Karlsruhe has paid off entirely. "Even making small improvements in forecasting at

product level significantly increases Heine's profits, as transportation costs are reduced and departments are able to make decisions at an earlier stage." The planner is still responsible for his own activities and is encouraged to scrutinize the forecasts in detail. Using the solution will soon become an even more convenient experience for him as, not only will NeuroBayes provide him with forecasts in future, it will also provide him with purchase order proposals. This computer-assisted materials planning is fed into the ERP system and takes into account every single factor relating to the supplier and article in question.

Use your data to navigate to success

Still have any unanswered questions? Looking for a partner who can help you develop forecasts that are **specifically tailored to your own sets of data**? Contact Dunja Riehemann (Tel +49 (0)721 383 117 36, dunja.riehemann@blue-yonder.com) to join us in this visionary venture.

For more information, visit us at: www.blue-yonder.com



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