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CASE STUDY

BOARD delivers Budgeting and Planning Applications for Charlotte Russe

Charlotte Russe.

Industry
Retail

Application Area
Budgeting and Planning

Company

Charlotte Russe is a leading mall-based clothing retailer dedicated to affordable women's clothing. The company currently operates 400 stores in 43 states. As a fast growth company opening roughly 50 stores per year, Charlotte Russe had achieved one of its best performance years in 2006 and was recognized by NASDAQ as California Apparel Stock of the Year.

Business Challenges

Charlotte Russe' sales, markdown and performance analysis/planning processes involved manual steps of extracting data from the Data Warehouse, manipulating the data in MS Excel or other tools and then keying it into downstream systems. This manual processes posed a significant burden on productivity. The plans and analysis lacked accuracy and consistency. The processes have been subjected in the past to missed deadlines and they have caused fallout and fire-fighting. Charlotte Russe embarked on the transformation initiative to automate and improve their sales, markdown and performance analysis processes.



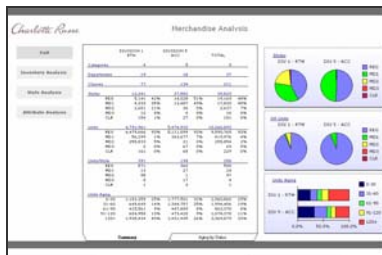
Charlotte Russe' IT environment consists of JDA Arthur and JDA PMM as core merchandise planning and allocations systems and Business Objects as an enterprise reporting tool. Charlotte Russe considered leveraging these existing systems; however due to the aggressive project timeline, the dynamic nature of analysis and the uniqueness and complexity of requirements, the option of using the existing systems was not feasible. This is when Neubrain consultants and BOARD became involved.

Charlotte Russe and Neubrain conducted a half-day proof of concept exercise, during which Neubrain used BOARD to build a working prototype from scratch using data extracts from the Data Warehouse. The prototype clearly demonstrated that BOARD represented a fast and simple opportunity to improve efficiency and accuracy by automating the manual data manipulation processes.



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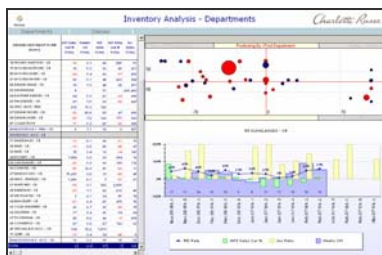
Selection Process & BOARD Solution

Charlotte Russe leveraged BOARD to build the Planning Workbench application. The Planning Workbench is an interactive analytical application that consists of the following 5 components:

1. Top Down Planner
2. Mix Analysis
3. Style Planner
4. Markdown Analysis
5. Merchandise Analysis

Top Down Planner

The Top Down Planner application is used to produce a high level sales plan, by month, based on historical measures. The high level plan takes into account the projected store count to capture and forecast such key measures as Beginning Inventory on Hand, Purchases, Comparable Sales, Gross Margin and others.



Once the numbers are entered at the high level, they are automatically allocated down by month based on the appropriate business rules. The analyst compares the projected monthly measures to the historic numbers/variances and then makes necessary adjustments. The analysts can run an unlimited number of analytical scenarios and simulations to come up with the most realistic plan.

Mix Analysis

The Mix Analysis application contains a tremendous amount of useful information. It tracks and calculates key measures for the appropriate entities of the product hierarchy. A single interactive screen with drill downs and selection capabilities is used to obtain information on average store sales for Last Week, Month-to-Date, Quarter-to-Date, Year-to-Date, Variances, Variance %.

The tracked measures include: Inventory On Hand, Inventory Costs, Inventory On Order, Cost on Order, Weighted Averages, Blended Markups, Cost of Good Sold, Margin %, Markdowns, Marked Out of Stock, etc. To manage the leap week calendar nuances, the application is capable of performing a sophisticated analysis, comparing current measures to either the same week last year or same fiscal week last year.



Markdowns

The Markdown application consists of two integrated areas: Smart Markdowns and User Markdowns. Smart Markdowns incorporate an input from the data mining software. The Smart Markdowns application helps determine and analyze, in detail, the affected inventory down to the



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style and store level of detail. It also helps assess the feasibility and operational impact of the proposed markdowns.

The User Markdowns application automates a markdown process based on internal business rules. The analyst can select the business attribute, rule, or other criteria of the inventory and the application will return a list of suggestions, which can be manually adjusted if needed. The application, based on rules, determines the appropriate level of discount. The analyst then reviews the information and by clicking a button, passes it downstream into the appropriate transactional system. BOARD has a unique capability to write back the results of the analysis directly into the table of the RDBMS.

Merchandise Analysis

The Merchandise Analysis is an interactive application that provides granular visibility into specific groupings of styles. The Merchandise Analysis is primarily used by buyers to analyze the certain sales and inventory measures based on custom attributes.

Additionally, the Merchandise Analysis application helps buyers analyze the relationship between such key factors as Sales, Sales Variance, Inventory on Hand, Mark Downs, and Inventory on Order. Having visibility into these relationships and dependencies allows buyers make more accurate inventory and buying decisions.

Business Benefit

The implementation of the Planning Workbench application using BOARD helped Charlotte Russe achieve the following tangible results:

- Streamlined the sales analysis and markdown planning processes from days to minutes. It also reduced fallout, eliminated data entry errors and improved accuracy & realism of the planning models.
- Helped achieve significant improvements in accessing, visualizing and analyzing the relevant inventory and store sales data contained the corporate Data Warehouse.
- Analysts and management can now focus more on analysis activities rather than data maintenance and administration tasks. In addition, it provides users with advanced analytical capabilities ("best practice" planning & forecasting functions, automated alerts, trending, charting, graphical mapping, "what if" and simulation analysis, etc.).
- The Planning Workbench provided an effective and efficient method for collaboration and reporting of the information to the appropriate stakeholders and management. Now the valuable knowledge and decision making is captured in the centralized automated model that can be easily shared, updated and learned.



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- The new application has a dynamic and user friendly GUI that allows numerous users to simultaneously collaborate and work with the system.
- The new programming-free application can be rapidly adapted and scaled to support additional users, meet new requirements and changing needs. All development activities could be done in-house with little or no reliance on outside consultants.