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CASE STUDY

BOARD for SIXTY: not only fashion

An international success story of Managerial Excellence and Corporate Performance Management



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Andrea Trischitta,
CIO Sixty International

Industry
Fashion

Application Area
Corporate Performance
Management

The company: originality, quality, and experimentation in fashion

Founded in 1989 in conjunction with the Energie brand, the Sixty Group has rapidly become a major international player in the fashion sector, motivated by an approach featuring originality, quality, and experimentation. Today it has offices in 20 different countries, controls over 370 stores worldwide (either directly or through franchising), and retails its products through more than 7,000 sales points in 90 different nations.

In 2006 it produced and distributed over 22 million garments across 5 continents, for a total turnover of approximately 650 million Euros.

Backed up by a consolidated and ever-growing presence in the European market, the Sixty Group is continuing its expansion in the United States and setting its sights on the Asian market where in 2005 they launched Sixty in Korea, it has reinforced its presence in Taiwan, Singapore, Indonesia and Thailand. And it has also recently begun a major expansion plan in India, opening stores in New Delhi and Mumbai.

Among its brands are Sixty, Energie, Miss Sixty, Murphy&Nye, Killah, Refrigiwear, Richlu and Baracuta.

Continuing a collaboration begun in 2003, 2007 will see Murphy&Nye as the official sponsor of Team New Zealand, designing and producing the official “32nd America’s Cup” collection.

The Selection Process: a software choice based on facts

The whole process was set in motion when Sixty decided they needed the capacity to process a huge variety of information (sales, purchases, accounts, manufacturing, logistics) gathered from different nations within a single integrated Corporate Performance Management context, replacing a whole range of different procedures created in Excel spreadsheets which were revealing severe limits in practicality, security and data traceability.

Sixty was already using Business Objects for reporting ERP data, Cognos for certain kinds of financial analysis and Hyperion for its consolidated balance sheet. At the end of the first phase of software selection,



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Business Objects was judged unsuitable for the project and Cognos considered too rigid, so the options were narrowed down to a choice between BOARD and Hyperion. Sixty then asked the two finalists to construct a Proof of Concept prototype, supporting its analysis and planning by extracting data from multiple systems (DB2, SQL, etc) as evidence of their ability to provide an unequivocal picture of data from several sources derived from complex environments.

Hyperion did not produce a POC, while BOARD delivered one within a day and a half, including a planning model.

The initial situation – where Hyperion enjoyed the advantage of being already employed for the balance sheet consolidation – had been completely reversed.

“BOARD had clearly demonstrated its abilities”, comments Andrea Trischitta, Sixty International’s Chief Executive, “which were superior in ease of use, speed of implementation and the flexibility of applications: everything we needed in order to rapidly translate our experience in the sector and our managerial expertise into a Corporate Performance Management solution perfectly in tune with our own particular requirements.”

The Solution: from retail to operations, from Budgeting, Planning & Forecasting to profitability analysis

“To immediately put BOARD to the test” explains Trischitta “we decided to confront what we knew was one of the most demanding challenges for our company: the comparison and monitoring of retail performance between approximately 190 stores across 23 different countries.

Despite having extremely clear ideas about what the final results should be and the methods for obtaining them, the highly dynamic nature of this aspect of our business, the extreme rapidity of information-provision required, and the sheer bulk of data involved are all major complicating factors.

Nonetheless, in just three months, thanks to the BI Group’s operative methodology and BOARD’s flexibility, we were able to complete a highly successful monitoring project on management and budgeting: this was our confirmation that we had chosen the right partner and the right product.”

Following the success of the project and BOARD’s tremendous environment adaptability, the use of BOARD expanded throughout the company, with various areas adopting the toolkit:

- Operations. They can now track the state of unsold products and the movement of stock in the warehouse(s), with the ability to forecast returns and analyse component and manufacturing costs
- Sales. The core of the business who deals with client orders and turnover: this project aims to analyse the data in the Sixty Group’s client orders portfolio for every brand company, including



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daily details on specific destinations and articles. Information is provided on garments, order values and sales costs, so that they can analyse profit margins. The same process is used to analyse the branch and group turnover.

- Retail: With BOARD they can now on a daily basis monitor sales figures from stores all over the world, profit & loss in each store and calculation processes to determine break-even points.
- Sales Budget: BOARD allows the SIXTY Group to analyse and report on garment entry dates and budget values for every Business Unit round the world. The superiority of the toolkit allows currency conversion into Euros, evaluation of production costs and generation of data for income statement budgets.
- Profit & Loss Budget: This report now gives the group the ability to view and interrogate data based on budget of income and direct costs of each Business Unit. Then forecasting based on these findings on a monthly basis.
- Management Control and Profitability Analysis: To allow for full management control of their operations BOARD produces monthly profit & loss data which is reclassified according to sales channel (Retail – Wholesale) which is then viewable at group level with the function to drill down to management level.
- Consolidation: Business Units can now look at operative consolidation of analytic accountancy data to monitor variants from budget data.

“As far as budgeting processes go” explains Trischitta “the application constructed with BOARD allows us to gather and consolidate the sales budgets from 15 countries and connect them with the relative standard costs imported by management control, thus generating a forecast on the first unit contribution margin.

Each division then inputs its general costs, allowing us to produce a proper consolidated Profit & Loss forecast.

Thanks to this procedure, every business unit can monitor the differences in terms of profitability between the budget and the final balance sheet and analyse the causes in detail.”

The Benefits: simplicity and pragmatism, for immediate results

“BOARD’s approach partnered with the BI Group’s expertise has allowed us to confront our requirements with an extremely pragmatic attitude orientated towards business and the needs of the final users.

Within a year we have managed to centralise and consolidate data in a single integrated Corporate Performance Management and Business Intelligence system, where historically we used Excel and Access: an enormous advance in terms of unequivocal information security and operative efficiency.



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All this without weighing on our IT function because, once the phase of data acquisition has been overseen; BOARD's programming-free approach has meant that a few "business super-users" have been able to carry forward the entire project.

From an internal user viewpoint, the ease of use has undoubtedly contributed to the exceptional results achieved: we have successfully implemented the project in 15 different countries simply by providing telephone training for programme users, without any complaints or problems.

All BI and CPM products appear much the same at first sight" concludes Trischitta "if one looks no further than their output's appearance: striking images and vivid graphic impact. But the key point is to grasp what lies behind the surface, and BOARD proves its capacity to produce concrete results with maximum simplicity and speed."

Developments: from Planning and Monitoring to Enterprise Performance Management

"Given the results obtained so far, we are beginning a new phase of the project aimed at maximising the benefits that the adoption of BI and CPM technology can bring our company.

Here our action" explains Trischitta "will be guided by three main drivers. Firstly to extend the implementation of the CPM project to all areas of the company, beginning with HR, where a project is already under way, and then expanding this onto Logistics, Finance and Marketing.

Secondly to spread the use of Business Intelligence and Corporate Performance Management to an ever greater number not only to management and administrative personnel but also to users on other operative levels, so we can capitalise throughout the company the advantages guaranteed by pervasive use of the information that BOARD is able to supply.

The third driver is connected with methods of representing the business metrics which guide the company.

At present all the analysis we carry out is connected with precise objectives and with measurements which define whether such objectives have been achieved. The next challenge is to synthesise this system of performance monitoring into a series of KPIs connected with the different sectors of the company and to integrate them in a system of Dashboards which will allow managers to get an immediate overall synthetic vision of how their business area is doing."

Backup: planning capacity and business orientation

"Among the key factors contributing to the project's successful results" adds Trischitta "a special mention must go to the backup support which the BI Group has given us, not only in terms of technical and application expertise but also, and above all, through a consultancy approach



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featuring an unprecedented capacity to put technology totally at the centre of the business.

I must say" concludes Trischitta "that in all these years of experience with Sixty I have encountered many of the most important service companies and computer system consultants, but none of them were able to guarantee me an approach as pragmatically orientated towards business results and the rapidity of their achievement as BI Group and BOARD."