

TradeStone Software and IBM help retailers increase margins through high-velocity global commerce



Margin is to retail what location is to real estate – fundamental. When it comes to retailers, markets and investors focus on two performance measures: margins at existing stores year-over-year and plans to open new stores.

That's where IBM Business Partner TradeStone Software steps in. Leveraging IBM WebSphere® Application Server, Web-based TradeStone applications layer across and enhance the existing IT infrastructure – enterprise resource planning, product data management or merchandising systems, for example – to provide critical global commerce capabilities. Retailers then can venture confidently into the global marketplace and tightly control the manufacture and distribution of private label goods from anywhere in the world.

One TradeStone customer, retail giant Deutsche Woolworth, headquartered in Frankfurt, Germany, sources about

50 percent of its product range from manufacturers in the Far East. The company selected TradeStone Software to help establish more efficient supply chain practices and unify the buying processes for a staff of hundreds of buyers and thousands of worldwide suppliers. At the time, company offices in Asia were using systems and data different from those in the central purchasing office in Germany.

The drive for ever-increasing margins compels retailers, both large and small, to focus on diversifying their merchandise mix by introducing more private labels, proprietary brands and limited editions to share floor space with big-name brands. Success in building that store-brand inventory presumes a strong core competency in sourcing, global order management and product lifecycle management for retail.

“We know you're not going to have the opportunity to train your suppliers, because oftentimes your suppliers

IBM Business Partner: TradeStone Software

TradeStone Software provides retailers and suppliers with a Unified Buying Process™ that improves margins and speeds products to market. Its Product Lifecycle Management for Retail, Sourcing and Global Order Management solutions enable companies to plan, design, collaborate on and purchase goods. TradeStone Software is headquartered in Gloucester, Mass.



are halfway around the world,” said Sue Welch, chief executive officer of TradeStone. “So we've created software with intuitive wizards that take you step-by-step through each process in the global commerce transaction.” Those processes include

***“This major initiative
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TradeStone delivered
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on investment.”***

Hartwig Hopfenzitz,
chief information officer,
Deutsche Woolworth

everything from buyers creating requests for proposals and distributing them to suppliers, to comparing bids and awarding orders, monitoring tariff compliance and establishing supplier schedules and performance testing criteria.

Robust functionality and process transparency yields immediate ROI

The IBM and TradeStone solution at Deutsche Woolworth, leveraging IBM WebSphere Application Server and running on the flexible AIX® operating system as well as the OS/400® operating system with built-in IBM DB2 Universal Database®, allowed the purchasing groups in Asia and Germany to unite with one process for product planning refinement, buying and trace and track.

“We (Deutsche Woolworth) embarked on a bold and strategic IT infrastructure project unifying domestic and international sourcing and streamlining global order management and logistics,” said Hartwig Hopfenitz, chief information officer at Deutsche Woolworth GmbH & Co. OHG. “This major initiative with IBM and TradeStone delivered immediate and significant return on investment.”

By normalizing language, currency and time according to user profiles, vendors can compete on a level playing field for new business and then collaborate directly with the buyers and merchants. Vendors can also communicate their product improvement suggestions and alert buyers to production milestones and quality tests. Such transparency facilitates improved product planning during promotions, special seasons and trends as well.

Within one week of implementing the TradeStone solution in 2005, Woolworth realized significant reductions in lead times, eliminating

the need to carry millions of dollars of inventory. TradeStone, with its exception-based workflow and real-time alerting system, eliminated 200,000 faxes from Woolworth’s standard business practice.

Costing engines, working behind the scenes in the application, uncovered a freight discrepancy, which, once resolved, dramatically lowered shipping costs. All in all, Deutsche Woolworth’s short-term return on investment approached 150 percent.

IBM partnership opens doors

While a typical TradeStone retail customer generates annual revenues under \$10 billion, the Tradestone relationship with IBM provides the company access to a market otherwise unreachable for a software provider of its size: the large-account space, populated by retailers with revenues reaching well into the tens of billions of dollars.

“Being able to go to market with IBM, a partner that commands worldwide respect for its expertise in change management and hardware configurations and for its expertise at picking winners in the software space, we’re confidently able to call on these \$50 billion hypermarkets and state we are the best solution,” said Welch.

TradeStone participates in IBM PartnerWorld® Industry Networks, which offers a rich set of benefits to all IBM PartnerWorld members who want to team with IBM to build their vertical market capabilities, expand their partner network and attract customers in the markets they serve. It is “optimized” in the retail industry, which means it has developed further specialization by optimizing its applications with IBM technologies, achieving success with their own solutions and other criteria.

For more information

Please contact your IBM sales representative or IBM Business Partner. Or you can visit us at: **ibm.com**

For more information about ISV resources from IBM PartnerWorld, visit: **ibm.com/partnerworld/industrynetworks**

For more information about Tradestone, visit: **tradestonesoftware.com**

For more information about Deutsche Woolworth: visit: **Woolworth.de**



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