APO to IBP, ECC to SAP S/4: Business Drivers Influence Fossil's IT Vision

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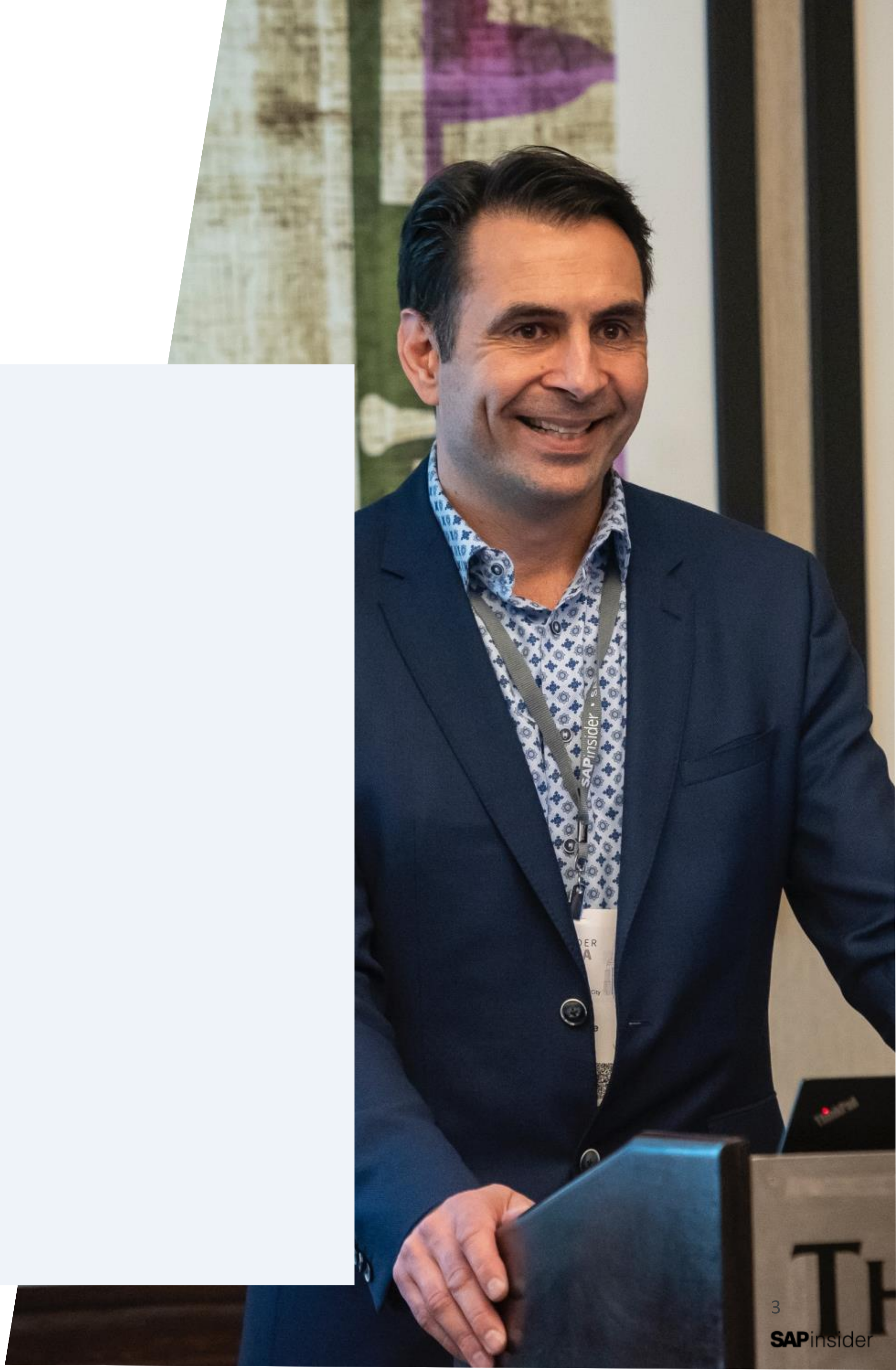
In This Session

We will review Fossil's mid-journey status and provide our original analysis and vision for adapting SAP's latest suite of tools, what events have impacted our strategy and where we now expect to spend to achieve our combined IT and Business objectives.

What We'll Cover

- Who is Fossil
- Drive to Change *(key business drivers)*
- Current Application Landscape
- Transformation Roadmap
- Mid-Journey Status and Direction Now



Who is Fossil?

Fossil Group, Inc. (US-based retailer) is a global design, marketing and distribution company that specializes in consumer fashion accessories.

Principal offerings include an extensive line of men's and women's fashion watches and jewelry, handbags, small leather goods, belts, sunglasses, and soft accessories.

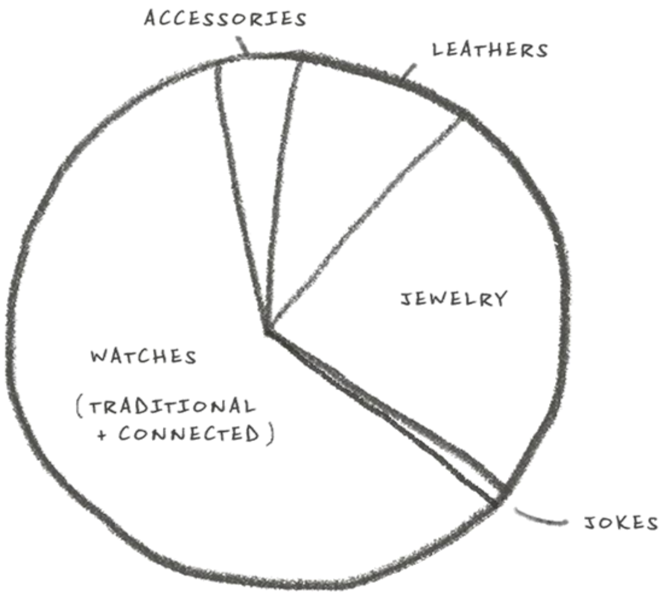
Quick Facts

BY THE NUMBERS

3	40+	400+	140+	1000s
Global Regions	Offices around the globe	Company-owned stores, globally	Countries of business and operation	Crazy-talented employees

WHAT WE MAKE

For over 30 years, we've been inspired to create one-of-a-kind accessories. What started as a humble watchmaking business is now a global digital powerhouse innovating the way we reach customers, and a diverse portfolio of world-class brands creating traditional watches, smartwatches powered by Google, one-of-a-kind handbags, jewelry and small leather goods *like nobody else*.



Drive For Change

Significant cost pressures due to inflation and supply chain disruptions

- Raw material cost increases, labor cost increases
- Extended transportation lead times
- Covid lockdowns

Economic headwinds are bringing pressure on consumer discretionary spend

- Better use of working capital
- Slower revenue growth in established markets

Growth in key markets and channels

- China and India
- E-commmerce

Current applications platforms are aging and reaching end of life

- Legacy ERP out of support
- SAP ECC / AFS and APO

Fossil Application Landscape

Pre- Transformation (prior to 2019)

ERP's

SAP AFS

SAP Retail

Microsoft Dynamics NAV

Supply Chain Planning

SAP APO

sas

jda.

Data Warehouse

SAP BI

Google Cloud Platform

Transformation Roadmap

Evaluation of IBP

2019

IBP Demand Implementation
Go-Live Nov 2019

2020

COVID

2021

Demand Plan Adoption
Re-Education
Calibration of Forecast Models

2022

Application Rationalization
POC of IBP Response

2023

S4 Fashion – Scope/Plan
IBP Response rollout

2024

S4 Fashion Implementation

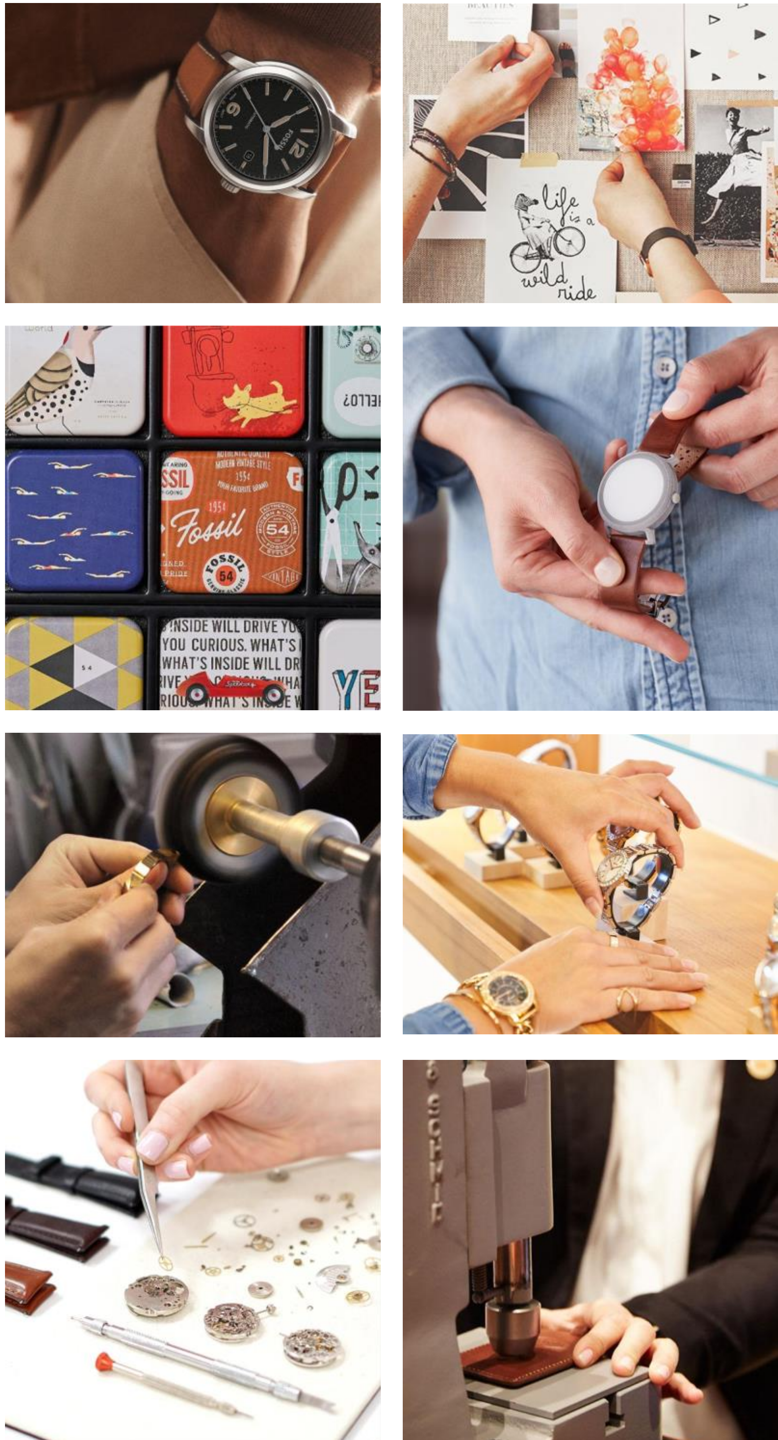
Mid-Journey Status

Business drivers are pushing us faster than the technology capabilities – so we are finding unique ways to make the technology work.

In 2022 – the IBP Response POC provided clarity on functionality to support key business requirements.

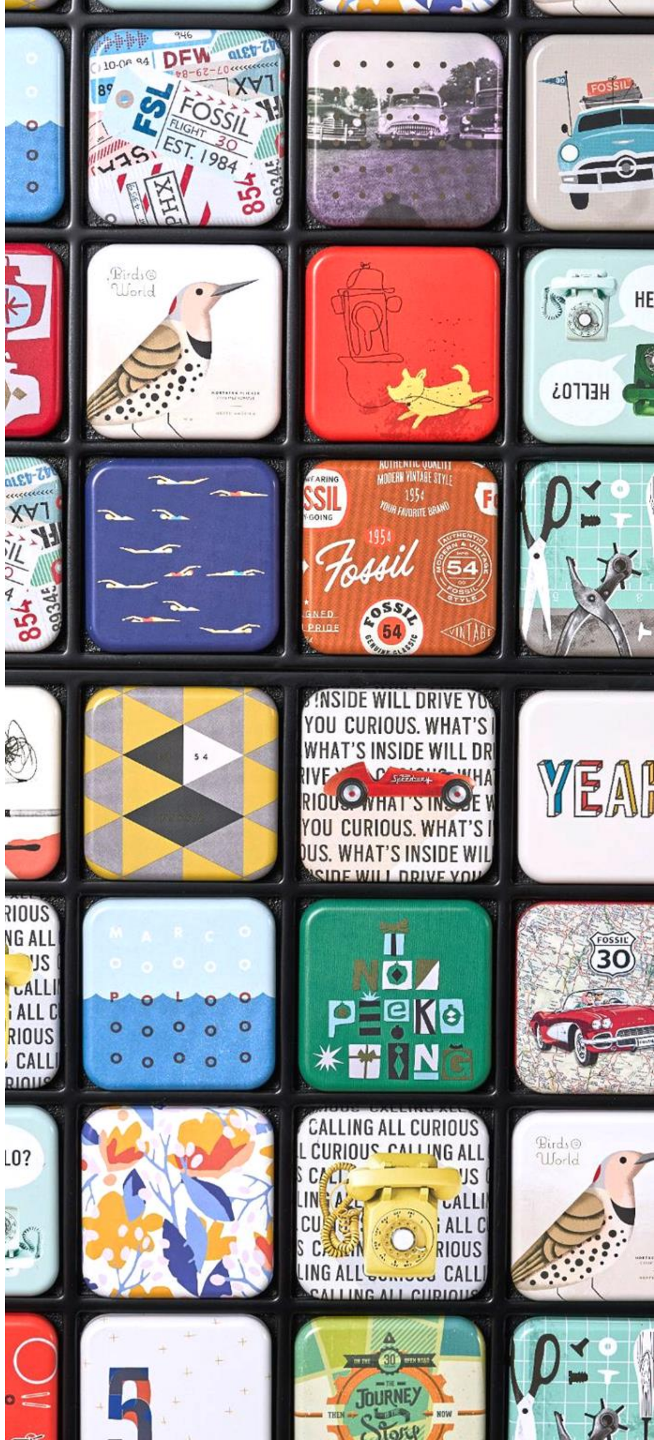
For 2023 :

- Focusing on Finished Goods planning to drive reduction of working capital inventory.
- Postponement of Finish Goods distribution
- Pre-positioning of component inventory to shorten FG lead-times.
- Finalize ERP transformation strategy that includes what will be implemented, approach, and sequencing



Key Takeaways

- Balancing projects that have strong business value vs application roadmap
- Utilize Proof of Concepts to validate key business requirements
- Leverage SAP product owners and published functionality roadmaps – as these maps often change
- Do not underestimate change management
- Find an SI that you can work with as a trusted advisor



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