

Data-Driven Finance in Retail

RETAIL SOLUTION BRIEF



Increase Transparency and Improve Decision Making with a Simplified Finance Architecture

Your Business Problem

More times than not, the Retail CFO's ability to make better, faster decisions is challenged by an environment where finance is asked to do more with less, enterprise costs are high, and data transparency is poor. The finance department is in a unique position to lead the analytic charge, often sitting at the information intersection of a retail organization. But often finance can spend too much of its time acquiring and integrating data and addressing data quality problems. This leaves little time for the finance team to analyze data and collaborate with business managers to tangibly improve performance.

The problem: Information silos frustrate everyone's ability to get a consistent view of enterprise performance due to poor data quality, conflicting and inconsistently defined metrics, and a costly finance infrastructure overrun by spreadsheet armies rather than value-added financial analysts. By leveraging financial and non-financial data to produce insightful management analytics, finance can help business executives and managers ensure the right mix of inventory by location; optimize staffing levels; focus promotional actions; and maximize customer, product, and service profitability.

A New Approach

An application-agnostic, integrated platform for financial and operational data lowers costs and leverages both ERP and operational systems data for greater analytic agility and insight. This proven approach also enables enterprise performance management based on finance-certified metrics derived by capabilities that include activity-based profitability analytics and driver-based forecasting.

For example, with an integrated view of financial and operational data, supply chain and inventory management functions can provide the insight needed to have the right product at the right location in the right quantity. Demand planning foresight (i.e., understanding store traffic patterns

What is the Teradata Difference?

Based on more than three decades of real-world experience, Teradata works with forward-looking finance organizations to design next-generation data-driven finance architectures that can be developed incrementally with an eye on long-term goals for both the department and company.

The Teradata reference architecture for finance facilitates a common language to bring together various finance organizations and their IT support to identify where data management and analytic challenges exist in the financial information delivery chain. Because we are application agnostic and can leverage existing technology, Teradata brings together hardware and software with a robust professional services team.

Teradata's big data analytic solutions, integrated marketing applications, and team of experts can help your company gain a sustainable competitive advantage with data. We work with your organization to simplify and reduce the cost of finance architectures that support your transformation into a true data-driven finance organization.

in a way that informs labor scheduling) results in more accurate forecasts to reduce unnecessary spending on associate overtime while improving customer satisfaction with properly-staffed locations. Plus, a strong understanding of detailed profitability at both the product and customer level identifies which products are worth continuing, which trade promotions will yield favorable returns, and what forms of shrinkage may be diluting returns.

Teradata Solution

By acting as a single repository for all relevant ERP and other source system data, the Teradata® Integrated Data Warehouse provides immediate access to a single view of enterprise-wide, detailed financial data. The data warehouse also integrates financial data with customer, merchandising, and other operational data, facilitating key cross-functional analyses, including customer profitability.

Teradata provides analytic application sets—Teradata Decision Experts® for use with Oracle® and Oracle PeopleSoft ERPs, and Teradata® Analytics for SAP®

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Solutions—that accelerate the ERP sourcing and integration work for moving key financial information to Teradata's highly scalable data warehouse analytics infrastructure.

Teradata offers CFO organizations a data-driven approach that enhances analytical capabilities across their retail environment. When CFOs and finance organizations establish a unified finance foundation for granular financial and non-financial data—with full traceability back to their ERP solution—they increase the efficiency of finance personnel while enhancing analytical capabilities.

Benefits and Results

Teradata has helped many retailers gain agility in financial self-service reporting, improve spend analytics to reduce costs, and manage customers and products more effectively to improve profitability.

By simplifying their financial systems architecture, Teradata customers have gained new insights into sub-ledger details, consolidated data from multiple ERP instances into a single view, and also facilitated the integration of both ERP and non-ERP data. Business benefits include significantly accelerated report delivery, a common fact base for both financial and operational reporting, and a centralized data platform that speeds M&A integrations. By working with Teradata, a global \$10B specialty retailer (see sidebar) accelerated financial insight for management while standing up a company-wide Oracle E-Business Suite instance.

Through procurement and spend analytics using Teradata solutions, a global consumer packaged goods manufacturer reduced promotional expenditures by more than \$5 million, saving \$1 million for every point reduction in out-of-stock inventory, and saved another \$10 million for every day's reduction in days-on-hand inventory. The manufacturer has realized \$41 million in cost reductions to date through improved forecast accuracy and execution.

Customer profitability analytics is another key cross-functional analysis enabled by integrated data. At the center of Teradata's profitability analytics offerings is Teradata Value Analyzer, which calculates a behavioral-based, enterprise-wide, multi-dimensional view of value

Retailer Uses Data-Driven Finance to Achieve True Data Transparency

A global \$10B+ specialty retailer had disparate business intelligence systems and teams scattered throughout various departments, making it difficult to synchronize data across the company. They wanted to implement an integrated data warehouse (IDW) to consolidate costs, tools, and data, but more importantly, to deliver consistent data.

The retailing giant worked with Teradata to implement an IDW that provides finance with all the information it needs in one place, including general ledger, accounts payable, accounts receivable, project accounting, and asset management. The data warehouse also aligns financial and product hierarchies with a shared set of facts, providing a common language that enables finance and merchandising to communicate about product profitability and determine ways to improve it.

The retailer has achieved true general ledger data transparency with benefits that include millions of dollars in annual penalty cost avoidance through improved management of tax audits. Self-service reporting and analysis tools enable financial managers and analysts to create their own reports, without relying on the IT department.

Hundreds of users across finance, merchandising, and sales operations now have the tools in place to increase operational effectiveness by monitoring daily key metrics and deploying self-service applications. This combination provides business unit insight into actionable items for operational and financial business decisions that ultimately improve the customer experience.

by customer, product, sales channel, or organization. Leveraging profitability results calculated at the SKU level, one Teradata customer was able to review results across 3.2 million customers and 900,000 products to drive an \$80 million annualized increase in gross profit.

Using data-driven finance and timely insights, the finance department can help business managers make better strategic and tactical decisions that lead to better financial results.

To learn more about data-driven finance solutions for retail, contact us at Teradata.com/contact-us.

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