



UNDER ARMOUR

GETTING TO ONE NUMBER TO BECOME NUMBER ONE

QUICK FACTS

Industry

Consumer products – apparel and footwear

Revenue

US\$850 million

Employees

3,000

Headquarters

Baltimore

Web Site

www.underarmour.com

SAP® Solutions and Services

SAP® Demand and Supply Planning for Consumer Products package

Under Armour Inc. is a leading developer of branded performance apparel, footwear, and accessories. Knowing that proper supply chain planning is a key driver for higher levels of performance, Under Armour implemented the SAP® Demand and Supply Planning for Consumer Products package. As a consequence, the company is making more accurate sales projections, planning inventory further in advance, and synchronizing supply more closely with demand.

Key Challenges

- Improve forecast accuracy
- Allow planners to focus on forecasting
- Reach consensus on forecasts to provide 1 number for planning purposes
- Optimize inventory levels
- Reduce manual data handling
- Allow for better collaboration among planners
- Reduce planning cycle time

Implementation Best Practices

- Executive-level support
- United, team-oriented approach to develop a consensus planning process
- Involvement of business users in interface design
- Thorough documentation and attentive project management
- Use of superusers to train business users and throughout the life of the project

Financial and Strategic Benefits

- Increased forecast accuracy and improved collaboration among sales, planning, and operations
- Improved visualization of data findings for better sales and operations planning management
- Enabled better-informed and faster decisions through real-time data access and improved data integrity and accuracy
- Automated data gathering processes to increase efficiency and productivity
- Freed planners to focus on more strategic analysis instead of database administration

Why SAP Was Selected

- Relationship with SAP as a trusted business partner
- Integration with installed SAP software
- Ability to leverage internal knowledge of SAP® software
- Real-time access to master and transactional data
- Ease of navigation and ability to aggregate and drill down into data

Low Total Cost of Ownership

- Leveraged existing IT investment, SAP software landscape, and IT talent
- Minimized implementation costs by using in-house team
- Eliminated legacy software
- Reduced data maintenance costs by using central database
- Gained platform for continuous improvements in planning and reporting functionality

Operational Benefits

- Reduced inventory by 20%
- Increased forecast accuracy by 10%
- Increased forecast visibility
- Decreased data collection activities by 66%
- Increased planners' analytical capabilities and time by 4 days per month



“SAP Demand and Supply Planning has helped us to be more efficient in our supply chain and more accurate in our forecasting by fostering an environment that gets us to one consensus demand plan.”

Jamie Bragg, VP, Planning and Logistics, Under Armour Inc.

www.sap.com/contactsap

Going for Number One

Apparel and footwear developer Under Armour Inc. has a track record of performance. Since the company's founding in Baltimore in 1996, Under Armour has become a global, \$850 million innovator with worldwide sales distribution and a loyal following of consumers ranging from youth to professional athletes.

Like the athletes who wear its products, Under Armour wants to be at the top of its game. The company has set a long-term goal to be the world's number one performance athletic brand. So five years ago, Under Armour implemented SAP® software to support its growth, starting with the SAP Apparel and Footwear application. When it was time to focus on tightening control of planning and forecasting processes, Under Armour selected the SAP Demand and Supply Planning for Consumer Products package.

Increasing Forecast Accuracy

Under Armour needed planning software that could support rapid growth of SKUs and better enable a consensus forecasting process. The company would generate separate forecasts from sales, merchandising, and finance – and wanted to incorporate a statistical forecast – but no singular number. “Implementation of the SAP software allowed our sales planners, demand planners, and merchandise planners to operate in one collaborative environment,” says Kimberly Hunt, Under Armour's senior planning system analyst.

To maintain a forecast, Under Armour had 46 people involved in the planning process, at a very detailed level. “When you plan at a deep, detailed level, it can lead to significant inaccuracies,” says Dan Pohlner, Under Armour's director of supply chain operations. This situation contributed to Under Armour accumulating too much inventory.

Staying Focused on the Goal

Using in-house resources with support from SAP Services, Under Armour implemented SAP Demand and Supply Planning over a period of nine months. But it didn't just tackle the software and throw it into action; it revamped its underlying processes too. “We involved our sales planners, demand planners, and merchandise planners in the project scope,” says Hunt. “We put together a consensus planning process and then designed and tested the tool before going into production.”

Following implementation best practices contributed to a positive outcome. These included excellent documentation and project management skills and deploying superusers to assist in business process reengineering and training.

Seeing Improvements

With SAP software, Under Armour is no longer extracting, transforming, and maintaining data – now it can analyze. “We're now managing by exception with alerts and are using a business intelligence tool to visualize the data and prepare reports,” Pohlner adds.

Under Armour has also replaced manual imports with interfaces. Now data maintenance is out of the hands of the demand planners and is automatically available in centralized databases, ready for forecasting. “All of these changes made it possible for us to get to one forecast number that we could plan around – which was our goal,” Hunt explains.

Raising the Bar

Under Armour has reduced inventory by 20% while experiencing sales growth through the collaborative, consensus forecast process. Forecast accuracy has increased by as much as 10% and planners are much better equipped to meet the inventory targets and goals. The software has also helped Under Armour identify capacity challenges in the near and long term, which will ultimately allow it to increase sales.

With these wins, Under Armour continues to set higher goals. “We are just scratching the surface on where we can go and where our growth can be,” Pohlner adds. “That's why we partnered with SAP and implemented SAP Demand and Supply Planning – to achieve that growth.”

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