Fashion Retailer Narrows the Gap between the Top and Bottom Lines

Business Challenge Gap, Inc. is one of the world's top fashion retailers, ringing up about $16 billion in annual revenue. With over 3,100 retail locations in addition to e-commerce web sites, the company's three main brands – Gap, Old Navy and Banana Republic – are recognized by consumers around the world.

A strategic imperative of Gap, Inc.'s senior management was to improve the company's margins. The objectives were to produce more of the styles consumers want, in quantities better aligned with demand, at lower cost. With 500,000 styles made by manufacturers around the world and designs changing by the season, a significant amount of data and complex calculations needed to be delivered in a timely manner. The current systems and processes couldn't keep up, and Gap's supply chain organization was looking for a better solution to deliver analytics and insight to decision makers.

Solution Analysis Team built an integrated data mart and Oracle Essbase solution for Gap. The data mart harmonizes and stages critical data and provides capabilities for managing product hierarchies while Essbase performs key analytics across all brands.

Each night automated processes now bring together data from disparate sources, including planning and ordering systems as well as the company's data warehouse. Complex calculations in Essbase provide analysis and reporting on product mix, margins and variances from total brand down to the product style level. Reports in both numeric and graphic formats are available to users on demand through a point-and-click "wizard" interface.

Benefits The Oracle Essbase solution built by Analysis Team is used by Gap's planners, merchandisers, field offices and brand presidents to make better decisions during each season's planning cycle, not merely to compare results after-the-fact. The financial impact was clear from the first season after the new system went into use. The gains are impressive:

- Improved speed, consistency and visibility of performance measurement, resulting in:
  - Optimized product mix decisions
  - Improved ordering and inventory management
  - Production shifted to lower cost suppliers
  - Better supplier performance management
- Gross Margin improvement of over $300 million in the first year, delivering over 100-to-1 return on investment
- Continued Gross Margin improvement that reached a total of about $1 billion after two years, by Gap's internal assessment