

AEO

 AMERICAN EAGLE *aerie*

Industry: Retail

Geographies: Global

ERP: Microsoft Dynamics 365

Challenges

- Rising demand from e-commerce
- Legacy systems, processes, and error-prone spreadsheet analyses
- Multiple data feeds meant no 'single source of truth'
- Complex supply chain management

Solutions

- Coupa Supply Chain App Studio

Benefits and Results

- 97% faster labor planning
- 10 purpose-built apps quickly improved end to end supply chain processes
- Alleviated 2020 Cyber Monday backlogs in a few days
- Faster shipping times and optimal inventory positioning

American Eagle Outfitters Confronts Supply Chain Complexity with Innovation and Intelligence

American Eagle Outfitters (AEO) is a leading global specialty retailer offering high-quality, on-trend clothing, accessories and personal care products at affordable prices under its American Eagle® and Aerie® brands.

As a design-led retail company, AEO owns every aspect of clothing design and manages end-to-end supply. In stride with global retail trends, the company's e-commerce channels were experiencing a consistent rise in demand – along with rising customer service expectations. As a result, AEO sought out innovative ways to fulfill the influx of small, direct orders in contrast to their standard bulk distribution to physical stores, said Guru Pundoor, Vice President of Supply Chain Strategy, Planning and Execution at AEO.

"When sales shift towards e-commerce, the supply chain becomes the last touch point before the customer receives the product," Guru said. "So we have to think about how every single customer interacts with the supply chain and ensure we are properly positioning and delivering our products to meet their expectations. In this case, the supply chain transforms from being a support function to a business enabler."

A key part of that enablement was the company's three-year plan to regionalize its supply chain network, generating operational efficiencies and facilitating faster delivery times. That plan was well underway when COVID-19 hit. With all physical locations temporarily closed, that three-year plan was quickly condensed to a four-month plan to support their shift to 100% e-commerce overnight.

“ We wanted to build and deploy a solution in a matter of weeks, and **Coupa Supply Chain App Studio enabled us to act fast and get it done quickly** because we didn't have to worry about all the backend complexity. ”

— **Guru Pundoor**, Vice President of Supply Chain Strategy, Planning and Execution

Creating a Simpler, Smarter Supply Chain

The supply chain team knew it couldn't improve efficiency without tackling legacy systems and processes. For example, they often supplemented their systems with manual spreadsheet analyses, which were inflexible and prone to errors. With the addition of fulfillment centers, the team also needed to improve end-to-end supply chain visibility to help with assortment decisions and to solve issues like inbound merchandise piling up while stores were closed.

In short, the team needed to make better use of data and drive the resultant intelligence down into the organization. There was an increasing appetite from the top to centralize and rationalize data feeds from across the enterprise to ensure a 'single source of truth' was being used to support all business decisions.

So with the full backing of AEO's forward-thinking leaders, Guru and team searched for the best way to quickly deliver practical yet powerful solutions that fit their business, facilitating faster shipping times, managing scarce capacity, creating operational efficiencies, and utilizing valuable data to ensure the right decisions in a dynamic environment. After researching different solutions, they ultimately decided purpose-built applications would be the best and most efficient way to deliver decision support across the organization.

Empowering Users to Make Smarter Decisions Faster

As AEO evaluated the technology market, the company soon realized it needed more than just a way to develop apps quickly: AEO needed technology tailored specifically for taking the complexity out of supply chain management. That means it should be easy to see input data, ask questions, interact with visualizations, and share information among relevant stakeholders across the company. And AEO found it all in Coupa's Supply Chain App Studio.

The team quickly developed and deployed 10 purpose-built apps providing greater visibility and control over end-to-end supply chain processes. These apps now help the company decide which products to send to which distribution centers, identify unproductive inventory, and optimally allocate stock-keeping units (SKUs).

"We wanted to build and deploy a solution in a matter of weeks, and Coupa Supply Chain App Studio enabled us to act fast and get it done quickly because we didn't have to worry about all the backend complexity," Guru said.

Delivering solutions through App Studio, the team could focus on the problem at hand without worrying about the mechanics of data ingestion, interfaces, and reporting. The Coupa services team worked closely with Guru, using App Studio to handle the complexity of quickly deploying the needed capabilities through production-grade web applications.

With the new apps deployed, Guru was confident he had the right technology in place. But he faced another big hurdle: user adoption. Understandably, some staff were concerned about learning new technology and processes. Luckily their fears were quickly resolved when they saw how easy it was to use the apps.

"We started by deploying one app so the teams could get comfortable with the accelerated workflow," Guru said. "They picked it up quickly and were eager to see what other processes we could make more efficient through apps. They couldn't believe we could have a functioning app rolled out in a matter of weeks."

Intelligent E-Commerce Fulfillment During Uncertain Times

Thanks to their efforts, Guru and team are now able to provide the supply chain organization with insights where and when they need them in order to consistently make the best decisions about labor planning, inventory allocation, assortment planning, and other complex functions. The apps proved an invaluable resource to weather the pandemic, as staff at all levels relied on the apps daily. For example, dozens of planners used data from the apps to quickly determine how to reposition, liquidate, and reallocate inventory to keep the business running while many other retailers shut down during the crisis. The apps truly bridge the gap between business expertise and supply chain science, Guru said.

Better Supply Chain Visibility, Efficient and Effective Planning

The intelligence provided through the apps has contributed to faster shipping times, decreased backlogs during peak seasons, and optimal inventory positioning despite the unprecedented challenges presented in 2020.

In fact, AEO alleviated all Cyber Monday backlogs in just a few days while other retailers struggled for weeks. The team sped up labor planning by 97% by replacing its manual labor planning spreadsheets – improving accuracy while freeing up time for other strategic tasks. It also stood up four third-party logistics (3PL) nodes in four months with the right assortment, facilitating regionalization of inventory and leading to reduced delivery times.

The supply chain team's success proves the value of a purpose-built app architecture and its ability to support organizations in the long term. But it couldn't have happened without AEO's existing commitment to improving technology and processes to better serve customers. Guru said the investment before COVID-19 made a major difference in their ability to quickly respond and react during volatile market conditions.

"Getting buy-in across all stakeholders was critical," he said. "We achieved that alignment within the supply chain – logistics, distribution, and inventory planning – and with cross-functional business partners to accelerate our plan."

What's Next?

The success of supply chain's transformation initiative has also [enabled AEO to deliver products 1.5 days faster to customers](#). Guru's team continues to develop and deploy new useful applications through Supply Chain App Studio. Their new focus is creating a better understanding of customer demand, tying demand data to product allocation, and building a better understanding of further data center opportunities.

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