

Sustainable DSR Initiatives Start with Business & IT Working Together - *Study Indicates that One Third of Companies Believe that Corporate Processes Hamper Benefits of DSR Initiative*

By Greg Prouse

Actions that should be part of every DSR program to create sustainable success:

- **Establish a DSR champion, typically a VP within Sales/Marketing or Supply Chain, with dedicated program level support for all things DSR**
- **Develop a retailer data strategy (business and IT) that encompasses clearly defined business priorities and goals and key business and IT initiatives required to execute the strategy**
- **Define an IT architecture that rationalizes tools and defines a consistent approach for integrating retailer data into business processes using best practice data integration, data warehousing, master data management, and business intelligence approaches**
- **Gain alignment and support from key business and IT stakeholders to enable the business priorities around DSR; this often requires some education and socialization about what a DSR is, how it can be used, and where the highest value opportunities are**

Consumer Products companies today spend nearly \$10M annually on Demand Signal Repository (DSR) initiatives, and yet leading companies continue to cite 'Organizational Barriers' as the key challenge in using retailer data effectively. As large retailers continue to place demands on Consumer Products companies to leverage data for improved product availability and revenue generation, many companies struggle with how to most effectively use and integrate the DSR into their business and technology landscape. The need for strong collaboration across the business and IT functions is essential for sustainable DSR success and to move toward being truly market responsive.

In a recent survey by AMR Research, in collaboration with Hitachi Consulting*, leading consumer companies reported a 25 percent increase in implementing or evaluating DSR technology over last year, with 75 percent of companies using a DSR expecting further expansion this year. The average annual spend on DSR initiatives continues to ramp up and quick pay-backs are anticipated. At the same time, more retailers are making data available (point-of-sale data, inventory data, customer loyalty data, and more) and demanding Consumer Products companies leverage this data for improved product availability and performance at the shelf -- through better merchandising, trade promotions, and new product introductions. DSR technology is certainly being embraced by companies of all sizes as an enabler to this strategic shift going on in the industry: from planning, pushing, and promoting product to being more responsive to consumer and shopper demand.

Clearly, as the business sees the potential benefits of leveraging DSR technology to enable upstream business processes to be more market responsive to a 'demand signal', an integrated demand-driven business strategy should drive the various uses of the DSR. This will require strong collaboration among sales, marketing, operations, and IT to re-think business as usual and move toward consumer responsiveness. Traditional corporate practices and policies were stated by 29 percent of respondents as a significant barrier to effectively leveraging downstream retailer data. The most successful companies will be the ones that understand this fundamental industry shift and can collaboratively work together -- across business boundaries and in coordination with IT -- to capitalize on technologies like the DSR to drive sustainable business value.

The current reality we're seeing in many organizations is that the business is more often reacting to the retailer's demands, intermittently and sometimes apart from IT. Companies are investing in multiple DSR tools, pilot projects are being conducted, even short-term successes are achieved, but without the ability to scale the success beyond a single account team or business process. Meanwhile, IT is trying to answer the questions of which DSR vendors to standardize on, how the DSR fits into the corporate architecture or data warehouse, and how to most effectively integrate granular (store, item, day) retailer data with corporate data assets, systems, and processes.

Additionally, the survey data indicates that nearly half of the Consumer Products Goods companies are still confused in how best to use downstream retailer data and report a lack of a DSR architecture that is well integrated with other corporate data assets and line of business applications. Sales, marketing, and supply chain organizations who are typically leading the charge with DSR will eventually need strategic architectural direction and support from IT for things like tool standardization, integrated business intelligence solutions that leverage DSR data, and utilizing best practice approaches in addressing the multitude of data challenges needed for a successful DSR program (data maintenance/stewardship, data storage, data quality and governance). And at the forefront is the necessity to start with an integrated business strategy that considers the 'demand signal' as an input to how your company goes to market.

DSR initiatives are expanding everyday and Consumer Products leaders that can respond to the retailer pressure through a coordinated, collaborative, methodical approach will reap the benefits. Consumer Products companies must strike a balance between capitalizing on near-term DSR project successes, with building out foundational demand-driven processes and infrastructure that will enable business solutions to be scaled across retailers and throughout the enterprise. This requires close collaboration and a coordinated strategy across the business and IT, but brings the potential to move closer to true consumer and market responsiveness.

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**Footnote: AMR Research, in collaboration with Hitachi Consulting, studied DSR trends, surveying more than 120 consumer products companies.*

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