

MERCHANDISE PLANNING AS A SERVICE



Outsmart the Giant

VALUE PROPOSITION



THE CHALLENGE

Retailers struggling to keep up against AMAZON and the post pandemic world. Many Retailers closing shops.

THE DISRUPTOR

A novel merchandise planning process with specific algorithms to calculate the key figures of five critical activities in a Retailer delivered over a SAAS scheme.



Retail Merchandising activities
~~assisted~~ driven by
Machine Learning

THE REWARD

Increase Retailer's Sales to Stock

28%
every year

while gaining more customers and minimizing waste

THE USE FOR THE WORLD

A more diverse Retail offering that saves the high street and gives better quality options to consumers.



THE CHALLENGE



AMAZON IS WIPING OUT THE HIGH STREET !



ACQUIRE NEW SKILLS

- ✦ Learn complex skills: Math, time series fctst, R/Python, big data, machine learning.
- ✦ Have a clear idea where to apply those new skills.
- ✦ Keep the staff with those skills in the company long term.

1

DISCERN DIFFERENT TECH OFFERINGS

- ✦ Mostly on-premise offers.
- ✦ Buy more than one solution.
- ✦ Must integrate the solution to their current process.
- ✦ Retailer is responsible to operate the solution.

2

COMMIT TO HUGE INVESTMENTS

- ✦ Software, implementation and infrastructure costs.
- ✦ Personnel training, hiring costs.
- ✦ Database management & processing costs
- ✦ Opportunity costs from long implementation times.

3

REACT TO A POST COVID WORLD

- ✦ New demand trends.
- ✦ Increase in online orders.
- ✦ Consumers prone to buy local.
- ✦ Amazon just got bigger.

4

Activities a Retailer must manage when embarking on Machine Learning.



THE CHALLENGE PROOF



EFFICIENCY GAP BETWEEN AMAZON
& THE AVERAGE RETAIL CHAIN.

8.30
sales to stock
Worldwide
Retailer's average

16.2
sales to stock
from Amazon
in 2020

5.85
sales to stock
Our mexican
customers before
implementation

Source: Statista
and Ritterdragon.

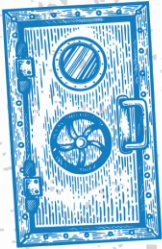


MERCHANDISE PLANNING AS A SERVICE (MPAAS)



MERMAID
Outsmart the Giant

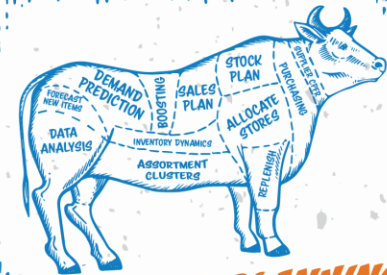
THE KEY COMPONENTS



DATA CUSTODY



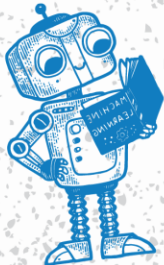
**BIG DATA
INGESTION**



**PATENTED PLANNING
PROCESS FOR ML**



MERMAID



MACHINE LEARNING

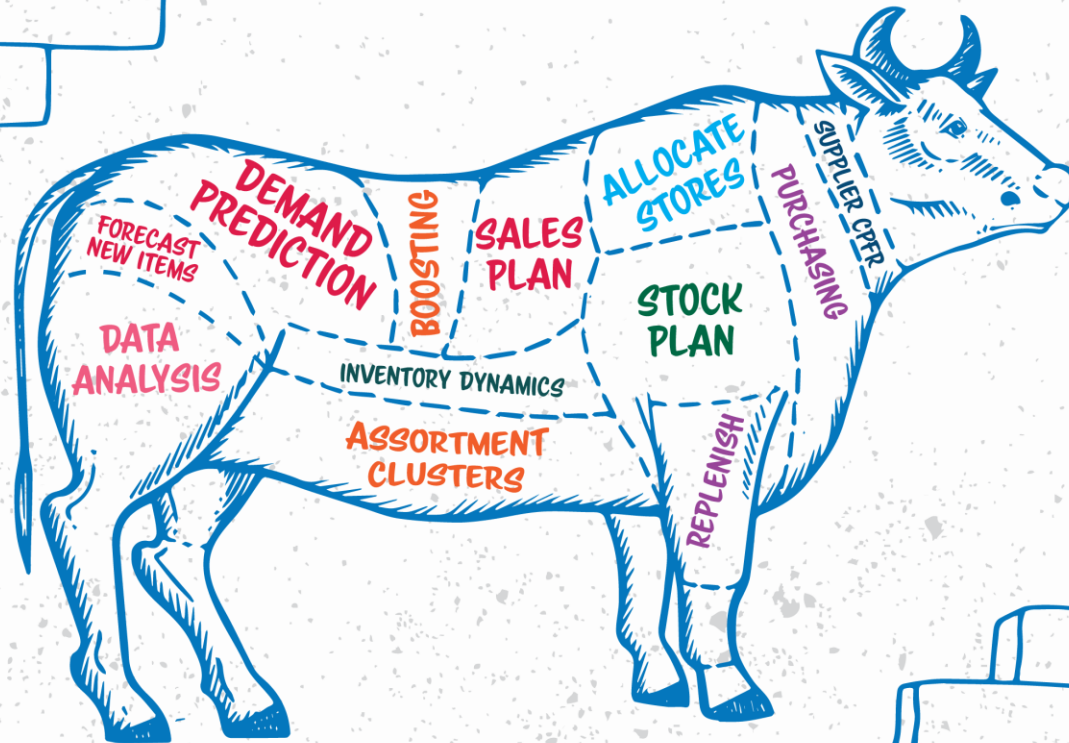


**DATA VISUALIZATION
SOFTWARE**



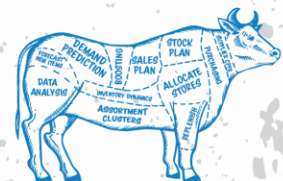
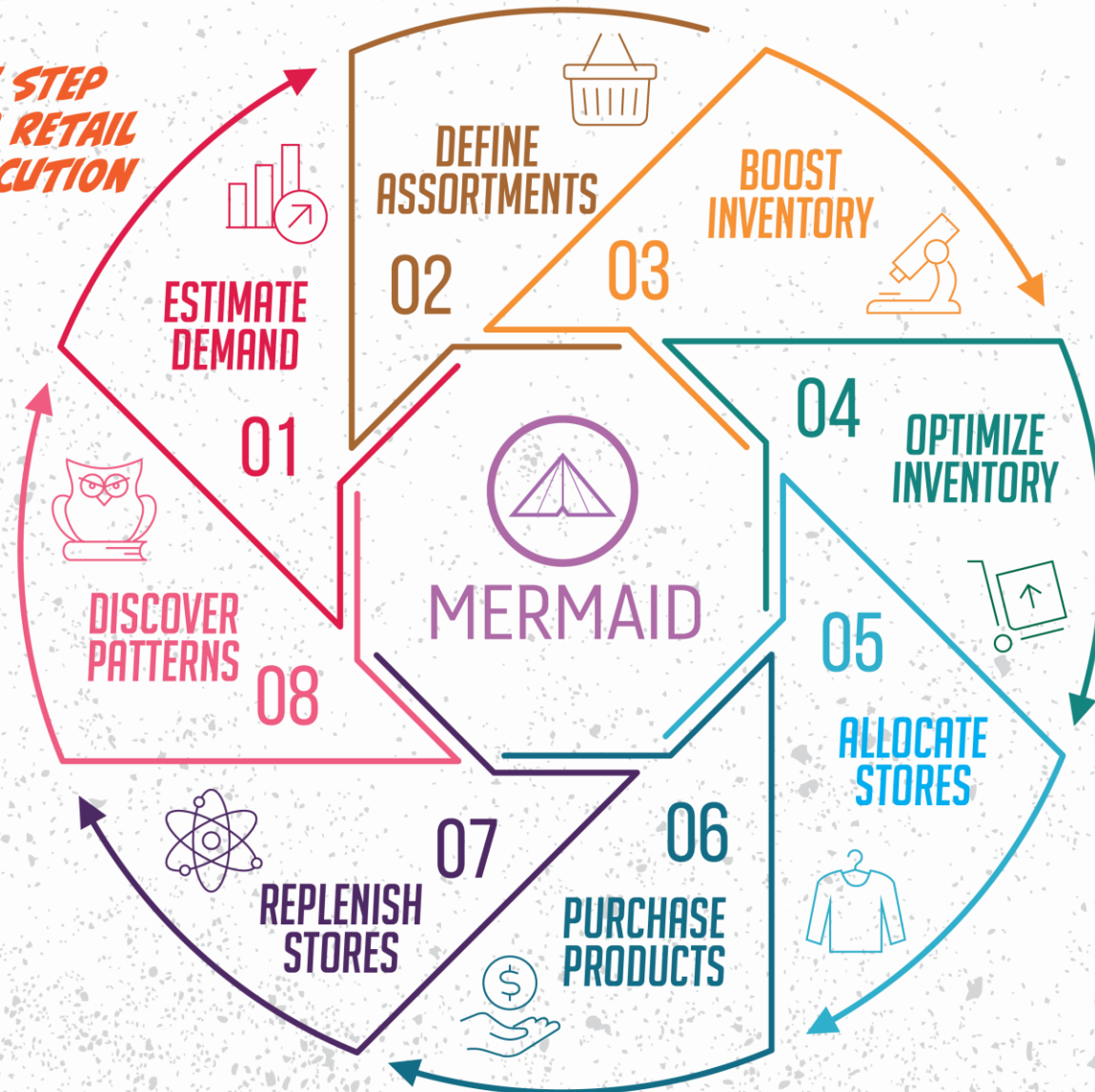
**FIVE MISSION
CRITICAL PLANS**

THE DISRUPTIVE CUTS



A DISRUPTIVE PROCESS

**PATENTED EIGHT STEP
FRAMEWORK FOR RETAIL
PLANNING & EXECUTION**



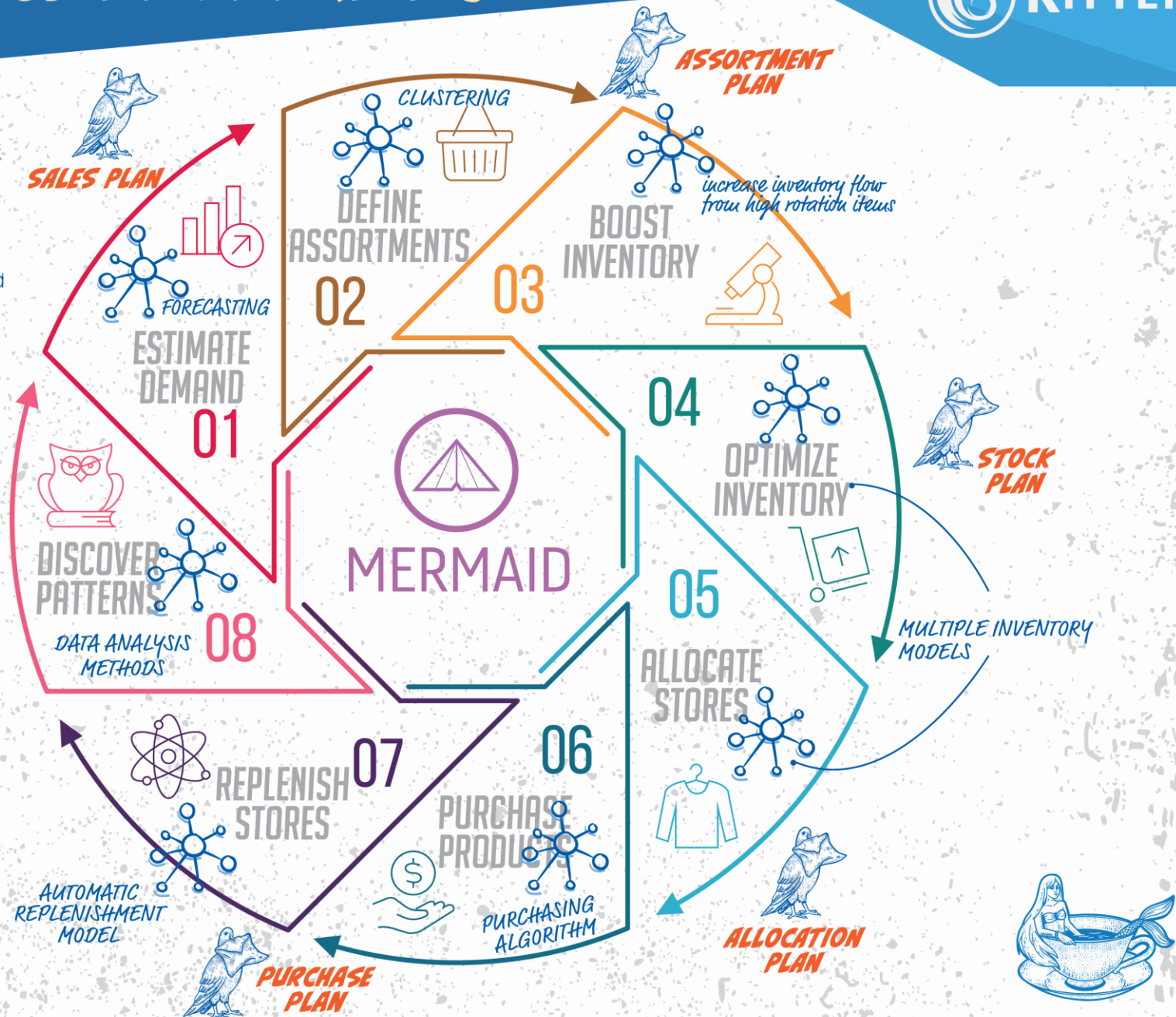
WITH MACHINE LEARNING



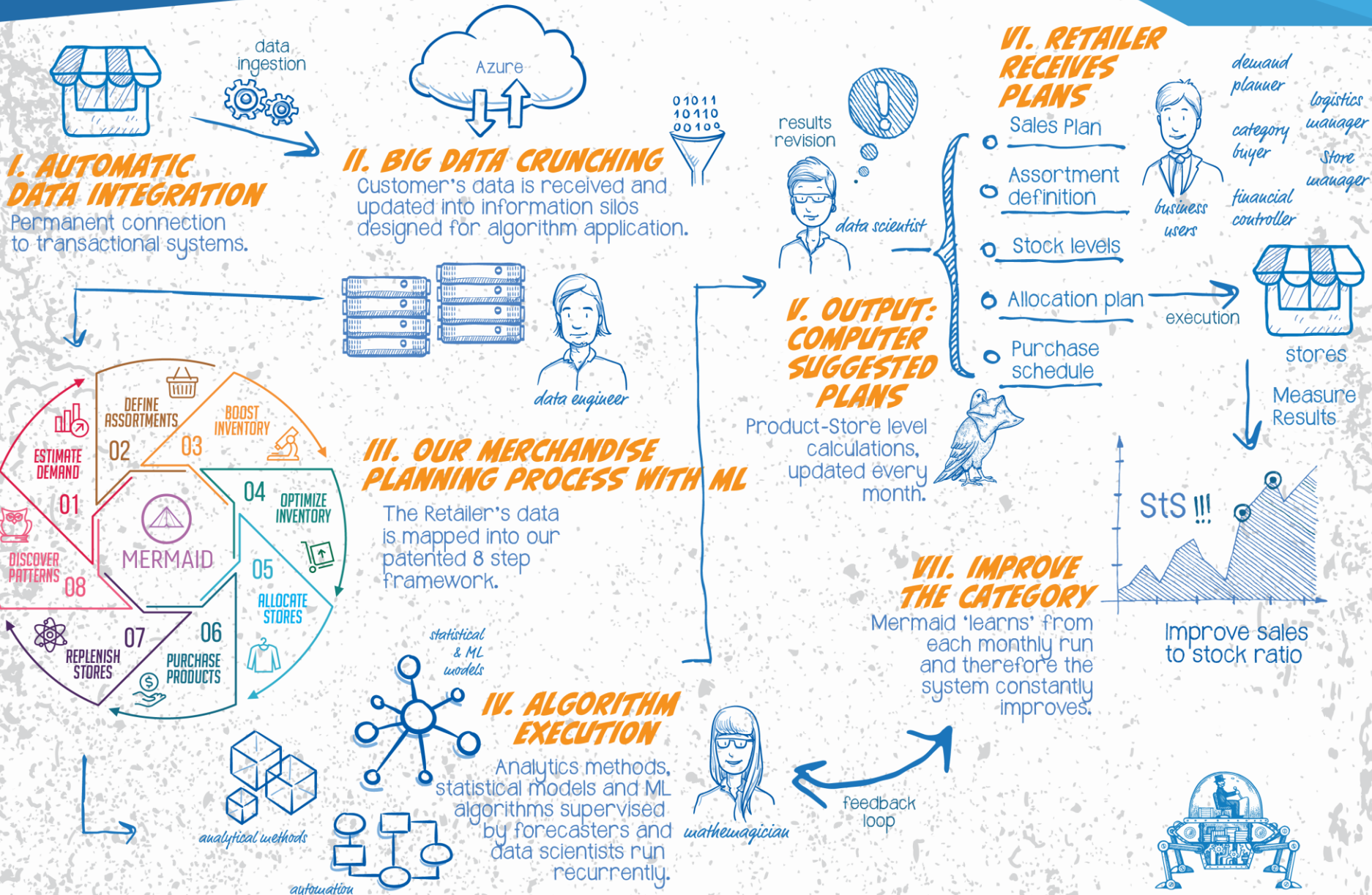
Automated or semi-automated component that generates a key calculation to the process



Retail action plan with figures suggested by machine learning at Company, Category, Store and SKU-Store levels.



SAAS DELIVERY




THE PATH TO ML AUTOMATION

Retail Customer Lifecycle

1

RETAIL BIG DATA ANALYTICS
KPIs, Dashboards and automated insights.
business analytics

 **ICARUS**

- SALES & INVENTORY
- RECEIPTS
- PURCHASES
- P & L
- PROMOTIONS
- EXHIBITION

2

USER APPLICATION FOR MERCHANDISE PLANS
Collaborative and buyer driven.
decision process

 **MERMAID**

- CENTRAL MODEL
- VERSION CONTROL
- HISTORICAL DATA
- WRITE BACK OPTIONS
- OTB
- ROLLING PLANS

3

MACHINE LEARNING MERCH PLANNING
Data in plans suggested by computer models.
applied intelligence

- SALES TO STOCK DRIVEN
- FORECASTING MODELS
- ASSORTMENT CLUSTERS
- STOCK CONTROL ALGORITHM
- MULTI VARIABLE
- ALLOCATION BY STORE
- ITEM/STORE CALCULATION
- PURCHASE SUGGESTION

4

CPFR INFORMATION PORTAL
Retail information community for Suppliers.
partner synchronization

 **ZAUBER**

- ISO-27001 COMPLIANT
- FUTURE DEMAND
- CURRENT SALES
- PLANNED ORDERS
- INVENTORY
- ROTATION PERFORMANCE



THE REWARD



8

percent
avg. annual sales
growth from
customers

16

percent
avg. annual
inventory cost
reduction

28

percent

Sales to Stock
increase
per year

incorporate
machine learning
into strategic
planning in just

8

weeks

PHARMACY



Source: Ritterdragon



OUR MPAAS FACTS



1.5
billion

Item-Store
forecasts
per week

36

million
retail
transactions
processed
per day

75

thousand
Avg. # of Items
grouped by
our clustering
algorithm

5 TB

to date
high performance
Big Data
cloud

80+

analytical
dashboards &
reports

16

different
control
points
ISO-27001



APPLICATION AREAS



DEMAND ESTIMATION

Select the best possible forecast for each SKU-Store combination from different prediction models but without the hassle.

STORE DIFFERENTIATION

Fill the store with items that have unique attributes and that no other competitor has.

CATALOG RATIONALIZATION

Remove products nobody wants.
Locate small vendors with potential.

INVENTORY CONTROL

Maintain optimal levels using specific optimization models for perishables, fashion, steady demand and random demand items.

BOOST DEMAND WITH ML

Increase sales by automatically raising inventory inflow for high rotation items.

DEEP AND WIDE REPORTING

Follow up store and category activity with best practice KPIs over a state of the art visualization environment.

SUPPLY CHAIN INTEGRATION

Share demand, inventory and upcoming purchase schedule with your suppliers.



OUR CUSTOMERS



Since 2012 Ritterdragon has worked with Mexico's most renowned Retailers and since 2016 it's MPAAS service has ingested data, published reports and prepared retail plans using ML for its customers non-stop.

GIANT RETAILERS

SAAS solution already used by very succesful Retailers (annual sales > 500 Million)

Elektra (General Merchandise)
Sanborns Carso (General Merchandise)
Nadro (Pharma wholesale)
Marzam (Pharma wholesale)
Soriana (Groceries)
Officemax (Supplies)
Petco (Pet Supplies)
Soriana (Grocery)
Circle k (Convenience)



SMALL CHAINS

High Street and feisty stores
(annual sales < 100 Million)

Gandi (Bookstore)
Turistore (Gifts)
Quarry (Jeans)
Modatelas (textiles)
RFP (Pharmacy)

