

In the quest for superior budget planning, textile discounter NKD opts for arcplan Edge



INDUSTRY

- Retail / Apparel

SOLUTION

- Cost center planning

COMPANY/COUNTRY

- NKD Vertriebs GmbH

INFORMATION NEEDS

- Cost planning
- Budgeting
- Reporting

SOFTWARE

- arcplan Edge
- arcplan Excel Analytics
- IBM Cognos TM1

USERS

- 40 planning users

BENEFITS

- Planning: Reporting, planning, and workflow in one user interface
- Reporting: Enhanced visualization, easy ad-hoc, Excel integration
- Data model: Easy addition of new dimensions and cubes

Fashion shouldn't cost a fortune. Since 1962, NKD has been synonymous with affordable clothing. The NKD Group dispatches 8 million pieces of merchandise per month to its 1,500 stores in Germany, Austria, Italy, Slovenia, Croatia, and Switzerland. NKD's rapid growth in recent years has led to the need for constant planning and analysis to ensure efficiency and profitability. NKD's infrastructure had also become complex over the years.

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Jörg Hansen, Head of Strategic Reporting/ Management Information Systems at NKD Vertriebs GmbH

“We urgently needed a new business intelligence system for budget planning,” says Jörg Hansen, Head of Strategic Reporting/Management Information Systems at NKD. “We wanted to switch so we could simplify and speed up our budgeting process and improve the accuracy of our numbers. After all, optimization and agile planning creates competitive advantage.”

Systematic preparations for the switchover

Instead of just compiling specifications, Hansen's team decided on a systematic detailed evaluation. Developed in the mid-1960s, quality function deployment (QFD) is – simply put – a structured method for translating user needs into concrete product and process specifications. The objectives and requirements are defined, followed by a comprehensive market survey and a preliminary shortlist from which the final vendor is chosen.

Apart from arcplan, the software providers Cognos, Cubeware, and Jedox were initially all in the running. NKD quickly dismissed the other vendors, as their products lacked a TM1 interface. The result of the extensive QFD analysis was unequivocal: The assessment of the various products' strengths and weaknesses revealed that the budgeting, planning, and forecasting solution arcplan Edge was best suited to support NKD's process. It rated highly in terms of reporting with its enhanced visualization and seamless data transfer to arcplan Excel Analytics, arcplan's own Excel add-in, which allows for easy ad-hoc analysis. Regarding budget planning, NKD was also excited by the broad range of reporting options and the way planning and workflow can be combined into a single user interface. The company's BI experts were delighted at the ease with which new dimensions and cubes can be added to reports.

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Budgeting using fixed rules

Currently, the budgeting process at NKD consists of clearly defined steps that are easier to implement since arcplan Edge was deployed. First, management develops the budget guidelines, which incorporate details from strategic and long-term operational planning. Management then derives concrete targets and goals.

The second step involves defining a sub-budget. Each cost center head establishes a preliminary budget based on the previously defined guidelines and planning. Planned business transactions are input directly into arcplan Edge.

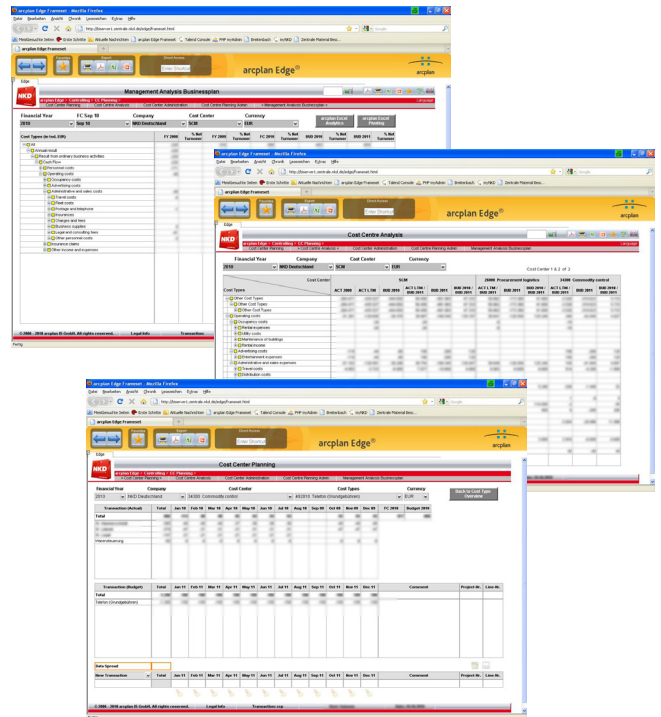
The cost center heads align on the planned business transactions with upper management. To this end, a workflow is set up in arcplan Edge to control budget approvals via the system.

Finally, the finance department checks the new budgets for content and form. This means that the planned content is backed up by reasonable justifications, has been calculated correctly, and is aligned with other plans. Budgets are reviewed within arcplan Edge, eliminating the need for multiple versions of spreadsheets which was inefficient and led to errors.

Once all of the cost center heads and upper management are in agreement, approved budgets are distributed. "With arcplan Edge, not only is every step easy to get through – they're also transparent," says Hansen.

Full steam ahead for arcplan expansion

As a pilot project, arcplan Edge was introduced at NKD for cost center planning. Preparations for further projects are already underway as a result of the company's positive experiences so far, according to Hansen. The company is preparing to use arcplan Edge to plan for investments and expenses, link subsidiaries to the corporate planning process, and execute preliminary planning. IT experts at the firm would also like to switch strategic reporting over to arcplan.



From cost unit to comprehensive enterprise planning — getting to a structured, automated, transparent planning process with arcplan Edge.

At this time, around 40 managers in charge of planning work with arcplan Edge. Convinced of the benefits of this solution in day-to-day activities, NKD procured additional licenses in January 2011 – only 6 months after their first purchase. Hansen has become an arcplan Edge advocate: "arcplan lets us create complex yet flexible planning systems, and forecasting and reporting connect seamlessly. That's how business intelligence should work."

About arcplan

arcplan is a leader in innovative Business Intelligence, Dashboard, Corporate Performance and Planning software solutions for desktop and mobile use. Since 1993, arcplan has enabled more than 3,000 customers worldwide to leverage their existing infrastructure for better decision making. Empowering all users to connect and collaborate with relevant information is crucial for improving business performance. *With arcplan – it simply works.*

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