

Streamlining the System

American Eagle Outfitters mitigates global expansion challenges via product lifecycle management

by FIONA SOLTES

This summer, Pittsburgh-based American Eagle Outfitters will add the Southern Hemisphere to its rapidly growing international business. And thanks to a longstanding partnership with TradeStone Software, the specialty clothing, accessories and personal care products retailer can focus on the effects of reverse seasonality instead of standardizing the process of bringing the right partners on board.

AEO is currently in 17 countries through franchise partnerships, in addition to having wholly owned businesses in the United States, Canada, Mexico, China, Hong Kong and

those into the system and how to order the goods. We're now able to bring a new partner online within a week, and that's because of our process with TradeStone."

CREATING CONSISTENCY

Three years ago AEO took a hard look at international expansion as part of its growth strategy. The company already was shipping to more than 80 countries worldwide through its websites, so the time was right for reaching new markets.

"We mapped the world to determine which 'geos' we wanted to be in from a wholly owned perspective, and

"It's easy to train people in locations around the world, bringing them quickly up to speed on how to select their assortments, how to enter those into the system and how to order the goods." — Rick Milazzo, American Eagle Outfitters

the United Kingdom. Rick Milazzo, AEO's vice president of IT and chief information officer, says TradeStone has allowed the company to bring on new partners and expand into new geographic areas quickly.

TradeStone's product lifecycle management systems enable rapid product design and delivery by taking care of the systems and process details. The software allows, for example, unified supply chain data points from disparate systems, automatic calculation of costs and normalization of timelines, currency and the like across countries.

"Our TradeStone process is well established and very successful," Milazzo says. "It's easy to train people in locations around the world, bringing them quickly up to speed on how to select their assortments, how to enter

which geos we wanted to be in from a franchise partner perspective," Milazzo says.

Each market has its unique set of challenges, he says, from finding partners for installation services to buying hardware.

"I will tell you that, in the early days, it wasn't always easy," he says. "For example, in Quebec, we have had to deal with language requirements for systems and merchandise labeling. In markets such as Mexico, China, Japan and the U.K., we have had to adjust some of our manufacturing and documentation processes to be compliant with the unique regulatory requirements. In short, we've learned along the way, and we continue to learn and improve every day."

TradeStone is learning right along

with AEO and other key clients. CEO Sue Welch is an industry veteran in technology design, global sourcing and private label initiatives; she began working with AEO before TradeStone even existed. Welch founded TradeStone in 2003 after selling her previous company, RockPort Trade Systems, to QRS Corp. AEO had implemented RockPort a few years prior, and became one of TradeStone's first customers.

"It's been an interesting journey with American Eagle Outfitters," Welch says. "We've really grown up together . . . We've learned a lot about what it's like to go international and build the business, about what users want and how to adapt technology." Also among the lessons: how to create a platform that is not only consistent across all of a retailer's internal departments, but also with external agents, suppliers and factories.

At the beginning of the partnership with TradeStone, as AEO was rapidly expanding throughout the world, the company needed to build a process to manage global production and sourcing.

"At that time, we were reaching out to more international markets and diversifying our sourcing," Milazzo says. "On top of that, we had to replace an application that wasn't going forward. TradeStone took care of the track-and-trace piece quickly as we went into order management. That was huge for us, because our order management process was a mess.

"It was merchants sharing spreadsheets with production/sourcing, and item information being re-keyed multiple times throughout the process on different spreadsheets. When we implemented the order management component of TradeStone, we took the opportunity to streamline the whole process. After that, an item was only created once, which was then passed down the line. That really facilitated our ability to grow and scale."

STRONG PARTNERS

As AEO and TradeStone have developed their partnership, the pace of growth has only increased.

"When we first started building out the international business, we had months to prepare," Welch says. "They'd say, 'OK, we're going to go into Mexico, and that's going to be in two or three months.' Now it's days. We needed to be responsive to that, even in the cycle of developing product. In the beginning, it would take [AEO] nine to 12 months to develop a product, and they had three or four seasons or collections. Then they went to 16. And then it became, 'We're seasonless.'"

Based on the collaboration with AEO, Welch says TradeStone now looks for "a really strong sense of partnership" in its other relationships. "We look for people who are passionate," she says. Companies like American Eagle Outfitters and Kohl's are "very passionate about what they're doing. And they're moving at a faster pace.

"We also look for support at the executive level," Welch says. "In these cases, you've got the chief operating officer, the chief technology officer, the chief merchandising officer and the CEO all very supportive." Then there's the willingness to adapt technology so it can be adopted across the organization — as well as the broader community.

Continuing to build that community is TradeStone's next vista; its "bamboo rose" marketplace, with both cloud and smartphone app capabilities, allows TradeStone retailers and invited suppliers to plan, organize, collaborate, buy and sell.

"The big thing that has changed for retailers and suppliers is this true sense of community," Welch says. "Older technology was built to be used within the four walls. But the newer technology, like what TradeStone does, assumes that there is the huge commu-

nity, and that the people within it need to start collaborating much earlier.

"And that's not just retailers and their suppliers. It's their job consultants, and maybe some designers, color companies, fabric companies and raw materials providers," she says. "There are so many different people and so many different companies and so many different roles. The challenge for retailers, then, is to make sure that the people that come into their communities can do business the way they do naturally."



In the meantime, AEO continues to regard TradeStone as the gold standard.

"Our partnership is one that I hold out to my other vendors as an example of how I want to do business," Milazzo says. "We push each other. TradeStone has a team of tremendously talented folks with strong industry expertise. Together we've been able to create a process, especially with PLM, that we believe is a game-changer. We believe that what we've developed over time is truly world-class."

STORES