



INCREASING CONSUMER VALUE THROUGH DIGITAL TRANSFORMATION

CGS 2020 ANNUAL REPORT: SUPPLY CHAIN TRENDS & TECHNOLOGY



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INTRODUCTION

The Apparel and Fashion Winners of 2020 will increase agility and profitability by **digitally transforming** their demand and supply chains.

Welcome to the 2020 edition of the **CGS SUPPLY CHAIN TRENDS AND TECHNOLOGY** report. We are pleased to present what 125 apparel and fashion industry leaders and rising stars have reported as the most impactful trends, opportunities, risks and innovative business practices that will shape a year of great challenge and promise.

WHAT YOU WILL LEARN FROM OUR 2020 REPORT

- Apparel & Fashion Industry **OUTLOOK 2020**
- **SALES CHANNELS** with the most significant opportunities
- **SUPPLY CHAIN RISKS** that threaten to derail progress
- Today's most needed **BUSINESS IMPROVEMENTS**
- Why **DIGITAL TRANSFORMATION** is critical to success
- Growing demand for **SUSTAINABLE PRODUCTS AND PROCESSES**
- The expanding role of **ENTERPRISE TECHNOLOGY**
- **THE LATEST INNOVATIONS** in Product Lifecycle Management (PLM) and Enterprise Resource Planning (ERP)
- Keys to successful **TECHNOLOGY SELECTION & IMPLEMENTATION**

APPAREL & FASHION OUTLOOK 2020

A YEAR OF PROMISE AND CHALLENGE

A strong U.S. economy led to a resurgence of consumer spending in 2019. Many fashion retailers, particularly those with robust omnichannel capabilities and high-value propositions, enjoyed one of their strongest years in recent history.

Indeed, a full two-thirds of respondents in our SUPPLY CHAIN TRENDS & TECHNOLOGY survey expect some or significant growth in 2020. Another 28% see growth rates remaining level with 2019, and only 6% expect growth to decline.

However, a majority of industry analysts expect the economy to slow in the coming year. Overall growth depends heavily on whether consumers maintain or cut back spending in 2020.

In addition to consumer behavior, the apparel and fashion industry faces formidable challenges in the coming years. From a supply chain perspective, these challenges include demographic change, increasing raw materials and labor costs, eCommerce channels and increasing digitization.

The following industry analyst predictions punctuate these opportunities and challenges



"With annual consumption in emerging markets nearing \$30 trillion by 2025, the next five years will see the largest market growth in history, giving eCommerce companies more opportunity to grow exponentially than ever before.

The fashion industry, now the fastest-growing retail segment in the eCommerce market, is sure to be at the forefront of this growth. That is, as long as companies seize the opportunity and continue to meet the demands of modern consumers." ^I



"The fashion industry faces a worrying year ahead. The macroeconomic context is very challenging, and players will find that their route to value creation is either unclear or it requires levels of investment that are hard to swallow.

Digitization remains critical, and players must address increasing consumer concerns over sustainability if they want to secure their future. The McKinsey Global Fashion Index predicts the fashion industry will continue to grow at 3 to 4 percent in 2020, slightly slower than the 3.5 to 4.5 percent estimate for 2019." ^{II}



"Key economic indicators create a more cautious mood for the global fashion industry, potentially slowing down by 2020. For companies, it is crucial to prepare plans to address a possible transformation of global value chains. A leverage point could be to take a strong position on social and environmental issues, as this is very much demanded by the younger generation." ^{III}

OMNICHANNEL GROWTH OPPORTUNITIES

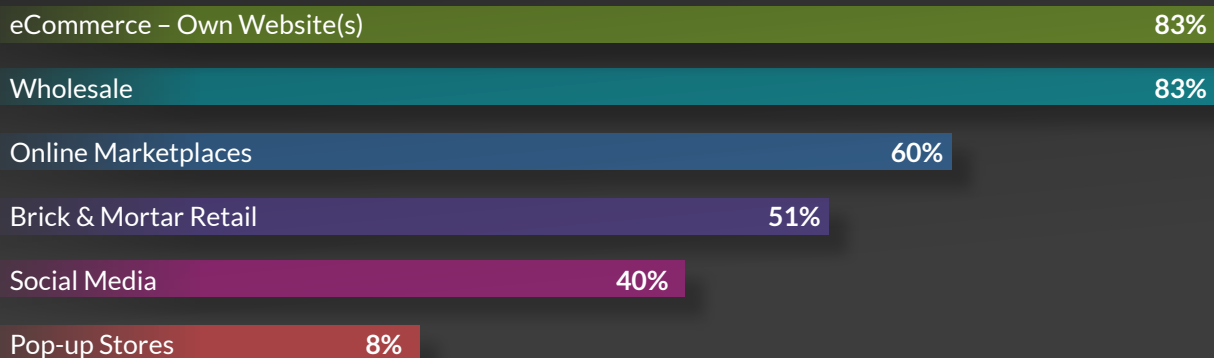
As the 2019 holiday results show, eCommerce sales continue their rapid double-digit growth rates while brick and mortar stores struggle to maintain low single-digit increases. So, it's easy to understand why most fashion companies are expanding their online presence.

Digging into this issue more deeply, we specifically ask survey recipients about their current and planned activity with corporate websites, online marketplaces such as Amazon.com, and social media channels like Instagram and Facebook.

The following data reveals an acceleration of last year's findings toward online and away from physical stores. The wholesale channel also grew, including that of traditional retailers looking to this channel to increase both domestic and international customer touchpoints.

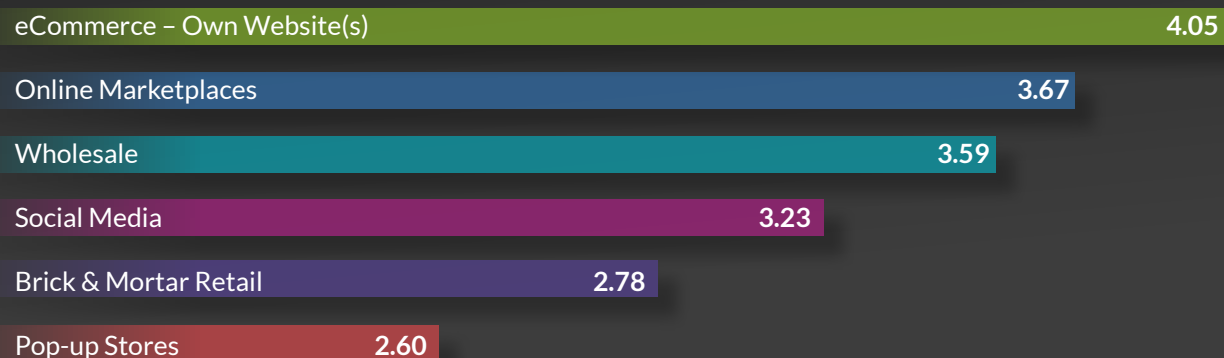
CURRENTLY ACTIVE SALES CHANNELS

% RESPONSES



LARGEST 2020 GROWTH OPPORTUNITIES

RANK



TOP 10 BUSINESS IMPROVEMENT PRIORITIES

1.	Improve Response to Challenges/Disruption	7.12
2.	Improve Supply Chain Visibility	7.05
3.	Improve Business Intelligence/Analytics	6.63
4.	Better Manage Product Quality & Costs	6.53
5.	Find New Areas of Growth	6.41
6.	Gain Efficiency in Sourcing	6.28
7.	Get the Product Mix Right	6.18
8.	Improve Omnichannel Fulfillment Capabilities	6.08
9.	Get Closer to Market	5.40
10.	Increase Commitment to Sustainability	4.42

Repeating the #1 choice from last year, most survey respondents again cited Responding to Challenges and Disruptions as their top priority. It comes as no surprise as most apparel and fashion executives have entered 2020 with a long list of anxieties and concerns (see earlier Industry Outlook discussion).

Many of the listed strategies rank in a similar position as last year. Noteworthy rises in Supply Chain Visibility and improving Product Costs and Quality also support the growing demand for digital transformation among brands, manufacturers, and retailers. (More on this in the next section.)

While the focus on Finding New Areas of Growth has declined somewhat this year, this is likely due in large part to the previously discussed focus on online growth. The search for growth is morphing into how to execute more effectively in a fast-growing omnichannel environment.

Overall, these priorities point to the increasing importance for fashion companies to adopt agile ways of working and depart from traditional operating models. They must work to streamline supply chains and enable faster time to market even as the landscape shifts around them.

DIGITAL TRANSFORMATION – A REQUIREMENT FOR SUCCESS

WHAT IT IS – WHY WINNERS EMBRACE IT

Many apparel and fashion companies are racing to become more digital. But what exactly is a digital transformation?

Brand manufacturers may see going digital as merely deploying more technologies across the business. Retailers most commonly define digital as a new set of sales channels or a means to engage more consumers. While these and similar initiatives do represent components of a digital strategy, a piecemeal approach to digital generally falls short of delivering the broader value that comes from embracing digital capabilities to change the way you do business.

By integrating new processes and technology to fundamentally shift the way brands operate, they will be able to master all forms of complexity.



In short,
Digital Transformation
is less about **'things'**
and more about **a way
of doing things.**

While mandates like reducing costs and risks remain clear, the ability to execute is a different story. Tackling an increasing scope of responsibility requires leaders not to sit back and lament complexity. Instead, they must shift toward a proactive mode of addressing complexity directly.

Success in the apparel and fashion industry is closely related to a company's agility – its responsiveness and flexibility. For example, fragmented workflow and lack of collaboration among design, development, sourcing/manufacturing, logistics and inventory management all add to operational complexity. Yet, few organizations are effectively using commercially available digital tools across the enterprise to predict and manage these risks.

Effectively eliminating and embracing complexity hinges upon one key initiative: *Digital Transformation*.

Such a holistic strategy promises to create value by enabling companies to seize new business opportunities, better serve core businesses and customers, and strengthen foundational processes that power agility and speed.

NIKE: ACCELERATION THROUGH DIGITAL TRANSFORMATION



Although a staple in shoes and athletic clothing, Nike started looking sluggish and outdated a few years ago. The company switched its mindset and underwent an ongoing digital transformation to reinvent its brand and supply chain.

Instead of going through middlemen, Nike improved its connection with customers through membership opportunities, stronger digital marketing and powerful data analytics. Instead of selling through other vendors, Nike started selling more directly to customers in an updated eCommerce strategy. An end-to-end focus on consumer data better allows Nike to connect with customers and recommend the right products. It also opened concept stores and improved its online and app experience.

The improved digital focus gives Nike a faster product development cycle, which allows it to get new products to market quickly, respond to and set trends and control how many items are produced.

Nike's digital transformation is ongoing as it pushes for innovative ways to connect with customers and get a leg up on the competition. At the beginning of 2017, its stock price was \$52; it recently hit \$100. In that same time, revenue increased from \$33.5 billion to \$39.1 billion (FY19). Nike's revenue CAGR (5y) is 7.1%. ^{1v}

In March 2019, Nike Chairman, President and CEO Mark Parker stated, “Over the balance of this fiscal year and through FY20, we will continue investing in this digital transformation. While many companies can build a technology stack, no other brand is able to leverage technology to create the kinds of amazing consumer experiences that only Nike can.”

Nike is also benefitting from a digital supply chain transformation. One example is how it fully digitized its palette of over 6,000 footwear materials, allowing design teams to build on one another’s work and quickly adapt to market trends. Additionally, Nike uses data in the supply chain to tighten its demand and supply management.

“ **ONE**, revenue growth through greater demand capture;

TWO, gross margin expansion through a higher mix of full-price sales; and

THREE, inventory efficiency as our supply is even more closely tied to real-time consumer demand signals. ”^v



Nike plans to invest in new digital member services, data and analytics, demand sensing technology, technologies such as RFID that enable connected inventory across the marketplace.











“There are teams all over Nike piloting new ideas and proving-out concepts,” said Parker. “We’re testing, learning and optimizing at an incredible pace. But the real key is to turn these new digital capabilities into growth at scale.” ^{vi}

SUPPLY CHAIN RISKS TO LOOK FOR

While many of the risks identified in this year's survey are recurring, there are apparent differences in the ranking of priority. For example, we have seen a constant rise in importance over recent years with inventory and order fulfillment risks.

This steady movement to classification as this year's top concern parallels the rise of eCommerce and the complexity it drives for serving multiple sales channels, fulfilling smaller order sizes, managing numerous warehouse locations, balancing inventory to demand and other related issues.

Q: What is the biggest supply chain obstacle your organization faces?

TOP 10 SUPPLY CHAIN RISKS			TRENDING
1. Inventory/Order Fulfillment	31%	 UP	
2. Sourcing	18%	 UP	
3. Production	10%	 LEVEL	
4. Data Integrity	8%	 DOWN	
5. Scaling/Structuring Business	7%	 NEW	
6. IT/Systems	7%	 NEW	
7. Tariffs/Trade	6%	 NEW	
8. Product Development	6%	 NEW	
9. Costs	4%	 LEVEL	
10. Compliance/Sustainability	4%	 NEW	

Also noteworthy is the number of 'new' (or first-time appearing) risks that have found their way into the top 10 list this year. Increasing complexities related to growth (scaling), demand for technology (IT) and trade/tariff issues are clear challenges moving forward.

IT INVESTMENTS: TECHNOLOGY TO ENABLE CHANGE

In 2020, most businesses anticipate top-line revenue growth. Across all company sizes and types, a majority of organizations across North America and Europe expect revenues to increase, continuing sustained growth from 2019.

IT budgets often increase in conjunction with revenue growth. A recent survey by Spiceworks^{vii} found that 88% of all businesses expect IT budgets to either grow or stay steady over the next 12 months. And compared to 2019, they signaled more upward acceleration: 44% of businesses plan to increase IT budgets in 2020, compared with 38% in 2019. Organizations that expect IT budget growth in 2020 anticipate an 18% increase on average. Only 8% of companies expect IT budgets to decline in 2020.

Q: How will your IT investments change in 2020?

Increase Spending	30.3%
Keep Spending Same as 2019	62.9%
Decrease Spending	6.9%

Our industry-focused survey reveals **93.2% of respondents** expect their IT spend to maintain/increase

Q: Where should you focus IT investments?

TOP IT SPENDING PRIORITIES	2019 RANK	2020 RANK	TRENDING
Product Quality Assurance	N/A	1	✓ NEW
Data Security/Cyber Security	4	2	↑ UP
Warehouse Mgmt./Fulfillment (tie)	1	3	↓ DOWN
Product Dev./Design (tie)	2	3	↓ DOWN
Supply Chain IT (tie)	5	3	↑ UP
Sourcing/Production	3	4	↓ DOWN
Merchandising/Planning	4	5	↓ DOWN
Business Intelligence / Big Data Capabilities	2	6	↓ DOWN
Managed Services / IT Outsourcing	N/A	7	✓ NEW

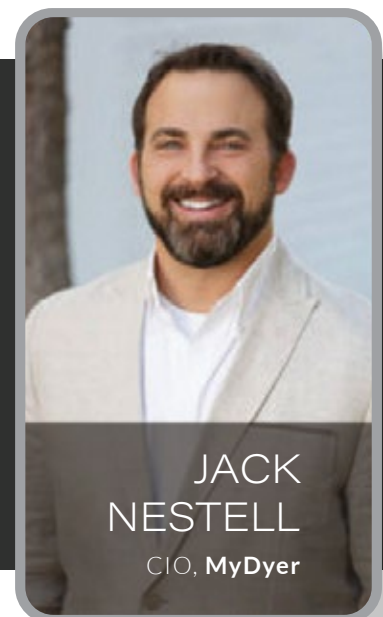
In something of a surprise, respondents identified Product Quality Assurance as the technology that will see the most substantial increase in investment. Following a clear trend we see in the technology market, Supply Chain IT has increased in importance over the past year. Other significant shifts from 2019 to 2020 include the rise of Data/Cybersecurity spending from #4 to #2 and the decline of BI/Big Data from #2 to #6.

PLM AS A SYSTEM OF RECORD^{VIII}

Product lifecycle management (PLM) software is best known for the efficiencies it brings to design and product development. Now some fashion brands and manufacturers are realizing even more significant benefits by leveraging PLM data in sourcing, production, quality assurance, fulfillment and sales.

What does it mean to have PLM as a system of record? It means that your business is using a PLM software solution as the foundation for product information. That all core product data resides in the PLM system rather than in isolated “silos,” such as spreadsheets or various software programs used by different departments or individuals. When PLM is your system of record for product information, it is the birthplace of that data, and your processes keep in touch with it throughout the product lifecycle.

“ PLM does a great job of allowing you to have complete visibility of the entire product lifecycle, so you don’t have any disconnects or gaps in that process or lost time. With PLM you can manage your workflow and have visibility of your processes, and that allows you to move your product and design much more quickly. ”



Significant benefits accrue when PLM data is available to team members with different roles and responsibilities throughout your business. There is power in having PLM information continuity for reporting, quality control, chargebacks, cost control and more. With consistent master product data, integrated across multiple functions, teams can use business intelligence tools to analyze that data, see trends and make better decisions. In general, it gives them greater visibility.

Many apparel businesses choose to invest in the same software platform for both PLM and Enterprise Resource Planning (ERP) so that there is a native integration — built-in connectivity and seamless information flow — across processes managed within the system. Deploying a fully integrated ERP/PLM also simplifies system implementation, training and maintenance.

PLM technology has proven to be an invaluable tool for managing product data in fashion’s fast-moving design and product development stages. When companies approach PLM as a system of record, with a plan for using the data across their entire organization, the benefits they accrue from the technology can expand exponentially.

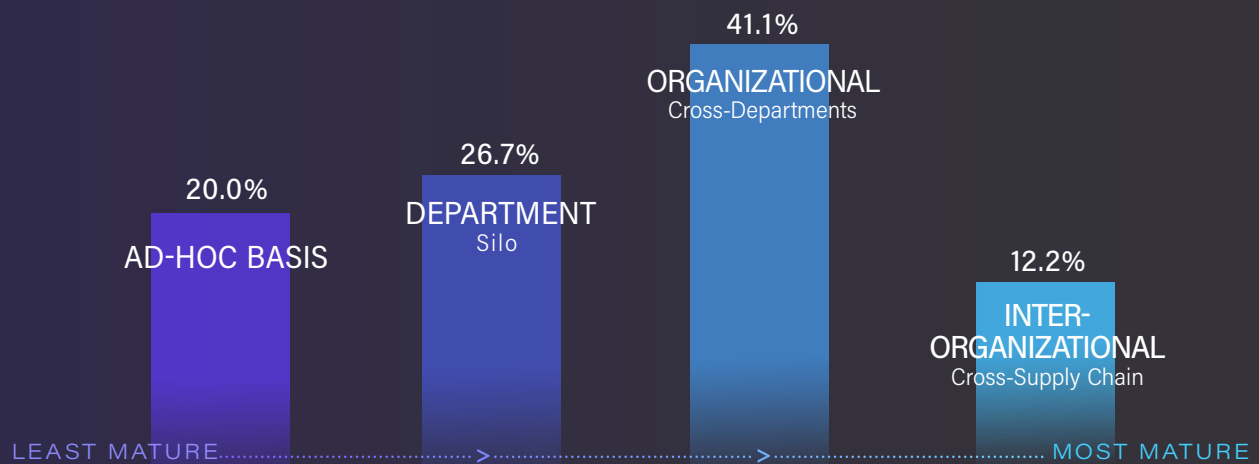
STATE OF PLM IN 2020

PLM is a multi-year journey for any company. One cannot turn a basic PLM deployment into a truly optimized organization-wide solution in a short time. While all businesses should strive to attain top levels of maturity, it is critical to take a step-by-step approach and focus on the areas and challenges that your business deems priorities. ^{ix}

With only 12% leveraging PLM across their extended supply chains, the survey results highlight the massive opportunity to extend the use of PLM to the extended supply chain.

Investing in the PLM discipline and its supporting technology is one of the keys to remaining competitive in the fashion industry. Yet, some describe PLM technology solely as a technology for automating existing ways of working within product design and development teams. A larger group view it as an integrated set of disparate technologies used to link product design and development with sourcing, trade management and other closely related supply chain activities.

Q: How mature is the use of your PLM processes and technologies in your organization?



These perspectives highlight apparel companies' efforts to digitize and automate existing business practices, essentially getting their houses in order to deliver short-term benefits.

The good news is that after many years of focusing on digitizing operational information and automating information and task flows for day-to-day activities; attention is shifting to using these building blocks to make better business decisions faster. With the tools in place to make better decisions more quickly, apparel companies are now spending resources on making their businesses "reconfigurable." ^x

Such a strategy can streamline collaboration, reduce errors and rework and improve visibility. Deploying PLM across the entire demand and supply chain has the power to change the way fashion companies do business and achieve their digital transformation.

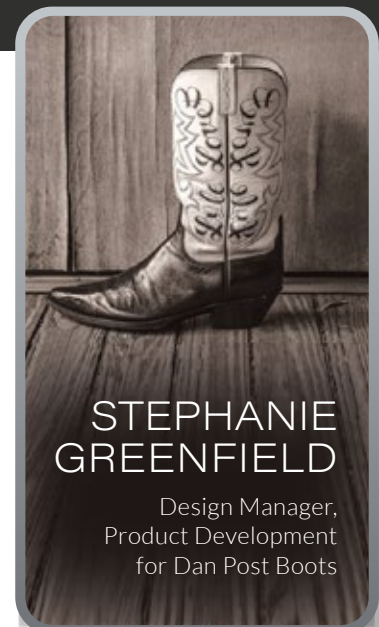
TOP 10 PLM REQUIREMENTS

New to our 2020 Report, the following question provides insight into the requirements that companies prioritize in their PLM evaluations.

Q: In evaluating PLM systems, which factors are most important to your decision-making process.

PLM REQUIREMENTS	% RESPONSE	2020 RANK
Vendor Portal / Collaboration.....	64.4%	1
ERP Integration.....	62.2%	2
Ability to Integrate Business Processes & Workflows.....	33.3%	3
Product Information Management (PIM) Functionality.....	31.1%	4
Merchandise/Assortment Planning.....	26.7%	5
Cloud Support.....	17.8%	6
Digital Asset Management.....	15.6%	7
Executive Dashboards / Analytics.....	15.6%	7
Critical Path/Calendar/Workflow Management.....	13.3%	8
Support for Emerging Technologies: AI/ML/AR.....	8.9%	9

“PLM makes sure that we keep all our designs going and keep them organized. We’re able to be smarter about how we proceed with materials and vendors. The system also helps ensure we’re in contact with the sourcing and sales departments and that we’re all jibing together. **”**



**STEPHANIE
GREENFIELD**

Design Manager,
Product Development
for Dan Post Boots

PLM CHALLENGES AND PAINPOINTS

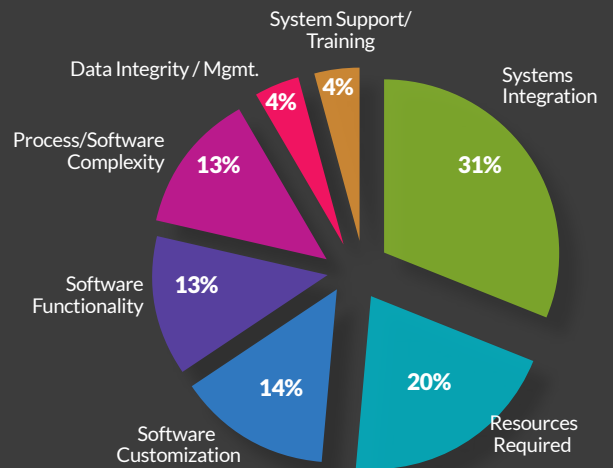
IMPLEMENTATION CONCERNS

Also new to our 2020 Report, the following question provides insight into the concerns that companies have around PLM implementation and usage.

Q: What are some of the pain points for implementing or expanding the use of your PLM system?

PLM CHALLENGE % RESPONSE

● Systems Integration	31%
● Resources Required (time/money)	20%
● Software Customization	14%
● Software Functionality	13%
● Process/Software Complexity	13%
● Data Integrity/Management	4%
● System Support/Training	4%



ERP MEETS PROCESS AUTOMATION

From its origins in manufacturing, Enterprise Resource Planning (ERP) software has evolved to become critical to almost every aspect of running a business. With its comprehensive capabilities, ERP is sometimes referred to as the central nervous system of an enterprise due to its capacity to interconnect retail, supply chains, inventory, fulfillment, finance, and much more.

The evolution of omnichannel commerce has challenged fashion companies to transform their planning, supply chain, and distribution systems to meet customers' expectations for seamless shopping across channels, including delivery and returns. To succeed companies are moving to solutions that improve, streamline, and synchronize all their processes and communications across the entire supply chain.

52% OF RESPONDENTS

say business process engineering is a priority for their organization.

For digital transformation to be successful, the ERP solution must provide an overarching insight into business processes that can result in tangible end gains. It is possible only when ERP provides process automation. From improved quality to increased ROI, process automation empowers the digitized workforce to achieve more.

PROCESS AUTOMATION

can deliver measurable quality and improved supply chain control.^{x1}

"We have a truly 'omni' approach. We lean heavily on technologies as they relate to the supply chain. We are committed to using best-in-class BlueCherry technologies. It is critical for us to have a platform like this."

- Robert W. D'Loren, CEO, XCEL Brands

RECENT ERP IMPROVEMENT

is the extended ability to automate modern-day business processes.

However, the mere approach of deploying an ERP system may not help an organization achieve its mission. Automation and re-engineering of business processes are needed for the successful implementation of an ERP system.

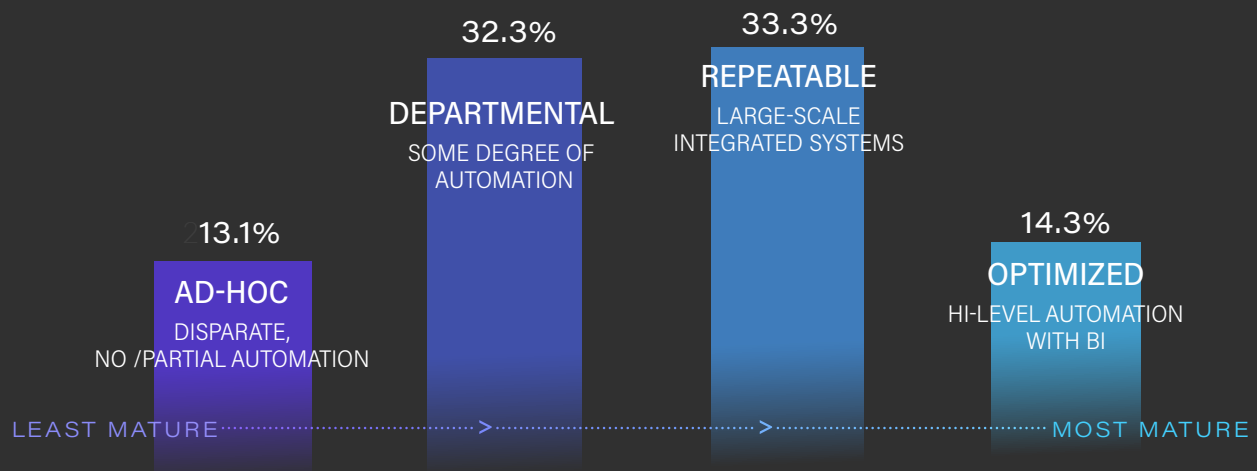
Companies will likely use a combination of re-engineering some business processes before implementing ERP and directly implementing the ERP's built-in business process automation to achieve organizational excellence.^{x11}

STATE OF ERP IN 2020

In its early days, ERP primarily addressed inventory management and control of the manufacturing process. Software developers created solutions to monitor inventory, reconcile balances, and report on status.

Fast forward to today. ERP is now essential for running an apparel and fashion business. Today's companies recognize the expanded ERP imperative, perhaps more than ever. Fortunately, fashion-focused software providers have deeply developed ERP software that can help propel brands, manufacturers, and retailers into the digital future. These systems can allow retailers to manage customers, stores, distribution centers, and web channel inventory in one place on a real-time platform.

Q: How mature is the use of your ERP processes and technologies in your organization?



ERP solutions can now deliver on the must-have toolkit that's required for doing business in 2020 and beyond. **Here are just a few of the many changes in modern ERP.** ^{xiii}

- **DATA ANALYTICS** | Advance analytics enable organizations to understand better buying trends and shifts in customer behaviors and preferences as they are happening.
- **IT SIMPLIFICATION** | With retail, wholesale, and manufacturing processes all in a single solution, ERP users benefit from a more straightforward application landscape and automated processes.
- **MERCHANDISING** | Apparel-specific ERP supports key processes around merchandising. incl. assortment planning, pricing and promotion management, and merchandising analytics.
- **SOURCING/PROCUREMENT** | Modern ERP solutions support merchandise buying, invoice management, and private-label manufacturing.
- **SUPPLY CHAIN MGMT.** | ERP can now optimize all your supply chain processes, from forecasting and allocation to warehouse management and transportation management.
- **OMNICHANNEL COMMERCE** | Solutions now offer functionality that supports in-store, online, and mobile commerce; omnichannel customer order management, service, and customer insights.

While widely used for decades, ERP survey results reveal that a tremendous opportunity still exists to increase the value created by modernizing systems and leveraging new business process automation and advanced analytics capabilities.

TOP 10 ERP REQUIREMENTS

Survey results of the following question provide insight into the functional requirements that respondents have when evaluating and deploying their ERP solutions.

Noteworthy in this year's list of requirements is the recurring importance of process integration, integrated EDI solution, and industry expertise offered by the ERP vendor. Four newly added requirements (Omnichannel Order Management, PLM Integration, Merchandising, and Support for Emerging Technology) reflect recent industry and technological changes.

Q: In evaluating an ERP system, which of these factors are most important to your decision-making process.

ERP REQUIREMENTS	% RESPONSE	2019 RANK	2020 RANK	TRENDING
Ability to Integrate Processes & Workflows	68.4%	1	1	→ same
Integrated EDI	55.3%	4	2	↑ up
Deep Industry Expertise	39.5%	5	3	↑ up
Executive Dashboards/Analytics (BI)	29.0%	2	4	↓ down
Omnichannel Order Management	28.7%	NA	5	✓ new
PLM Integration	23.7%	NA	6	✓ new
Third-party Integrations	21.1%	6	7	↓ down
Cloud Support	13.2%	7	8	↓ down
Merch. Planning / Pricing / Promotion Mgmt.	18.4%	NA	9	✓ new
Support for Emerging Tech: AI/ML/AR	2.7%	NA	10	✓ new

“We're a small team, and we need to be agile. With BlueCherry, it's all about letting the systems do the work for you.”

LYDIA BRUNO

Director of Operations,
Livie & Luca



ERP CHALLENGES AND PAINPOINTS

Q: What are some of the pain points for implementing or expanding the use of your ERP system?

CONCERNS	% RESPONSE
1. System Functionality	23%
2. Systems Integration	22%
3. System Support	16%
4. Software Customization	13%
5. Resources Required (<i>time/money</i>)	12%
6. Training	5%
7. Data Integrity/Management	5%

“ BlueCherry has enabled us to create a system with **visibility throughout the entire company**. All the information is there in one system. ”

LISA-MARIE
RUGGIERO

Director of Supply Chain,
Land 'N' Sea

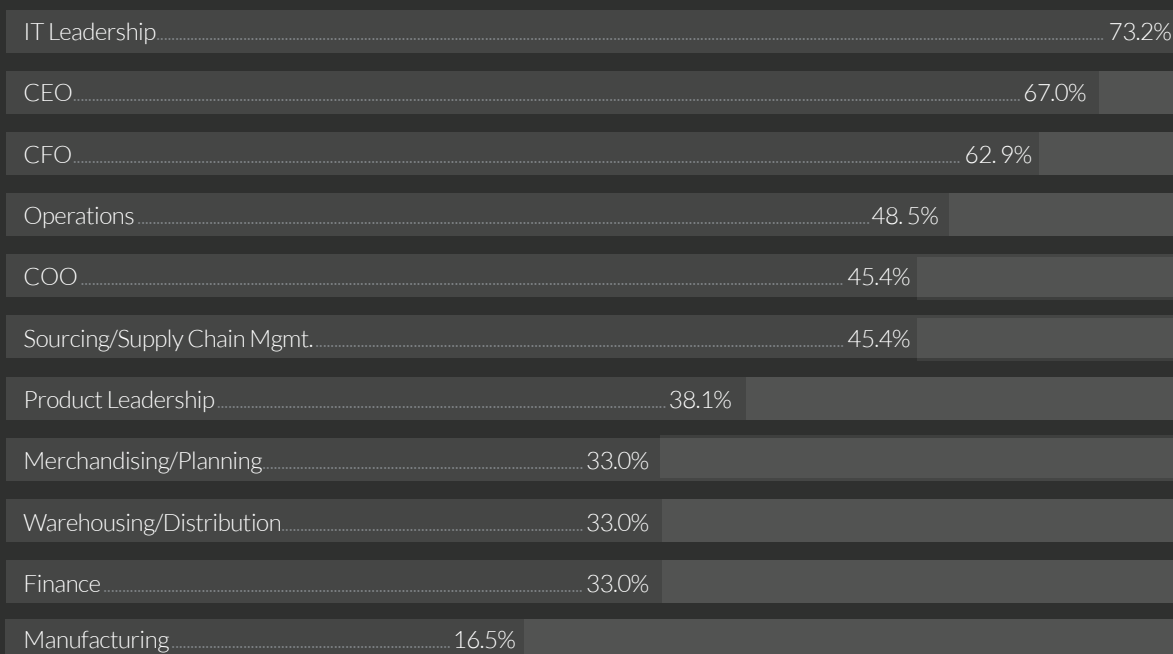


MAKING THE TECH SELECTION

THE EVALUATION TEAM

Most successful enterprise software (PLM/ERP) projects are supported by a strong, cross-functional team that is intimately involved in system selection and implementation.

Q: Which stakeholders in your organization are actively involved in the decision-making process for Supply Chain solution solutions such as PLM and ERP?



While these rankings are mostly the same results as in the prior year's survey, they highlight the importance of involving all stakeholders in the system evaluation and implementation process. C-level support for the project is essential to achieving buy-in from all system managers and users. When it comes to enterprise software, all departments will be impacted and their representation here can streamline time to benefit and help avoid missteps in the process.

Three tips for building a successful, cross-functional evaluation team:

- **Each project team member must have defined roles** on the project to ensure they understand what they need to do to support the project's success.
- **Management also needs to develop an evaluation plan** that spells out the activities that will occur over a defined project timeline to ensure that the team can plan for the timing of critical events and manage their workloads.
- Of course, **clear evaluation criteria** will assist management in determining the best software solution to meet your business and IT requirements.

SUSTAINABILITY GOES MAINSTREAM

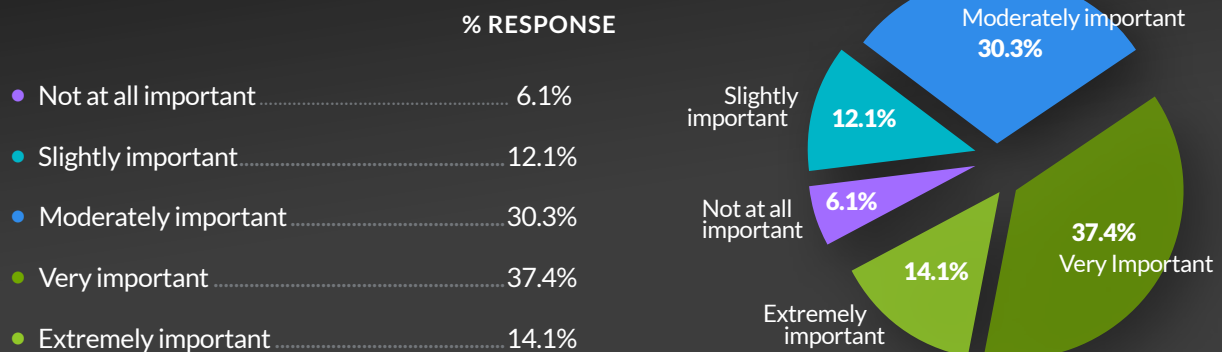
SUSTAINABILITY FIRST ^{XIV}

When it comes to the environment, the fashion industry's record is well documented. Fashion accounts for 20 to 35 percent of microplastic flows into the ocean and outweighs the carbon footprint of international flights and shopping combined.

Demand for change is being led by consumers. Activist movements are making consumers increasingly aware of the environmental impact of fashion. Some 66 percent of respondents to a McKinsey US cohort survey say they consider sustainability when making a luxury purchase.

And 68 percent of respondents to our CGS 2019 Retail and Sustainability survey rated sustainability as important, regardless of age or gender. In addition, consumers are willing to pay more for sustainable options, with 35% respondents willing to up 25% more than the original price, and 12% willing to pay 50 – 100 percent more.

Q: Is social and environmental sustainability a priority in your organization?



Over 50% of companies rank sustainability as very and extremely important within their organizations. This shows that brands are taking action on several fronts. Many are making efforts to increase sustainable options for consumers, or even make it the new normal in the future.

In 2019, Zara pledged to use 100 percent sustainable fabrics by 2025. H&M earlier committed to using 100 percent recycled or sustainable materials by 2030 among a host of broader sustainability commitments by the company. Adidas has committed to phasing out virgin polyester by 2024. LVMH announced its series of commitments for the environment and biodiversity.

There is also an increasing response to consumer demand for newer business models that tackle overconsumption, such as rental and resale. These trends will continue, admittedly still accounting for a low share of the total market in 2020.

While the absolute number of mass-market products made from sustainable materials remains low, there has been a five-fold increase over the past two years. It is very complex, but having a much more vertical, integrated supply chain approach means you are in full control of your materials. The more vertical you are, the more you can mitigate your impact on the oceans and climate and biodiversity.

Imperatives for brands should focus on helping customers consume fewer resources. One area they can target is overproduction. Reduced supply, combined with an ambition to reduce discounting, can even have a positive impact on the bottom line. Fashion players should consider fresh ways to tackle transparency, both at point of sale and across other touchpoints, understanding the need both to educate and emotionally engage.

Setting concrete targets and publishing roadmaps would be a big step towards one day seeing collaborative sustainability roadmaps for the entire industry, providing clarity to the innovators and suppliers on the prerogatives for the future. None of these imperatives are easy, but taken together, they may finally tip the scale in favor of making more environmentally sustainable fashion a reality.



KEY 2020 REPORT TAKEAWAYS

- **72%** consider ecommerce the Greatest 2020 Growth Opportunity
- **23%** state Wholesale and Brick & Mortar channels are top growth opportunities
- **Increasing Supply Chain Visibility** rose to the #2 Business Improvement priority
- **Inventory Management /Order Fulfillment** is the new #1 Supply Chain Risk
- **Digital Transformation** is rapidly becoming an imperative for success
- **93% of companies** expect to Maintain or Increase their 2020 IT Budgets
- **Demand grows for Sustainable Fashion**, but efforts to date do not go far enough

A vibrant economy in 2019 drove renewed consumer spending. The shift to online sales channels accelerated as online U.S. retail sales continued to grow at double-digit rates. Even with these positives, fashion industry challenges and disruption continued at a furious pace.

With clear signs of a global slowdown leading into 2020, fashion brands, manufacturers, and retailers are markedly less optimistic about the year ahead. To be counted among the winners in 2020, global supply chains must redouble their efforts to achieve greater transparency, speed, and efficiency. Fashion organizations must become more innovative, refresh strategies, make significant business improvements, and accelerate their digital transformation journeys. Demand for sustainable products and processes will ramp up significantly going forward.

Successful companies will be the ones that make bold moves early, focus on boosting earnings over revenue growth, and figure out how to improve productivity while ensuring operational and financial flexibility.

ABOUT OUR 2020 SURVEY

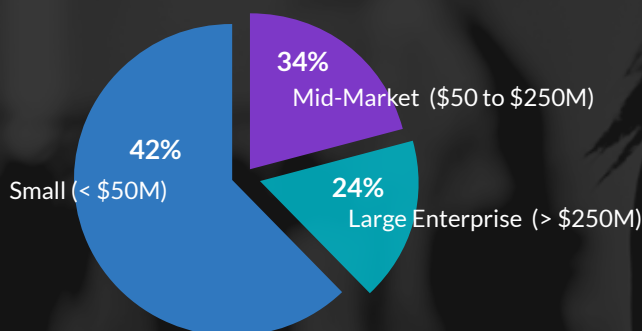
SURVEY RESPONDENTS

Conducted in November 2019, this year's survey tallied responses from 125 executives, stakeholders, and influencers that are responsible for driving operational excellence across strategic planning, IT, operations, supply chain, finance, and other departments and processes.

Survey respondents represent a mix of small, medium, and large enterprise organizations. They bring wide-ranging responsibility for enterprise technology selection and adoption.

COMPANY SIZE

Small (< \$50M).....	42%
Mid-Market (\$50 to \$250M).....	34%
Large Enterprise (> \$250M).....	24%



RESPONDENT DEPARTMENT

Executive Team.....	22%
Strategy.....	5%
Finance.....	5%
IT.....	30%
Operations.....	14%
Product.....	2%
Supply Chain.....	13%
Sales.....	5%
Other.....	3%

ROLE IN SELECTING ERP

Project Owner/Decision Maker	13%
Influencer/Stakeholder	40%
Contributor	25%
Not Involved	23%

ROLE IN SELECTING PLM

Project Owner/Decision Maker	13%
Influencer/Stakeholder	37%
Contributor	33%
Not Involved	18%

- I INDUSTRY OUTLOOK
<https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion-2020-navigating-uncertainty>
- II 2020 PREDICTIONS
<https://www.retailtouchpoints.com/features/executive-viewpoints/2020-predictions-4-potential-trends-to-watch-for-in-fashion-e-commerce>
- III U.S. APPAREL OUTLOOK
<https://www.statista.com/outlook/90000000/109/apparel/united-states>

REPORT SOURCES

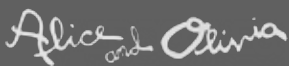
- IV HOW DIGITAL TRANSFORMATION IMPACTED NIKE'S PERFORMANCE
<https://www.forbes.com/sites/blakemorgan/2019/07/21/7-examples-of-how-digital-transformation-impacted-business-performance/#5bfeadb51bb>
- V AT NIKE, IT'S ALL ABOUT SPEED
<https://www.fool.com/investing/2017/09/22/why-nikes-express-lane-should-matter-to-investors.aspx>
- VI NIKE'S DIGITAL TRANSFORMATION A SLAM DUNK
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- VII THE 2020 STATE OF IT
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- VIII WHEN PLM BECOMES YOUR SYSTEM OF RECORD
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- IX PLM MATURITY - LEVEL 1 PDM TO LEVEL 5 PLM
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- X PLM FOR APPAREL 2019
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- XI ERP WITH PROCESS AUTOMATION REDEFINES PRODUCTIVITY AND ROI FOR ORGANIZATIONS
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- XII ERP & BPR : CAN WE MAKE THEM WORK TOGETHER AND ACHIEVE ORGANIZATIONAL EXCELLENCE?
<https://www.3i-infotech.com/erp-bpr-can-make-work-together-achieve-organizational-excellence>
- XIII HOW ERP SOLUTIONS CAN PROPEL APPAREL COMPANIES INTO THE DIGITAL FUTURE
<https://www.uniformmarketnews.com/how-erp-solutions-can-propel-apparel-companies-into-the-digital-future>
- XIV SUSTAINABILITY FIRST
<https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion-2020-navigating-uncertainty>

ABOUT BLUECHERRY

CGS's BlueCherry® Enterprise Suite provides clients with a powerful, comprehensive set of tools to drive their fundamental business processes. Focusing on the needs of high-growth organizations operating in the consumer lifestyle products and retail industries, our solutions have the built-in capacity to address the needs of all core management, planning, product development, manufacturing, logistics, finance and sales functions.

A flexible solution that is available in the cloud and on-premise, BlueCherry Enterprise Suite empowers omnichannel businesses globally with over 600 integration partners ranging from retailers, eCommerce, logistics, third-party warehouses and manufacturing facilities.

TRUSTED BY THESE AMAZING COMPANIES



With end-to-end capabilities, the BlueCherry Enterprise Suite includes:

- Enterprise Resource Planning
- Shop Floor Control
- Business Intelligence
- Product Lifecycle Management
- Omnichannel Mdse. Planning
- Business Integrations
- B2B eCommerce
- Omnichannel Warehouse Mgmt.

250,000

Users
worldwide

20+

Users in 20+ countries
worldwide

\$40 BILLION+

BlueCherry customers together deliver
\$40bn+ in annual retail sales

With a network of 500+ customers collectively delivering more than \$40bn in annual retail sales, 250,000+ active users and implementations in more than 20 countries, we've built and actively facilitate a collaborative community of CGS experts and client users that's unmatched in the industry, providing an open forum for clients to share strategies and best practices with each other and with us -- which we, in turn, incorporate in our software roadmap.