



# 2021: REBUILDING, ADAPTING, EXPANDING

CGS 2021 ANNUAL REPORT: SUPPLY CHAIN TRENDS & TECHNOLOGY



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Rebuilding, Adapting, Expanding

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**Resilience. Adaptability. Preparedness. Good fortune. The grace of God.** Whatever the reasons, if you are reading this report, the lights are still on. You are alive. Your business is still a going concern. All are more than many companies can claim as we embark on 2021. It's a statement we make with gravity, for the lives and livelihoods lost around the world, within our families, communities and companies. After 2020, nothing should be taken for granted.

After a year of utter disruption, companies are employing 'lessons learned' in their 2021 business strategies.

**In December 2020, CGS conducted its annual supply chain and technology survey. Approximately 100 fashion, apparel and retail professionals responded.**

### Here's what you'll learn:

- **2021 Priorities:** Top Business Improvements
- **Digital Channels:** Greatest Growth Opportunities
- **2020 Brand and Analyst Insights:** What's Next
- **COVID-19:** Influence on PLM, ERP Project Expansion
- **Confidence in Supply Chains** to Support Business Objectives
- **Top Technology Capabilities** Impacting Investment Decisions
- **Survey Respondents' Advice for 2021** and Beyond

# 2021

Rebuilding, Adapting, Expanding

# 2021 OUTLOOK: REBUILD AND RETURN STRONGER

**There's no getting around it: 2020 was a tough year to be in apparel, fashion and retail.** COVID-19 crushed in-store sales for many retailers, shattering the wholesale supply chain. However, eCommerce soared. Online sales did not offset lost sales entirely but served as a lifeline for those prepared to seize it

**\$22 BILLION: Total online spending rose 25 percent yr-over-yr** for 2020's Big 3 U.S. Holiday digital shopping, days, Thanksgiving, Black Friday and Cyber Monday. (ComScore)



This report's survey results mirror major industry trends, some loudly and clearly, others subtly and surprisingly.

For example, as could be expected, digital sales dominate top growth opportunities for 2021 (see Growth Opportunities, page 6). But whereas it would seem logical for supply chain confidence to be low given COVID-related interruptions, that is not the case (see Supply Chain Confidence Steady, page 10).

Overall, survey respondents are focusing on fundamentals: controlling costs and quality, ensuring they have inventory, getting products out the door, keeping operations safe. There is some discouragement over net sales and efficiency declines, yet optimism about an eventual return to pre-pandemic growth with houses in better order.

"Smart companies are sharpening their swords," said industry consultant Rick Ludolph, founder and president, Productive Solutions LLC. "Some took advantage of 2020 slowdowns to tackle sidelined priorities, implement supply chain solutions or clean house, reducing work-in-process and excess inventory. Others pivoted to new products or accelerated eCommerce initiatives. As a result, they are leaner, more diversified, faster and stronger heading into 2021 and beyond."

**PEDAL TO THE METAL:** In 2020, one retailer with 1,000 physical stores but no online presence launched eCommerce in 13 weeks, experiencing 400 percent week-on-week online growth in the first month live. (McKinsey & Co.)



Looking ahead, supply chain and logistics technology are crucial. Lee Whitaker, senior manager, The Parker Avery Group, highlights an important takeaway from the *2020 State of Logistics Report* by the Council of Supply Chain Management Professionals. "Numerous technology approaches (many existing) are gaining momentum as the understanding, cost of entry and infrastructure catch up to the actual technology," Whitaker says. "Organizations are leveraging artificial intelligence, robotics, automation, supply chain transparency and efficiency in some very intriguing ways. [They] are quickly becoming the standard to compete. Just a little time ago, many of these advancements were seen as non-necessary or 'nice to have' by many operators."

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# ANALYST INSIGHT: A TALE OF TWO REALITIES

ANALYSIS FROM DR. JACK G. NESTELL, INDUSTRY CONSULTANT

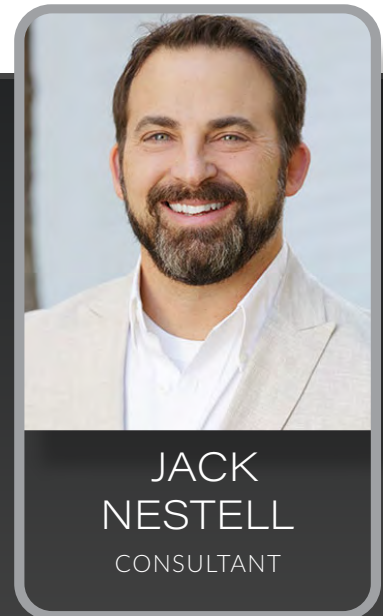
The pandemic exposed the best and the worst for two types of companies. One scrambled, blind, searching frantically for information scraps, struggling to orient itself to strange new surroundings. The other was disoriented for a time but quickly got its bearings, assessed the situation and methodically adjusted to the new normal – or rather, the new *abnormal*.

There are three major differences between the two types of companies: effective leadership, company culture and technology. Both organization types faced great unknowns during the pandemic, but armed with these three strengths, one navigated the uncertainty better and faster. Businesses in this group revamped operations, got a handle on inventory and fulfilled orders. Visibility plus speed plus adaptability equaled resiliency.

These are just a few takeaways from Dr. Jack G. Nestell, managing partner, Nestell & Associates (N&A). Coauthor of *Successful ERP Systems: A Guide for Business and Executives*, Dr. Nestell leads a consulting firm focused on ERP organizational change. Even amid COVID-19, N&A has stayed busy, helping clients ready their organizations for the future and guiding them to and through digital transformation.

“**Before COVID**, if you talked with any executive, they would say they valued technology and that they needed improved timeliness and visibility with their supply chain. **They all preached the gospel, but that doesn't mean they did it very well.**

Companies truly ahead of the curve in using ERP and technology, with the right processes and the right people, were able to maneuver through COVID because they had better business information. **That's what it's all about at the end of the day: accurate, timely information.**”



For the preach-but-not-practice camp, the pandemic has shaken many to the core, prompting a re-evaluation of their vision, mission and values – and the business processes, people and information technology (IT) needed to be a vibrant company. Nestell foresees greater focus on end-to-end supply chain solutions and emerging technologies, including RFID, artificial intelligence, augmented reality and blockchain. “Companies have to be innovative and creative – willing to flex but not break,” he says.

He encourages assertive technology adoption and willingness to change. “Technology is changing the world rapidly. Your competitors are investing in new IT every day. They're learning,” he added. “IT is essential to the survival of the fittest. If you're not on top of it, you are going to get left behind.”

# GROWTH OPPORTUNITIES 2021: ALL THINGS DIGITAL

As for the biggest 2021 growth opportunities, survey respondents offered a resounding vote for three digital channels: company-owned websites, online marketplaces and social media shopping. The first two channels ranked as No. 1 and No. 2 growth opportunities in our 2020 survey results; social media shopping jumped from No. 4 to No. 3. People expect continued eCommerce enthusiasm.

At the same time, the results reflect worries about brick-and-mortar outlets. Although a quarter of respondents expect some growth from physical stores this year, most expect things to stay the same as in 2020 or to decline.

More than half of respondents ranked product category expansion as a growth path. Perhaps some were inspired by forays into personal protective equipment (PPE) production and realized they've got what it takes to try new things? Fifteen percent expect some growth through mergers and acquisitions.

## Q: Where do you see the biggest opportunity for growth in 2021?

*Data is based on the weighted average.*

		2020 RANK
1. eCommerce (own website)	3.42	1
2. Online marketplaces	3.08	2
3. Social media shopping	3.03	4
4. Product category expansion	2.68	n/a
5. Sustainability & corporate responsibility	2.51	n/a
6. International expansion	2.39	n/a
7. Mergers & acquisitions	1.96	n/a
8. Brick and mortar/physical stores	1.88	5

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# A CONVERSATION WITH PAUL MAGEL

**PRESIDENT, CGS APPLICATION SOLUTIONS DIVISION**

**Q: Please share your insights into the most significant changes industry faces due to COVID-19.**

A: For our industry, the pandemic has been an acceleration event versus an innovation one. Many of the initiatives necessary to navigate the pandemic had already started before it hit. This includes things like the shift to eCommerce and the digitalization of the supply chain. Successful companies already knew they would need to pivot as a result of significant changes that were taking place in consumer behavior. For example, buying habits were changing, demand for personalized products was growing, and greater visibility was needed to operate faster and more efficiently. Originally planning to accomplish these things over five or 10 years, the accelerated pandemic timeline is now more like five to 10 weeks.

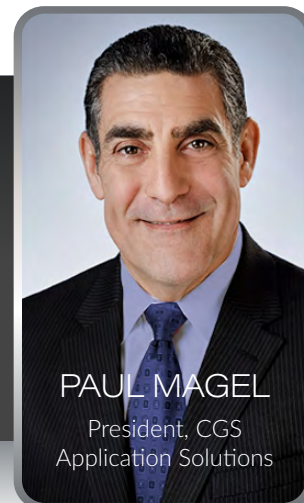
From a technology standpoint, this meant connecting to eCommerce platforms to get a much larger share of their overall output going online versus brick-and-mortar stores. B2B platforms, like BlueCherry B2B, have also become very prominent. Integrating disparate systems has become critical to gaining needed increasing speed and visibility across all supply chain operations.

**Q: What specific retail trends do you see going away, continuing, or even accelerating as we move forward?**

A: What is most needed today is agility in getting goods into the marketplace even as consumers want products that are more customized, personalized, sustainable, ethical, and delivered rapidly. It is not just up to the retailer, but everyone in the supply chain now has to focus on the consumer.

While eCommerce is rising, we expect to see something of a recalibration that will return some shoppers to brick-and-mortar stores to satisfy their pent-up demand. Overall, the convergence of the shopping experience across all channels is critical as consumers expect the look and feel across all channels to be the same.

“Every company can benefit by implementing more technology. Depending on their current technology maturity level, they may need to focus on an ERP, PLM, vendor management portal, B2B eCommerce, or warehousing and distribution solution.”



**Q: With eCommerce growth spiking, what can fashion and consumer goods companies do now to seize these opportunities?**

A: The main requirement is to be able to sell across multiple platforms. From a technology standpoint, this brings companies back to the need for systems and process integration. How they achieve this will be different for each company depending on their market positioning. Not everyone wants or needs the Amazon model, nor the Nordstrom model. Regardless of the path they choose, companies must have efficient connections and the appropriate warehousing and distribution strategies to execute effectively.

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**Q: What changes and trends do you most expect to see in supply chains?**

A: The pandemic is driving rapid and significant changes in sourcing strategies and sharing risk across the supply chain. Strong supply chain partnerships are required now more than ever to deliver the visibility, agility, speed, collaboration and other requirements for understanding and meeting consumer demand.

Companies ultimately need to connect their supply chains from the shop floor to the showroom. Technologies that enable the movement of 3D objects across the enterprise, business analytics (BI), and predictability and data analysis (AI) are helpful here. Platforms like BlueCherry Shop Floor Control provide complete real-time visibility into order status and work in process.

**Q: Do you see a recovery in 2021 for the manufacturers that have been hard by this pandemic?**

A: I think it will take a little longer for most manufacturers because they still have capacity constraints. For example, maintaining a safe distance between factory workers limits overall capacity. With ethical sourcing and labor compliance concerns growing, manufacturers cannot take shortcuts to get that capacity back.

**Q: What well-proven, readily available automation can companies deploy right now to impact their operations most positively?**

A: Every company can benefit by implementing more technology. Depending on their current technology maturity level, they may need to focus on an ERP, PLM, vendor management portal, B2B eCommerce, or warehousing and distribution solution.

To help companies preserve cash and accelerate speed to benefits from their technology investments, we started our “lean and meaningful” initiative last year. This means focusing on the most relevant needs first and delivering in an agile way. This focus enables us to meet their prioritized needs most efficiently, with minimal investment, and with the fastest return on investment. For example, we have successfully reduced the traditional ERP implementation timeline to benefit significantly by utilizing an agile methodology bringing smaller pieces of the application online much sooner rather than waiting to implement a full suite of applications.

**Q: Which new and emerging technologies do you see offering the most improvement to our industry?**

A: Promising emerging technologies include the use of Machine Learning and Artificial Intelligence to support real-time analysis and decision-making. Right now, real-time is more useful than plunging into historical data to discover past trends.

Companies can benefit from a host of both mature and emerging technologies. But investing for an 18-to-24-month ROI is not in the cards for many at this point. I recommend following the 80/20 rule by making 20 percent of the traditional investment to solve 80 percent of your requirements. Then address the remaining needs over time.



# TOP BUSINESS IMPROVEMENT PRIORITIES: COSTS, QUALITY AND VISIBILITY

Rising to the No. 1 priority position this year is better product quality and cost management. There is a back-to-basics mindset following a white-knuckled 2020 of watching cash flows and, for many, praying to make payroll during the worst of economic times. Offering a strong value proposition is vital, particularly with consumers comparing products online and writing reviews. This is not new. Product quality assurance ranked as 2019's top IT spending priority. Quality and price matter.

Improving supply chain visibility remains the No. 2 area for improvement, same as the prior year. Closely related, companies want to respond better to consumer demand and find new growth areas.

Now, an uncanny glance in the rear-view mirror. In 2018 and 2019, CGS offered survey respondents the option to choose "Improve Response to Challenges/Disruption" as a business improvement priority. Both years, respondents ranked it No. 1. Presumably, they were thinking of digital disruptions, supply chain stressors, political uncertainty, fast-fashion pressures, or perhaps natural disasters. They could not have foreseen the pandemic. While we did not offer this answer choice in 2020, we acknowledge companies prioritized preparedness for difficult change. This could account for their staying power during this historically disruptive COVID-19.

Q. Rank the business priorities for 2021 you most want to improve upon by level of importance.  
*Data is based on the weighted average.*

		2020 RANK
1. Better Manage Product Quality & Costs	6.9	4
2. Improve Supply Chain Visibility	6.5	2
3. Respond Better to Consumer Demand	6.3	n/a
4. Gain Efficiency in Sourcing	6.1	6
5. Find New Areas of Growth	5.9	5
6. Improve Omnichannel Fulfillment Capabilities	5.6	8
7. Better Business Intelligence/Analytical Capabilities	5.4	3
8. Get Closer to Market	4.5	9
9. Increase Commitment to Sustainability	4.0	10
10. Improve Regulatory Compliance	3.3	n/a

# EXECUTIVE INSIGHT: CANADA GOOSE GAINS CONFIDENCE AMID COVID

Proud to claim the warmest jacket in the world, Canada Goose is the luxury parka brand of choice for serious adventurers. Whether it's climbing Mount Everest, exploring the poles or dogsledding, "Goose People" do not shy away from a challenge. In 2020, Canada Goose rekindled its own adventurous spirit, finding new strengths in stressful times.

Like many businesses, the Toronto-based company faced a mandatory shutdown in March 2020. With nine factories across Canada idled, the brand charted a plan. **Within one week, Canada Goose:**

- Secured a government license to produce PPE, including gowns and scrubs
- Revamped factory floors for social distancing
- Created safety procedures to help prevent contagion
- Orchestrated a partial workforce return to nine plants
- Implemented PPE designs and production plans
- Cross-trained manufacturing associates to make PPE
- Started making and shipping PPE

Eight months later, the company would make its 3 millionth PPE unit, and be forever changed by the experience. Andres Quiroz, production director at Canada Goose, is candid about communication challenges during the pandemic. Imagine nine factories, each with myriad departments, located across different provinces. Getting everyone on the same page took time under the best circumstances. With COVID, there wasn't time. Canada Goose rose to the occasion.

**"This gave us the assurance that we were strong," Quiroz said. "It made us more confident. Now, we feel more adventurous — less afraid of starting something new."**

Even before COVID, Canada Goose was changing. Between 2012 and 2020, the company expanded its manufacturing base dramatically, bringing more than 80 percent of production in-house, where it has greater control over both brand and capacity. Before 2012, 75 percent was outsourced. "By 2016, we were producing in one year the equivalent number of jackets we had produced in the previous 55 years," Quiroz added.

The company also has branched into new seasons, offering lightweight jackets and knitwear for spring and fall, when temperatures don't demand its toastiest down-filled parkas. That product diversification will continue in 2021, along with sustainability initiatives to reduce the brand's carbon footprint.

Canada Goose factories are adapting to frequent style changeovers. CGS BlueCherry Shop Floor Control software helps with tracking efficiency and line balancing. Still, with social distancing, COVID-related absenteeism and cross-training for the variable style mix, efficiencies are below pre-pandemic levels. But bolstered by 2020's inspiring lessons, Canada Goose is confident it can stand the weather, adapt and succeed.



# SUPPLY CHAIN CONFIDENCE STEADY

New to this year's survey, CGS asked survey participants if they were confident in their end-to-end supply chain to support their 2021 business growth initiatives. A strong majority, nearly 70 percent, answered affirmatively, expressing confidence in their supply chain to get the job done. The other 30 percent did not share this confidence and see room for supply chain process improvements.

At first glance, this supply chain vote of confidence might seem surprising, with so many 2020 headlines about supply interruptions and shortages. No toilet paper!

## Here is a quick flashback to past survey results to back up this point:

- No. 1 PLM Requirement (2019)..... Vendor Portal/Collaboration
- No. 1 Challenge (2018) ..... Supply Chain/Visibility Management
- No. 2 Business Improvement Priority (2019, 2020)..... Supply Chain Visibility
- No. 3 Spending Priority (2019)..... Supply Chain IT
- No. 3 IT Spending Priority (2018)..... Sourcing/Production
- No. 4 Planned Improvement (2018) ..... Supply Chain Visibility

Moreover, as results from this year's survey will show on the following pages, companies report meaningful progress integrating PLM and ERP across supply chain partners.

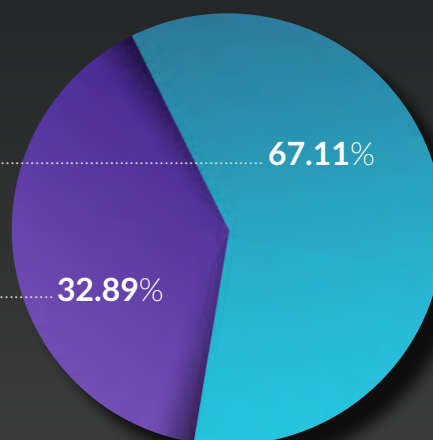
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Q: Are you confident in your end-to-end supply chain to support your 2021 business growth initiatives?

Chart based on the percentage of responses to each answer.

**YES.** I'm confident with our supply chain to support our 2021 initiatives.....

**NO.** There is room for improvement in our supply chain processes .....





# EXECUTIVE INSIGHT: DELTA CHILDREN EMBRACES CONSTANT CHANGE

For 52 years, safety has been priority No. 1 for Delta Children. Millions of families count on Delta Children products to be safe for their most vulnerable members; infants, toddlers and children. Whether it's a crib, stroller, mattress or playroom set, products must pass muster. The New York City-based business tests products above and beyond federal standards and provides extensive nursery and toddler safety tips on its website.

So, as the first COVID-19 inklings percolated in the U.S., it was natural for Delta Children President Sam Shamie to don his safety hat. After all, he never really takes it off. "I live and breathe compliance and safety," he said.

## **Right away, Delta Children did two things to prepare for the pandemic:**

- Rolled out Microsoft Teams for remote connectivity across the company
- Implemented social distancing and masks at its facilities, plus cleaning and sterilization between shifts

"We immediately went full-blown with social distancing and masks before anyone said they were mandatory," Shamie added. "We were very fortunate we didn't have any COVID-related incidents."

Delta Children also was prepared in other ways, leveraging investments in inventory, technology and eCommerce operations. "A few years back, we determined that online was going to be the major force in the industry, and we revamped our entire warehouse and ERP system to process tens of thousands of drop-ship orders daily. It's been working, and we were prepared," Shamie said.

Despite Asian supply chain delays, the company had enough inventory to fulfill orders until suppliers came back online. Yet even with such readiness, Delta Children was not immune to pandemic strain. "We had extra costs but were able to function. But we didn't know when the world was going to be 'back.' We didn't know if business would continue. We didn't know if our retailers would be open. There was a complete lack of clarity about the future. But we just put things in place as best we could."

In 2021, Delta Children will focus on shipping/logistics optimization, product line expansion, website improvement and market share. "The world is constantly changing and moving at unbelievable speed," Shamie concludes. "You have to be flexible; you've got to embrace change. If you don't, you might as well retire because change is everything. It's our philosophy not to fear change but to take it as our opportunity to grow."





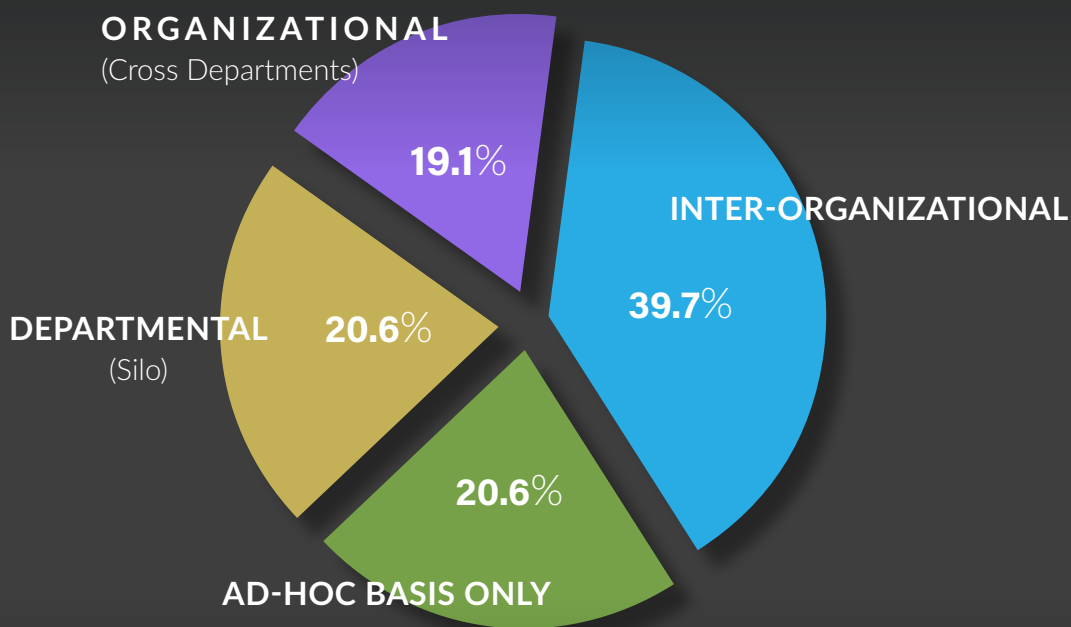
# PLM IN FASHION

## PLM MATURITY PROGRESSES

Fashion, apparel and retail businesses made meaningful strides on the PLM maturity scale in 2020. Comparing year-over-year survey results, the share of companies using PLM in a truly integrated way – beyond ad-hoc or single department use – was almost 60 percent. This is a positive, yet modest, uptick of about 5 percentage points. The real story is the significant increase in those leveraging PLM inter-organizationally across their supply chains. This year, nearly 20 percent said they achieved this highest level of PLM optimization, up almost 7 percentage points, a 56 percent increase over the previous year.

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

*Chart based on the percentage of responses to each answer.*



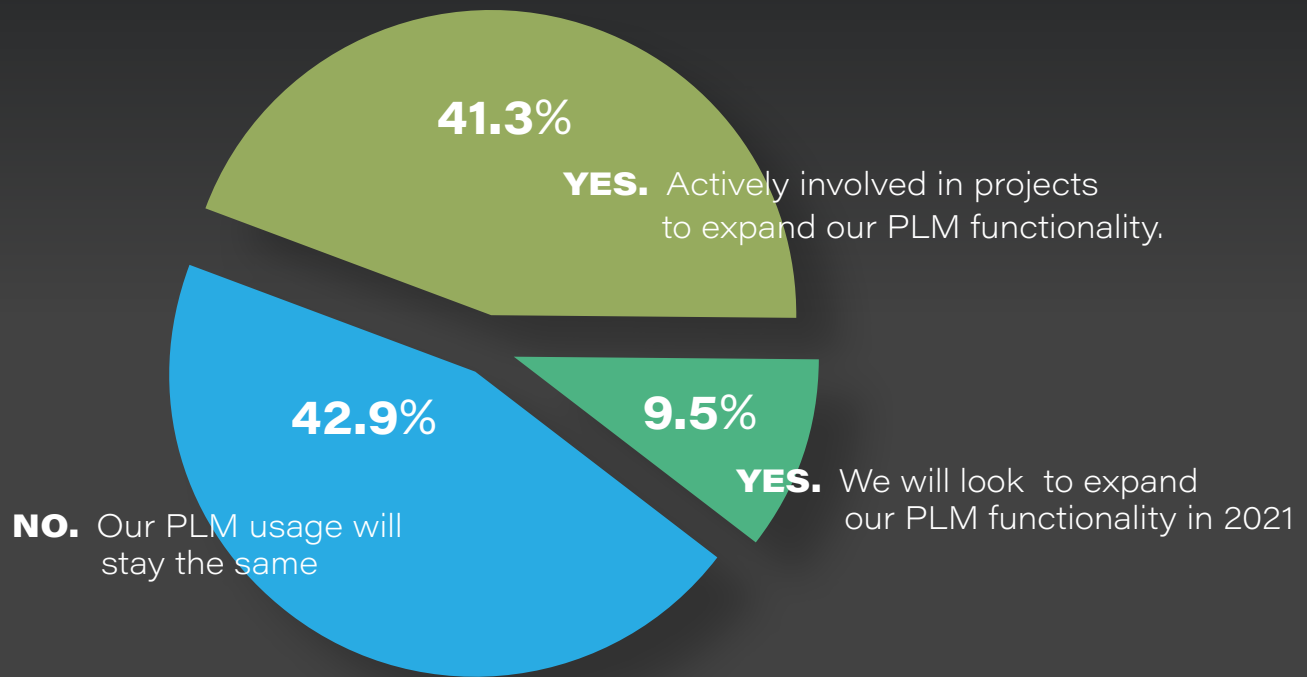
2021  
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# COVID-19 IMPACT ON PLM USAGE

For this year's report, we asked survey participants specifically about COVID-19's impact on their technology plans. Significantly, half of respondents said the pandemic is prompting them to look at ways to expand PLM functionality. There likely is a correlation between PLM maturity progress and the pandemic. To keep product information moving, businesses had to extend PLM's use across internal teams, many working remotely. Some managed to integrate global trading partners onto their PLM platforms, too. As one respondent said, "We were already working to expand PLM functionality pre-pandemic, so the pandemic is just helping effect the incoming change."

Q. Are you looking at ways to expand your PLM functionality due to the pandemic?

*Chart based on the percentage of responses to each answer.*



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# TOP 10 PLM REQUIREMENTS

PLM functionalities of highest importance to respondents all revolve around greater integration — with ERP and across business processes, workflows and calendars. In 2020, fashion teams could not walk down the hall to share information; lack of automated systems connectivity was more noticeable, boosting interest in finding a better way.

Product information management (PIM) moved from No. 4 last year to No. 3 in functionality importance. The omnichannel world demands centralized management of digital assets, including data for not only product development/production but eCommerce.

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Q. In evaluating a PLM system, please rate the level of impact the following items would have on your decision-making process. *Data is based on the weighted average.*

		2020 RANK
1.	ERP Integration <b>3.21</b>	2
2.	Ability to Integrate Business Processes & Workflows <b>3.17</b>	3
3.	PIM Functionality <b>3.15</b>	4
4.	Executive Dashboards & Advanced Analytics <b>2.94</b>	7
5.	Critical Path Mgmt./Calendar Mgmt./Workflow <b>2.92</b>	8
6.	Merchandise/Assortment Planning <b>2.86</b>	5
7.	Digital Asset Management <b>2.83</b>	7
8.	Deep Industry Expertise <b>2.68</b>	n/a
9.	Vendor Collaboration <b>2.62</b>	1
10.	Support for Emerging Tech (AI, AR, ML, AR): <b>2.12</b>	9

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# ERP IN FASHION

## ERP MATURITY: INTEGRATION IS KING

There are parallels between PLM and ERP technology trends. As with PLM, now more than 20 percent of our survey sample have leaped ahead to use the technology to its fullest. More than 22 percent of respondents said they optimized ERP at the highest level of automation, including integrated business intelligence (BI). This is up about 8 percentage points, an impressive 57 percent, over last year's 14.3 percent who cited this utilization prowess.

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

*Based on the percentage of responses to each answer.*

<b>Ad-hoc</b> (Disparate, non or partial automation).....	10.3%
<b>Defined</b> (Some degree of automation).....	34.5%
<b>Repeatable</b> (Large-scale integrated systems).....	32.8%
<b>Optimized</b> (High-level of automation with BI implemented).....	22.4%

# COVID-19 IMPACT ON ERP USAGE

A majority (53 percent) said ERP functionality is expanding because of COVID-19. Companies have learned, some in trial by fire, about the advantages of having access to their core business solutions anytime, anywhere. Running with minimal staff and working remotely, they needed this continuous transactional capability to keep their ships afloat.

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### Q. Are you looking at ways to expand your ERP functionality due to the pandemic?

*Based on the percentage of responses to each answer.*

<b>NO</b> , our ERP usage will stay the same.....	<b>46.6%</b>
<b>YES</b> , we will look at ways to expand our ERP functionality in 2021.....	<b>39.7%</b>
<b>YES</b> , actively involved in projects to expand our ERP functionality.....	<b>13.8%</b>



# TOP 10 ERP REQUIREMENTS

With eCommerce skyrocketing in 2020, it's fitting that eCommerce ERP integrations ranked as the No. 1 most impactful factor in ERP system evaluation. As for No. 2, 3, 4 and 5, integration runs the table: third-party integrations, integrated business processes/workflows, integrated EDI and integrated PLM, respectively. Companies recognize it's no longer enough to do a good job managing data within their four walls; they must also connect seamlessly with various external platforms.

It also makes sense that "Executive Dashboards and Improved Analytics" remains a top 10 impactful consideration in ERP evaluation. Even with all the integration in the world, without the ability to easily visualize and drill down to exactly what they need, executives cannot hope to make informed decisions.

Q. In evaluating an ERP system, please rate the level of impact the following items would have on your decision-making process. *Data is based on the weighted average.*

		2020 RANK
1.	eCommerce Integrations <b>3.16</b>	n/a
2.	Third-party Integrations <b>3.09</b>	7
3.	Ability to Integrate Business Processes & Work flows <b>3.06</b>	1
4.	Integrated EDI <b>3.03</b>	2
5.	PLM Integration <b>2.92</b>	6
6.	Executive Dashboards & Improved Analytics <b>2.91</b>	4
7.	Deep Industry Expertise <b>2.78</b>	3
8.	Omnichannel Order Management <b>2.73</b>	5
9.	Merchandising: Assortment Plan, Pricing, Promotion <b>2.67</b>	9
10.	Support for Emerging Tech: AI, ML, AR <b>1.98</b>	10

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# PEER-TO-PEER ADVICE FOR 2021 AND BEYOND

New to this year's report, CGS included an open-ended question asking survey participants to share advice for their peers or other companies. The responses offer a pulse for our industry, with sentiments of determination and readiness to face the future. Here is a sampling of comments, grouped by popular themes.

## STAY FLEXIBLE, DIVERSIFY AND ADAPT

"Be flexible and creative. Focus on digitalization."

"Keep up with the trends and keep moving. Don't be stuck in your old ways. Look around and see what is working and follow it. New ways, same product is the way to go."

"Diversify and adapt."

"Diversify. You can't have all the eggs in one basket."

"Be ready to pivot. Don't be complacent with the way things have always been done."

"Adapt and adapt fast."

"Stay flexible."

"Look for more sustainable ways of doing business to adapt to the new normal of the digital economy."

"Get agile and be ready to pivot."

"Stay flexible and avoid longer-term commitments."

"Adapt. Adapt. Adapt."

"Constantly adapt to the rapid changes in the market."

"Stay open-minded. Keep looking for new opportunities. This is not the time to wait and see."

## GIVE ECOMMERCE THE ATTENTION IT DESERVES

"Focus on e-comm, direct and indirect." "Online growth."

"Omnichannel order management (e.g., drop shopping.)"

"Engage in more online business."

"Expand website sales and cross-platform marketing."

"Continue to explore eCommerce technology."

"Figure out how to integrate eCommerce into a more comprehensive experience that encompasses social media, e-comm and brick-and-mortar experiences. People are no longer just looking for clothes — they're looking for an experience that differentiates your company from other companies and retailers."

"Invest in R&D for e-comm and the direct-to-consumer (DTC) supply chain."

## INTEGRATE TECHNOLOGY

"Purchase PLM and ERP systems that are the most user friendly and time-efficient and can actually be integrated to automate the product development and sourcing processes."

"Integrate systems."

"Integrate. Automate. Data-based decisions."

"Versatility and transparency are necessary across all departments and the supply chain."

"Expand technology."

"Utilize the available technology to visualize and understand your business."

"Maintain flexibility and leverage technology to support supply chain initiatives."

"Focus on centralization of data and streamlining of processes that support initiatives. Deliver better information to executives for overall better decision-making."

## PLAN AND PREPARE

"Watch economic trends and consumer spending data."

"I believe we will continue to see the impact of COVID-19 on the supply chain in 2021. I do not expect it to resolve itself until later in the year. This will force companies to explore their options, and these may or may not become permanent solutions as companies seek to mitigate risk."

"More advanced forecasting and projection of supply chain needs well in advance of deadlines."

"Prepare for the worst coming in."

"Plan ahead as much as possible to reduce costs."

"PLAN. PLAN. PLAN."

"Be ready. Be prepared. Technology is moving faster than you think."

## FOCUS ON THE BASICS, GET LEAN

"Cash flow."

"Focus on the basics until you stabilize further."

"Reduce excess inventories."

"Keep costs low and increase productivity with quality to provide value to customers."

"Get lean. Use IT as a tool to break down barriers."

"Lean is king."

"Stay afloat."

"Be conservative."

"Keep up the good work."

"Provide the right product at the right time with high quality."

"Reacting to change too quickly can make matters worse. Our competitors reacted quickly to COVID-19 impact and canceled production. We did not, and we now have inventory to sell and our competition does not."

# EXECUTIVE Q&A

## AN INTERVIEW WITH CGS R&D VICE PRESIDENT CHARLES BENOUALID



**Q: What was your general view of the fashion/retail industry before COVID-19? How would you contrast that with what happened after?**

A: Before, the industry was cruising along. People were focused on doing what they believed they did best and trying to find partners to compensate in areas where they were not doing as well. We saw fashion startups led by younger leaders with IT top of mind. There was a lot of focus on eCommerce integrations. Once COVID hit, we saw shutdowns, and we had this total market disruption for some time. That brought in a faster pace of change, and some people who were exploring the idea of eCommerce were thrown into it without really being ready or understanding what they were getting into.

Looking back at 2019 and very early 2020, many eCommerce teams were taking their time, learning, looking at integrations. There was no huge sense of urgency. Then we got into the pandemic, and eCommerce went straight to the top of the priority list. Three to six months was acceptable for an integration project. Then suddenly, there was a much faster pace of change. Everyone wanted to move projects forward in a fraction of the time. We worked on getting eCommerce integrations done in six weeks, and now our goal is three weeks, beginning to end.

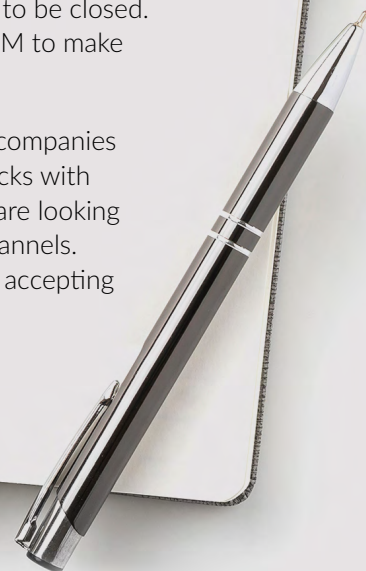
**Q: How did product information management (PIM) functionality play into that?**

A: We helped clients leverage their PLM platform to prepare datasets specific to different eCommerce channels. We took a PIM channel strategy whereby enhanced product information from PIM directly propagates to Amazon, Shopify and many others.

**Q: What business changes are you seeing?**

A: Before the pandemic, people were traveling more and could collaborate in person. But after COVID hit, there was more focus on collaboration in PLM for product development and supply chain management. There was a lot of confusion over what you could bring in, who was going to be open and who was going to be closed. Companies were making tough decisions on what to cancel and what to keep. They needed PLM to make purchase orders available to their suppliers.

Looking ahead, I think we are going to see more product variety, shorter runs and test runs as companies try different products and then bank on the winner. I don't think the consumer wants to see racks with the same thing on them. They want something of good quality that's going to last. Companies are looking at opportunities to acquire and absorb other brands so they can enter new price points and channels. Factories are rethinking their strategies in terms of setting up smaller lines for shorter runs and accepting lower minimums.





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*Continued*

Also, designers and buyers will be held more accountable for sell-through. How did the product fare? Should we do it again? Everyone needs to be closer to consumer reactions. How did the consumer accept it? How was the fit? There are software solutions to help businesses capture the right data to understand the customer experience based on real consumer expectations, feedback and returns. Then you can tie the design and development teams to the actual consumer reactions. It's circular PLM.

**Q: What are supply chain vulnerabilities for fashion brands and retailers? How can technology address these challenges?**

A: With a heightened focus on corporate social responsibility and sustainability, it is imperative for them to understand their suppliers and their true infrastructure. What is their capacity? Who are their subcontractors? How many workers do they have? Anyone who works with any factory needs to know the answers. Transparency must be enhanced. The latest generation of PLM technology, particularly if integrated with shop floor control, enables that visibility. You see into your raw materials and finished goods supply chains, including quality assurance, testing, authenticating and certifying.

Another supply chain challenge for brands and retailers is shipping precision. With a greater number of smaller orders, there is more complexity for labeling, packaging and logistics. To address this challenge, there are labeling and packaging tools within CGS BlueCherry PLM's supply chain module. When everyone has the right information, you can turn goods faster, get them out of the factory, onto the boat, through your warehouse and to the consumer.

**Q: What advice do you have for businesses for 2021?**

A: Focus on fit, quality and turn. Offer more products more quickly but be sure to offer good quality. You want the consumer to like your fashion, your quality and your delivery. If they do, they will like the price, too.



# 2021 REPORT KEY TAKEAWAYS

- eCommerce is far and away the top opportunity survey participants see for 2021
- Almost 70 percent of respondents are confident in their supply chains to support 2021 growth
- Half of survey respondents are actively involved in projects or planning to look at ways to expand PLM and ERP due to the pandemic's impact
- Approximately 20 percent report their companies have attained the highest level of PLM and ERP maturity, leveraging supply chain integration and automation

These statistics have an optimistic ring to them. It's hard to believe they came from industry executives wrapping up one of the most unusual, unpredictable and challenging years in modern history. Yet this is exactly what they told us. In their comments, they reiterated a fervent mantra: be flexible, adapt and embrace change. To have survived 2020 and now navigate 2021, businesses must be smart, technologically savvy, resilient and prepared. With those qualities, they can be ready for anything.

# 2021

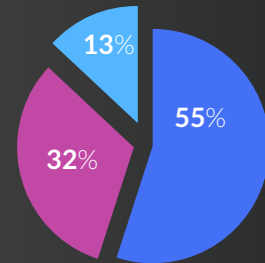
Rebuilding, Adapting, Expanding

# ABOUT OUR SURVEY

CGS surveyed approximately 100 apparel, fashion and retail executives in December 2020. They represented a broad cross-section of companies, from small to mid-sized to large businesses. Survey participants also brought perspectives from diverse departments across their organizations. Many respondents are influencers in evaluating and selecting technology.

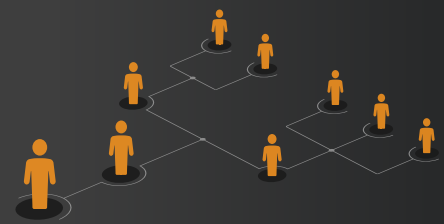
## Company Size (based on annual revenue)

Small (< \$50M).....	55%
Medium (\$50 TO \$250m).....	32%
Large (> \$250M).....	13%



## Which category best describes your department?

Executive Team.....	18%
Strategy.....	3%
Finance.....	9%
IT.....	34%
Operations.....	14%
Product.....	8%
Supply Chain.....	8%
Sales.....	3%
Other.....	3%



## What is your role in evaluating /selecting PLM software solutions?

Project Owner/Decision Maker.....	23%
Influencer/Stakeholder.....	35%
Contributor.....	28%
Not Involved.....	14%



## What is your role in evaluating /selecting ERP software solutions?

Project Owner/Decision Maker.....	13%
Influencer/Stakeholder.....	43%
Contributor.....	25%
Not Involved.....	20%



# ABOUT BLUECHERRY

**For over 35 years, CGS's BlueCherry® Enterprise Suite provides clients with a powerful, comprehensive set of tools to drive their fundamental business processes.** With a community 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 network of CGS experts and client users that's unmatched in the industry.

250,000+

250,000+ users  
worldwide

\$40 BILLION+

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

500+

A community of 500+  
customers globally

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.

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

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

TRUSTED BY THESE AMAZING COMPANIES



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