

# Adidas: information system essay sample



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What is the Adidas? What are the information systems used by the company? What are the systems used for? What is a history of systems implementation within the company and why they were brought in? Are there any further plans for information systems in the Adidas UK and Adidas UK area north. Adidas is a German-based sports apparel manufacturer and part of the Adidas Group, which consists of Reebok sportswear company, Rockport and TaylorMade – adidas golf company (TMAG). Adidas is a global leader in the sporting goods industry, is headquartered in Herzogenaurach, Germany, with 33, 000 employees worldwide [1]. Besides sports footwear, the company also produces other products such as bags, shirts, watches, eyewear and other sports and clothing related goods. The company is the largest sportswear manufacturer in Europe and the second biggest sportswear manufacturer in the world [2], after its U. S. rival Nike. Till 1999 Adidas company has in Europe eighty five warehouses that cooperated with forty five warehouse control systems and fifty six warehouse management systems.

The company used three main sale systems which were Adispace, Adirace, WMS. Because of such a big variety of systems there were problems of information exchange between systems. The big step in unifying the information system was to introduce in 1999 one common sale system for sale in Europe. The company decided for SAP R/3 based on ORACLE database and further solutions AFS (apparel footwear solution), and mySAP CRM (customer relationship management). In the South America and Africa the company still uses Adispace system. The main reasons for introducing SAP in Adidas in Europe were European Union Legal Legislations and need of

improving security of stock flow. Any new legal legislations are easier to perform for one system than for every each separately, that is why huge cost for licensing the SAP looks justified and finally brings savings. The SAP AFS is the unique tool designed for apparel manufacturers which allows to discriminate different article sizes while price for product stays same.

The solution “ SAP AFS provides a fully integrated system to enable a single, common view across orders, products, and inventory, enabling better customer order fulfillment.” (Armin von Hanffstengel, Head of Application Development and Support Services, adidas-Salomon, 2003) [3]. The second Sap solution is CRM which helped to earn more than €1 million in benefits the first 18 months, due in part to availability of detailed and integrated customer data and the elimination of manual processes. “ Automated workflow features also enable us to increase productivity without having to hire new people, and mySAP CRM helps us deliver personalized service to our retailers. The result is profitable business interactions . . .” (Hans Ruprecht, Sales Director and Head of Customer Service for Area Central, adidas-Salomon, 2003) [3]. TaylorMade was started in 1979 by Gary Adams and was independently owned until adidas bought the company in 1997 and change its name to TaylorMade-adidas Golf. “ In 2006, TaylorMade/adidas had its first \$1 billion revenue year, marking only the second time a golf brand has achieved this in industry history” [4]. Till 2009 TMaG was kept as a separate part of the business, but further restructuring of the company and cutting costs caused that this part of company moved its stock to TDC nevertheless TMaG still uses Salomon’s world-wide distribution and logistics system COMFIL.

The other step in systems unification was introducing DAI Manhattan Warehouse Management System in Europe which as same as SAP is based on Oracle database. The system is most common system in warehouses, because of its flexibility it is used in small warehouses that distribute stock locally as well as fully automated Trafford Distribution Centre that covers the area of 35 thousand square meters or Footwear and Apparel warehouses in United States that are over three times bigger. Manhattan allows to change its main features but in most of the warehouses there is no need to change it too much. In the case of TDC and its automated nature there were over 150 main changes done. Another reason that Manhattan for TDC needed so many adjustments is that 70% of stock is send to about 5% of customers what is not a common occurrence. Most of the factories, except Ashworth knit clothes works, are based abroad and Purchase Management Team orders required stock using SAP which communicates with Global Procurement System.

How does it work? Purchase Management Team in answer for sales order or purchase order prediction creates order giving it unique P. O. number and coding it within SSCC twenty digits long code. SSCC is send then together with Purchase Order via GPS to factory and concurrently to WM Manhattan. When order is sent to warehouse, manufacturer sends confirmation to SAP and SAP updates Manhattan's Inbound about arriving ASN delivery (Advanced Shipping Notification). The last key system used in Adidas TDC is DAI Warehouse Control System, that arose from cooperation of Digital Applications International, Dematic and Siemens. WCS controls inventory flow after receiving and ASN verification. The common thing for SAP, WM and

WCS is so called “ item master interface” that includes: article number, size (joined are called SKU), European article number (EAN – usually known as barcode), and short product description. Because COMFIL was originally used in United States of America the barcode is different than EAN and some inventory is not properly VAS’ed (value added stock), means it has got wrong barcodes and article code is differently coded (9 signs including 2 numbers for colour instead of 6 digits code for European stock).

## 1. IT systems overview

In general SAP and COMFIL exchange data with WM Manhattan via fourteen Exchange Interfaces. Further WM Manhattan communicates with WCS another eighteen interfaces and Performance Management (Reports). Data centre is located in Herzogenaurach in Germany and it keeps WM and SAP systems. WCS is stored in local server in Trafford. When customer places the order for stock, SAP creates P. O. and unique PKT (pickticket number), then waves PKT to Manhattan and WM allocates stock and passes the order to WCS. WCS executes PKT, allocates stock and sends order to pick the stock. Picking can be done from Loose Picking Area or Goods To Man Stations. If required stock is still in cases WCS sends it to parcel despatch where it is unpacked and placed into totes, totes with required number of stock go then to GTM station and picked to destination totes. When picked stock goes to Pack Buffer where stock is kept until whole order is complete. When order is ready to pack, totes are send to packing bench and packed into cartons with unique LPNs (parcel numbers).

Packed order is then retrieved by WM Manhattan and depending what is the stock it may be send to customer via adidas delivery what requires additional palletising, courier DHL, or when it is TMaG UPS courier. Adidas is a huge company and its structure is not clear, because departments have to cooperate and some tasks are made partly by one department and partly by another, but SAP meets all requirements set by the company and fits its needs. SAP Components Material Management - Purchasing - Material Flow - Requirements Planning - Inbound Planning Sales + Distribution - Sales Orders - Required TS Planning - Stock Allocation - Deliveries Finance + Controlling - Costs - Stock - Invoicing - Accounts Receivable - Accounts Payable Departments P. O. Management Team Business Planning Business Planning Inbound Planning Department Sales / P. O. Management Team Sales / Business Planning Order Fulfilment Sales / Logistics FINANCE + CONTROLLING

2. Structure of SAP in Adidas UK Actually we can say that information systems used in Adidas are the most powerful tools available on market. Today Adidas has got four hundred users in UK so even if we assume constant growth, SAP should definitely be able to stand further requirements. Christopher Caddick IT manager in Trafford Distribution Centre asked about further plans answered simply " Costs". There are plans to replace COMFIL with SAP to fully unify systems and resolve incompatibilities but everything needs big funds to be implemented on such a huge scale.

References

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