

DISCOVER. SHARE. EVALUATE.



Sponsored by



Lamps Plus, Inc.: A Case Study-Led Approach to PLM Success

Summary Analysis of interview conducted by Sahir Anand, Principal Analyst & VP Research of EKN Research, with Mr. Clark Linstone, CFO, Lamps Plus, Inc.

Company Background and Business Problems Encountered

Lamps Plus is a privately held corporation that designs, manufactures and sells home lighting, furniture and décor. As the nation's largest lighting retailer, the company operates 40 retail stores in seven western states and a large e-commerce website, LampsPlus.com.

Lamps Plus' primary business problem was not having a single system to conduct effective global supplier management. Additionally, Lamps Plus had an underlying need for seamless and integrated supply chain visibility and collaboration with trading partners. The company faced several business complexities due to the fact that they trade with 400-plus global suppliers/vendors ranging from very small accessory manufacturers to very large manufacturers and suppliers.

The biggest challenge that Lamps Plus faced was dealing with different internal systems that managed sourcing, quality and product development activities and processes. The central problem was related to the use of disparate item/product management records, inefficient spreadsheet-based processes, and difficult-to-track communication methods between internal teams, suppliers and trading partners. Overall, 80-plus internal users and 400-plus suppliers relied on manual processes and spreadsheets to manage sourcing, quality and product development processes that led to incessant delays, loss of productivity and other inefficiencies.

**56%**

of retailers rank speed to market for products as a 'critical' business pressure¹.

¹ EKN - CBX Private Label Sourcing Survey, 2016

Lamps Plus Strategy to Overcome the Business Challenges

Lamps Plus aspired to operate a single system of record to manage small and large suppliers in business critical areas such as: product quotes, specification management, product development, compliance, inspections, documentation management, and management of day-to-day changes to all vendor/supplier collaboration activities within the product lifecycle management process.

Lamps Plus needed a solution that could work in a sophisticated manner with their domestic and overseas suppliers and trading partners. They did not want extensive internal IT involvement in day-to-day supplier/vendor collaboration and product development/management processes.

In order to overcome the aforementioned business challenges, the Lamps Plus office of the CFO, product management, and supply chain teams developed a core strategy to create absolute visibility, collaboration, and transparency in the supply chain. This strategy involved an overhaul of the IT systems and related enhancements to enable effective internal as well as external (supplier-side) business process management.

In order to automate and streamline supplier management, visibility and collaboration processes, in 2016, Lamps Plus deployed CBX Cloud - an integrated platform that helps Lamps Plus' internal teams manage key supply chain processes and collaborate with global suppliers.

Currently, CBX Cloud is primarily used in four key areas: **product development, sourcing, quality assurance and vendor/supplier collaboration**. The system enables both domestic and international vendors and internal Lamps Plus users to plan and execute supply chain and product development processes by using a unified collaboration workflow. The system provides web forms and collaborative workflows, or Critical Path Management for seamless and transparent communication and combines fully-integrated EDI that vendors/suppliers use for supply chain data exchange and collaboration. All processes are now fulfilled using one integrated platform rather than using several disparate systems or spreadsheets.



While almost half (**44%**) of the retailers are currently using software tools for supplier collaboration, **more than half** of the retailers are planning to use it in the next 24 months².



Almost half of the retailers rank tracking, monitoring and managing supplier/vendor KPIs as a key strategic driver in private label sourcing³.

The Three Key Pillars of the Lamps Plus Solution & the PLM Process

The CBX solution has benefited Lamps Plus in three specific value chain areas including:

1 **Supplier Collaboration via Streamlined EDI Communications**

Lamps Plus replaced a legacy EDI solution that was outdated, expensive to maintain and lacked the flexibility for both the Lamps Plus internal teams and their international suppliers to effectively manage a growing business. CBX helped replace the legacy system with a web portal that allows international vendors to view and upload EDI documents and provides the ability to send, receive and request changes to purchase orders and related documents. Through the same portal, Lamps Plus is also providing their vendors and suppliers with the ability to label, tag and track all outbound/in-bound communications.



4 in 10

retailers say adopting advanced communication tools is one of the most important priorities for private label supply chain collaboration⁴.

2 **Effective Product Lifecycle Management**

Last year, Lamps Plus deployed CBX Cloud for effective product lifecycle management with all vendors/suppliers. Lamps Plus has extensive item-level communications needs with suppliers and vendors in areas such as item-level CAD drawings, coordination with the design department, import department, buyers, packaging and other functions that require real-time change management, tracking and visibility of data or supply chain events. This retailer wanted a centralized repository so that all the varied communications workflows related to the products, suppliers and supply chain ecosystem could be managed in an integrated manner within a single system. Specifically, Lamps Plus found that when using previous systems, basic communications workflows got missed in terms of annotation, packaging/delivery changes, and product image changes, among others. For instance, inspectors would miss a minor detail that is easily overlooked in the endless stream of emails back and forth between the retailer, supplier and the inspectors. With CBX Cloud, all job roles (internal and external) have uniform access to information and product updates. For instance, this retailer's quality assurance (QA), China-based sourcing teams, and US based design teams are able to access the latest changes to the product files. As a result, Lamps Plus is eliminating the isolated silos of information in terms of product design, CAD drawings, price changes, etc. and all stakeholders can access product files in a unified and updated manner.



Accelerating sourcing cycle time is ranked as a top strategic driver for private label sourcing.

⁴ 12 Truths About Private Label Success; TraceOne, 2016

3 Better Compliance via Unified and Visible Audits and Inspections

– Within CBX Cloud, all communications and data related to product QA, inspections and factory audits are accessible and transparently available for importers, designers, buyers, and inspectors. All stakeholders at Lamps Plus and at their partner sites can access data related to when samples were ordered, tracking of samples, notes, and comments. Additionally, inline production and pre-shipment product inspections along with proposed corrective action plans can be documented and managed.



All the stakeholders can access these records from anywhere globally due to a cloud-based solution.

The PLM processes facilitated by CBX Cloud includes the following:



Front-end design



Product Development and Product Specification Management



Request for Quote (RFQ)



Sample Management



Purchase Order Management



Online Collaboration



Critical Path Management Quality and Factory Inspection



Post-production issues / Corrective Actions

The smooth execution of product development, sourcing, quality assurance and vendor/supplier collaboration tasks has led to easier data integration that has meant that this retailer has been able to establish a common system of record and related business processes. CBX Cloud ensures that Lamps Plus personnel can review each product in the product assortment so that vendors/suppliers can communicate all of the product data in proper specifications. The system has enabled successful integration of all product specifications or item-level data into the item master database of Lamps Plus. CBX helped Lamps Plus eliminate the incidence of errors when product specification data from vendors/suppliers is entered into the item master database of the retailer. This ensured that the most updated product specification information is integrated into Lamps Plus marketing systems, online commerce, and all other systems that utilize product specification data for different retail, logistics and supplier programs.

The aforementioned investments by Lamps Plus have derived the following business results and return on investment (ROI):

- Lamps Plus has eliminated the use of manual spreadsheets. This retailer has created a single system of record for product development, sourcing, quality assurance and vendor/supplier collaboration. The cost savings are seen in terms of labor hours saved per job role due to significant reduction in manual data entry, erroneous data, process errors and other related inefficiencies.
- Lamps Plus receives detailed analytics and real-time reporting within CBX Cloud, whereby detailed supplier-level, item-level, PO-level, and quote-level data can be accessed by internal teams, where applicable.

Conclusion:

The Lamps Plus supplier management, product development and supplier collaboration journey was fraught with challenges related to a lack of streamlined and integrated workflows leading to losses in productivity, speed to market and other efficiencies. To overcome these challenges, this retailer implemented a unified platform approach that has enabled a single system of record for product development, specifications management, compliance, sourcing, and quality assurance. This retailer's re-invigorated supply chain visibility and collaboration strategy has led to the elimination of the manual use of spreadsheets. The company has also seen cost savings in terms of labor hours saved per job role due to significant reduction in manual data entry, erroneous data, process errors and other related inefficiencies.

About EKN

Our research agenda is developed using inputs from the end user community and the end user community extensively reviews the research before it is published. This ensures that we inject a healthy dose of pragmatism into the research and recommendations. This includes input of what research topics to pursue, incorporating heavy practitioner input – via interviews etc., and ensuring that the blend of research takeaways are oriented towards a real-world, practical application of insights with community sign-off. For more information, visit www.eknresearch.com. Email us at EKNinfo@edgellmail.com

About CBX Software

CBX Software has simplified the business of global sourcing; transforming traditional methodologies into fast, friction free supply chains through our real-time cloud based Total Sourcing Management Platform (TSM). We help retailers, brands and manufacturers manage and empower the supply chain from plan to pay - one intelligent collaboration solution for an enterprise to plan, spec, source, assure quality, order, make, inspect, ship and pay. Over 20,000 users in more than 30 countries rely on CBX including: Target, Safeway, Kmart and others. For more information, visit www.cbxsoftware.com.

DISCOVER. SHARE. EVALUATE.



Disclaimer:

EKN does not make any warranties, express or implied, including, without limitation, those of merchantability and fitness for a particular purpose. The information and opinions in research reports constitute judgments as at the date indicated and are subject to change without notice. The information provided is not intended as financial or investment advice and should not be relied upon as such. The information is not a substitute for independent professional advice before making any investment decisions.