

AVIRAT SONPAL
Managing Director, 4004 Inc.

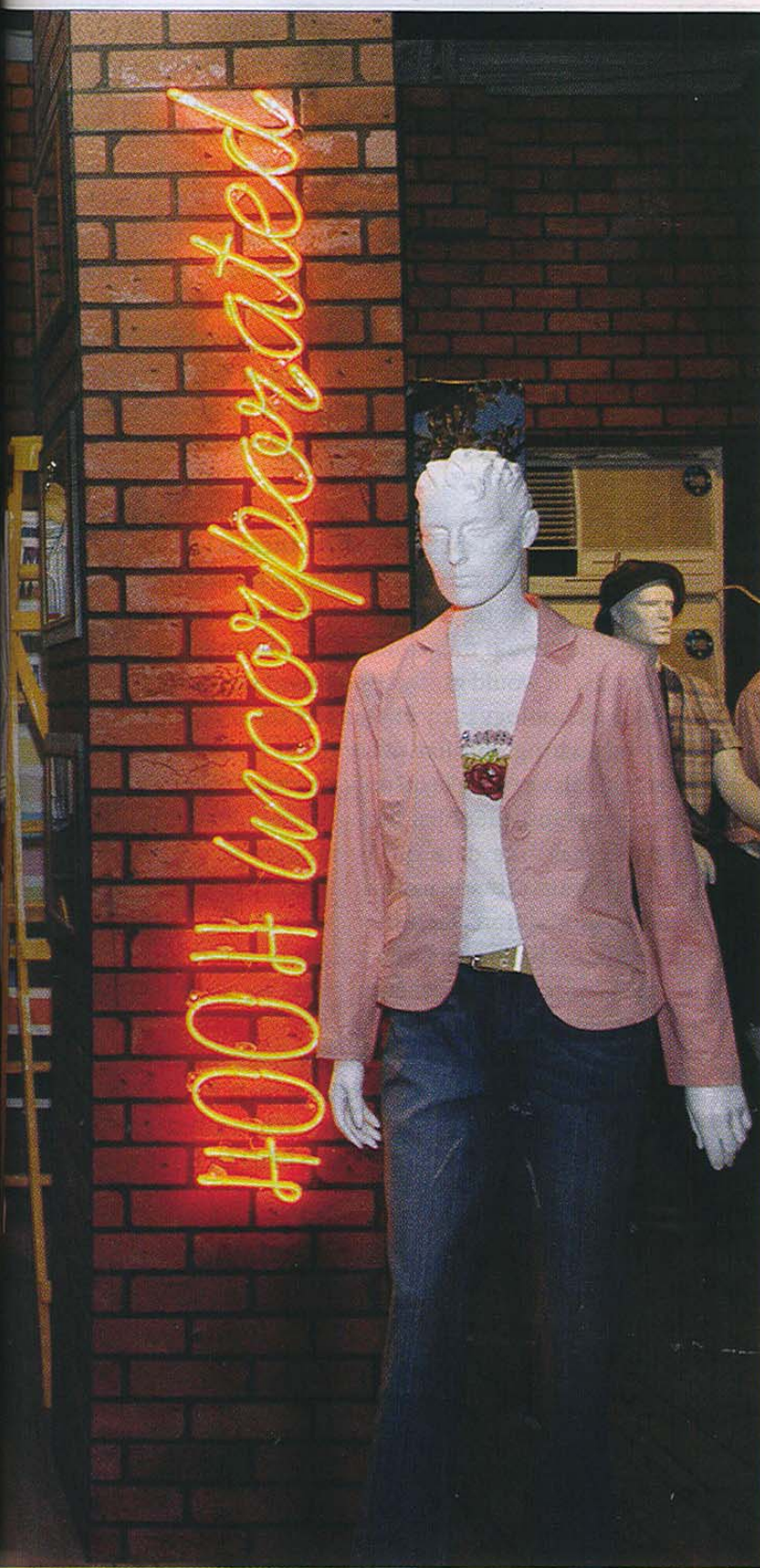
Dress rehearsal

In a bid to match pace with the growing sourcing needs of its US-based retail parent Steve and Barry's, 4004 Inc has few interesting supply chain innovations up its sleeve. BY ADITYA KELEKAR



The technology rush in the thick of the retail boom appears quite riveting for the apparel retail industry. The emergence of innovative modules within IT solutions like tariff engineering makes this synergy truly avant-garde.

Pioneering it in a small yet significant way is Mumbai-based 4004 Inc., a global procurement affiliate of Steve and Barry's, an apparel retail chain that runs a network of over 130 casual and collegiate apparel stores in the US.



Headquartered in Mumbai, 4004 Inc. orchestrates the entire supply chain management circuit: from conceiving a design, creating a technical specification, getting an online product, issuing a purchase order, quality testing, inspection to the final delivery.

Strutting their stuff

One of the recent innovations that proved critical to the way 4004 Inc. conducts business is the module on

tariff engineering. It is a strategic planning module that gathers in-depth information on Free Trade Agreements (FTAs) and quotas subjective to different countries. The module developed by Supply Chain Management Solutions (SCMS) team of 4004 further compares a particular apparel component's cost from a particular country to a component from another country.

The process is interesting: When the company checks on the price of a particular product from a particular area, it looks up for relevant information on the pricing of the same product from other areas, which could be completely dissimilar owing to varying freight rates and duties across sourcing nations. This is quite an effective replacement to physically evaluating the price differences.

"If we have one bid from Jordan and another from India, we get to do an apple to apple comparison," says Avirat Sonpal, Managing Director, 4004 Inc.

On similar lines, the company is also working on a cost-based module that would bring in more efficiency to its purchase transactions. Typically, there are about 20 components that go into the making of a shirt produced by the company.

The cost-based module would check the viability of a manufacturing process. The manufacturers are further required to key in their component cost and an average cost of the product is automatically generated based on the specific criteria each department feeds.

Typical input here would be information from a fabric technician, who would key in the fabric costs and the quantity of fabric required. Other inputs include data from a garment technician, who would put in the number of man-hours spent on his work.

Earlier, there would be someone who would get all the information but now flexibility reins such processes. With real-time entry of information on an IT database, the person negotiating a business deal can afford to be far removed from the opposite party. "It helps the negotiator focus on the negotiations," says Sonpal.

Stitch in time

Established in 2001, the company has overhauled its IT system to meet the increasing business needs of Steve and Barry's network. Around the end of 2003, the company was a fledgling organization with 50 employees and a bare-bone IT infrastructure. Beginning 2004, the company began upgrading its applications by scaling up its systems from few modules to a company wide ERP.

Perhaps 4004's most remarkable achievement is that the entire application is developed in-house on ASP.net. Much of the impetus for the development happened because of a sizeable increase in organizational strength from 50 employees to around 300 employees, which resulted in a slew of functions that never existed before.

Accompanying the increase in headcount was the growth in the business: a rise in volumes of raw material

purchased and a corresponding increase in finished goods volumes. Business volumes tripled. By the end of 2005, the company was shipping 80 million pieces a year to Steve and Barry's.

To automate the process in order to restrict any further increase in manpower, the company brought in ASP.net. "It's unheard of to do something like this," says Sonpal referring to the ERP deployment across the department and credits the IT staff for their achievement.

4004 Inc.'s SCM solution is a complete end-to-end solution. With the application running on a real-time basis, all stakeholders can track every movement including the production and shipping of the merchandise.

The company has been pushing fresh IT innovation with an almost frenetic attitude. Vizak Badhniwalla, GM, IT of 4004 Inc. gives an example of a recent initiative. Earlier, a proforma purchase order was displayed on their website for the supplier. Now, the actual order is posted up directly, allowing it to be seamlessly integrated with the company's accounts department, he says.

4004 Inc. has extended its SCM solution to the supplier base as well, which has resulted in the improvement of operational efficiencies. The solution basically updates supplier information. If there is any new business development, say, in the area of investments on infrastructure or machinery for producing footwear, the vendor can upload that information on his own.

"If tomorrow we want to source some product on a real-time basis, we have thoroughly updated information on all the available vendors across the country who could make a good offer," says Sonpal.

Presently, the company has a 2MB link from US to India through a VPN tunnel. There is an ordinary internet link across the branch offices. However, they plan to scale up this infrastructure. "We are very seriously thinking about video conferencing, as it is something that is almost impossible to avoid now," says Sonpal. The company is also planning to spruce up its bandwidth to meet this impending data surge.

Future gear

Just like fashion changes with season, technologies get outdated. 4004 Inc. seems to have factored that in its



Vizak Badhniwalla, GM IT, 4004 Inc.

growth strategy. The company, which already has a wireless LAN deployed at its nerve center in Mumbai, is planning the next move in the wireless world by equipping its employees with PDAs and wireless technology for their inspections.

Product quality is crucial to the procurement business. At present, company inspectors have to travel all the way to manufacturing facilities located in remote areas. There is a lot of paper work involved, which is required to be faxed to the head office. This results in a lot of duplication of operations. Moreover, with hundreds of inspections happening at different parts of the world, the resulting field-work gets cumbersome.

The wireless move would save time. Sonpal explains that once the shipment is inspected, there is just about an hour or so to ship it. Faxing information necessarily means an additional time lag. If the company has real-time information, they could monitor and decide on a round-the-clock basis. "It would give us lead time," says Sonpal.

RFID technology is another utility the company is seriously evaluating. But like every other IT deployment at 4004 Inc, this would take off only when the economic benefits are conclusive. Sonpal throws a possible scenario: getting the real-time data on 50 million pieces of jeans moving would provide instant visibility of goods across remote production facilities so that the inventory department can convert that data into real-time replenishment orders. "It is something that we are looking at," says Sonpal.

Sonpal is well aware that retail giants like WalMart have already specified a cut-off date by which RFID tagging would be mandatory for its suppliers. When asked whether this would influence his decision on RFID technology, he points out the difference:

Steve and Barry is just a 30-store chain compared to WalMart's 4,000 stores. The difference in volumes makes the comparison unattractive. However, Sonpal confirms that, "over the next six months or year, we are committed to a thorough evaluation of RFID."

Moreover, Sonpal bets that whenever the evaluation takes off, it would be a thorough one. The evaluation process will include talks with steam ship and freight forwarding lines as well.

After figuring out the vessel sailing schedules of each vessel, the company would try and work with its agencies to build a real-time track and trace system, whereby they could track the position of containers.

With advance knowledge and more reliable information on the position of the goods, the next transport link could be planned with less uncertainty.

One thing appears to be certain: 4004 Inc's critical evaluation of technologies and relentless scouring to explore new business benefits will remain unflagging as it steers ahead. **INC**

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