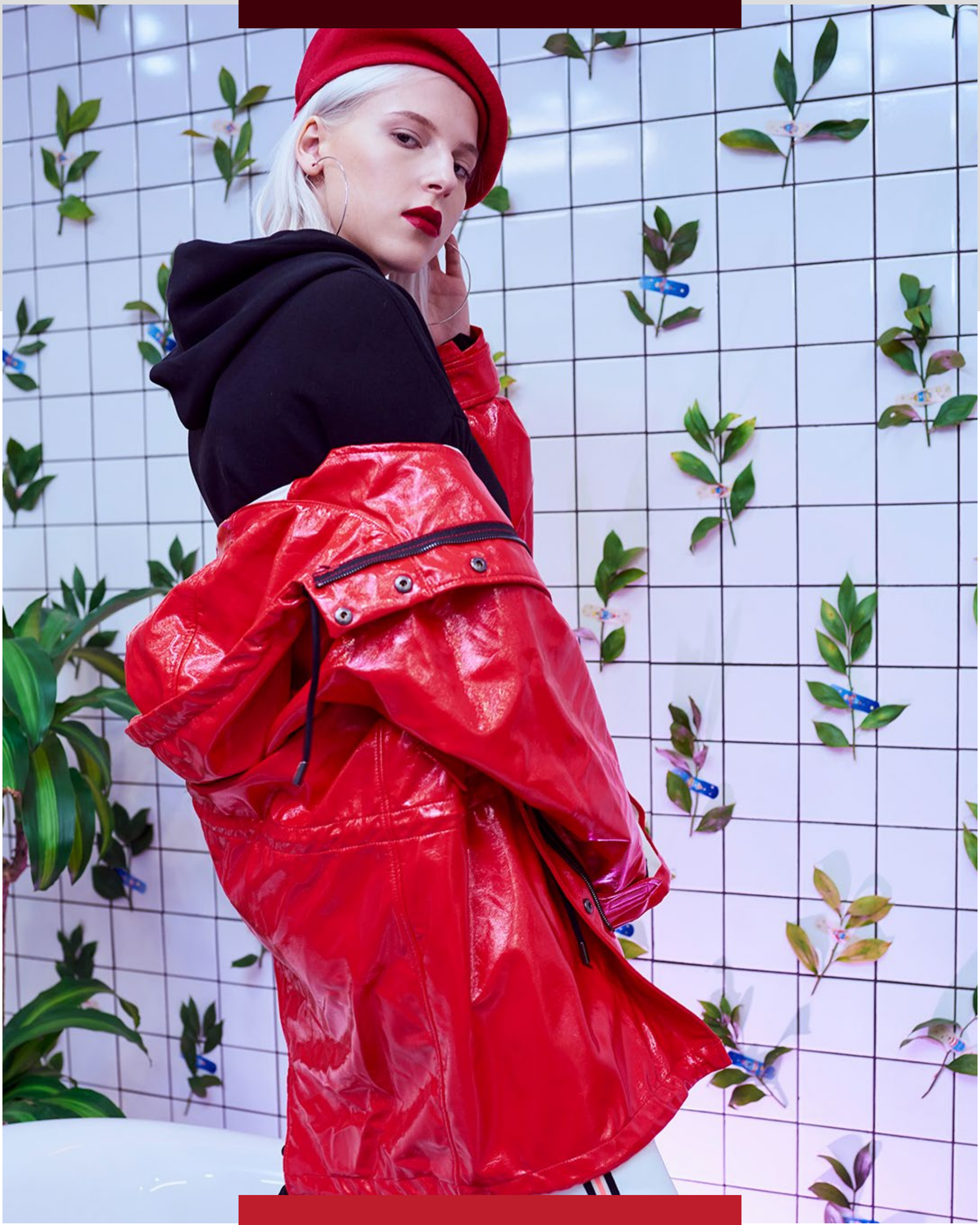
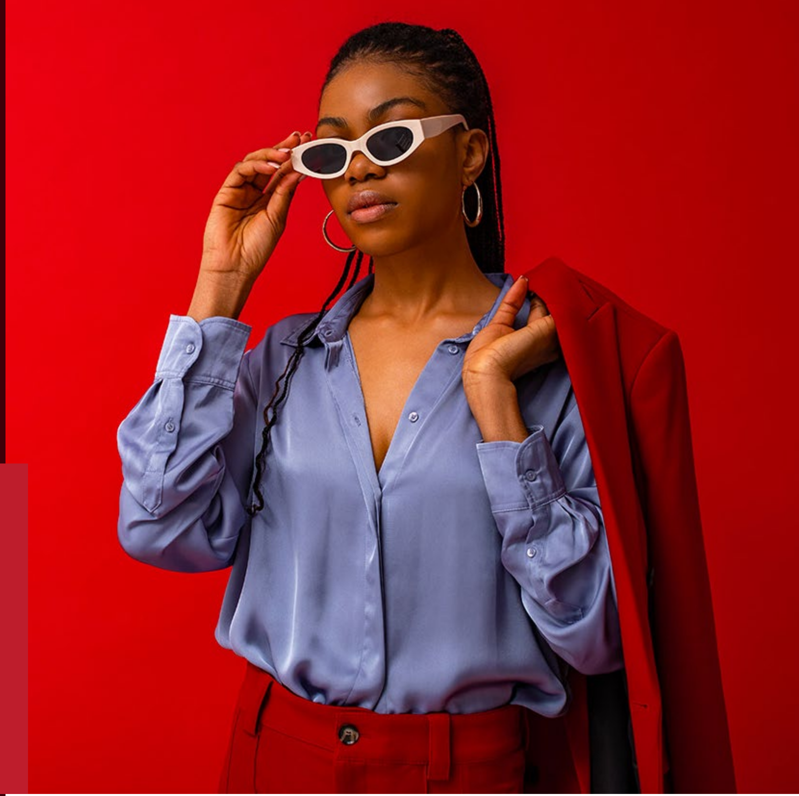
UNLOCKING NEW OPPORTUNITIES FOR GROWTH AND PROFIT WITH SUPPLY CHAIN OPTIMIZATION



How the fashion industry is gaining speed, responsiveness and cost savings with digital supply chain solutions

Today's fashion companies are boosting their supply chain performance with digital technology to maintain access to desired product quality, at the right volume, time, and margin. These achievements result in higher levels of efficiency and responsiveness and make it easier to comply with the environmental, social and governance (ESG) regulations in their various markets.



For manufacturers, brands and retailers, achieving an efficient supply chain is critical to improving operations and minimizing costs throughout the value chain. The importance increases further when wrestling with COVID-influenced disruptions like labor shortages and shipping delays[1].

Supply chain efficiency is equally significant for businesses committed to sustainability principles and meeting regulatory compliance requirements. Simplifying complex ESG sourcing and supplier management difficulties are essential for maintaining competitiveness and market performance. Leading analysts suggest that these and other supply chain problems could sap the fashion industry of $17B in lost profits[2]. The need to understand and overcome these supply chain issues has never been more urgent.

OPPORTUNITIES

The challenges of building an efficient supply chain are complex and plentiful but opportunities are significant. Fashion companies investing in best-in-class technologies that enable them to push beyond the limits of their existing capabilities are in the foremost position to meet demand. The industry-wide trend is to adapt information systems and organizational activities towards achieving deeper collaboration between brands and manufacturers to construct a more sustainable, market responsive and closer-to-the-consumer supply chain.

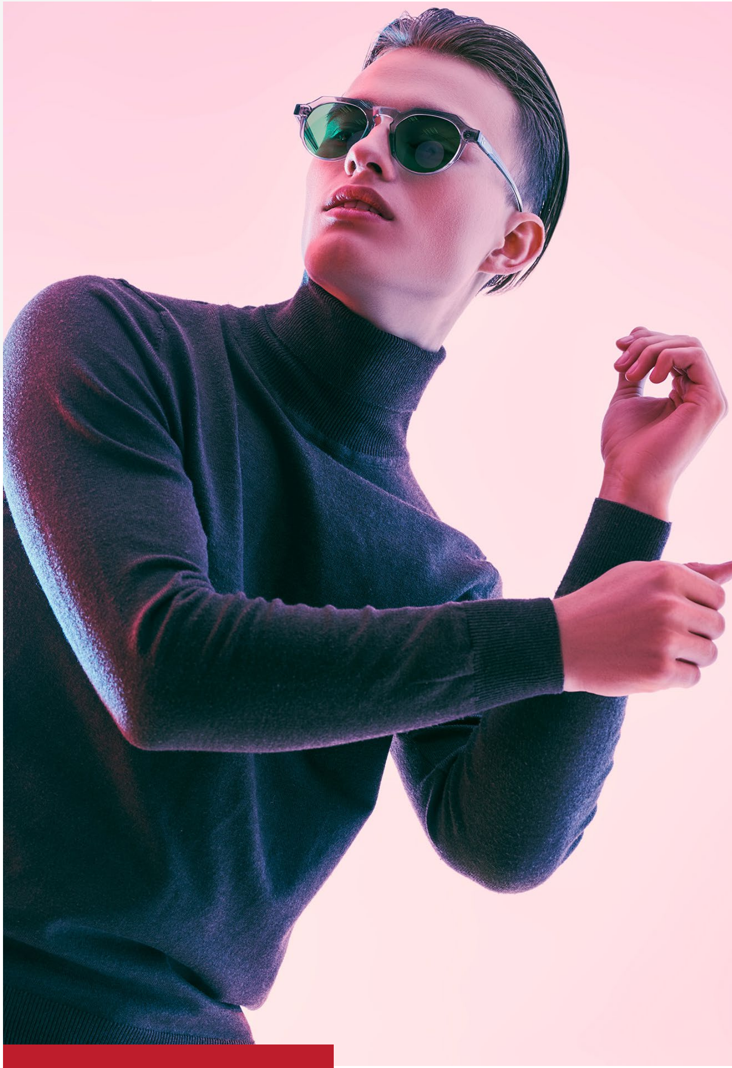
SOLUTIONS

To generate new opportunities and drive growth, fashion companies need to leverage innovative solutions that accelerate the digital transformation of their supply chain. By aggregating information throughout the entire supply chain companies can improve online sales, strengthen operational agility and enable their employees and colleagues to collaborate and work efficiently across the organization.

[1] Supply chain chaos: what's the latest? Drapers
[2] Supply chain snags could knock out $17B in apparel and footwear profit in 2022: report Retail Dive

01
CHALLENGE: SHORTAGE AND DELAY OF RAW MATERIALS

Material shortages and delays are making it difficult for many manufacturers to develop physical samples, make modifications and produce final garments in a timely and cost effective manner. The result is delays, increased production costs and higher prices[3].



OPPORTUNITIES

Reuse materials
More and more, fashion companies are designing collections from available materials. The benefit of reusing materials as a “safety-stock” or inventory buffer is to reduce lead times, secure availability of raw materials and ensure product quality standards.

3D Prototyping
Fashion companies investing in 3D prototyping gain material savings, accelerate the validation process and overcome shortages and delays in raw material supply. The benefit is increased speed to market, easier transition to remote work and stronger profit margins.

SOLUTIONS

Integrated Product Lifecycle Management
Fashion companies seeking to improve inventory control by reusing materials will need the ability to check the stock of available materials in real-time. A fashion dedicated PLM solution that integrates to other IT systems—such as enterprise resource planning (ERP) and warehouse management systems (WMS)—make this task much easier. It also enables organizations to manage all the other components needed for a garment and keep an eye on costs throughout the production process.

KUBIX LINK

GERBER YUNIQUEPLM

Patternmaking software
3D patternmaking software is helping patternmakers to accelerate the validation process by reducing the number of physical samples by half. In addition, seamless integration with a 2D pattern design software enables easy and accurate data transfers to the 3D solution, ensuring pattern validation without losing the integrity of the production ready garment. Thanks to 3D prototypes, product development is less expensive and the time to market is as close as possible to trend detection.

MODARIS

GERBER ACCUMARK

LECTRA

[3] The State of Fashion 2022 Report: Hopeful prospects in turbulent times L’Officiel

02
CHALLENGE: SUSTAINABILITY AND REGULATORY COMPLIANCE

Governments worldwide are increasing their legal oversight of the global fashion supply chain. European states, like France and Germany are fining companies millions of euros for ESG violations abroad[4]. In the United States, New York has proposed a similar law, the Fashion Sustainability and Social Accountability Act, which would "require companies to map 50 percent of their supply chains by volume across all tiers of production."[5] The result of these new regulations for the fashion industry is greater sourcing constraints and procurement challenges.

OPPORTUNITIES

Transparency & traceability
Fashion companies with increased visibility of the supply chain are finding it easier to meet and maintain quality standards, pursue ESG initiatives and safeguard compliance with international trade regulations. The immediate benefit of traceability and transparency is the verification and validation of product and supplier/sub-supplier information to mitigate risk in meeting compliance requirements.

SOLUTIONS

Integrated Product Lifecycle Management
To track products from design to production means gaining true transparency and traceability across the supply-chain. Achieving this capability requires a solution enabling instant access to the most accurate data during every part of the production process.

KUBIX LINK

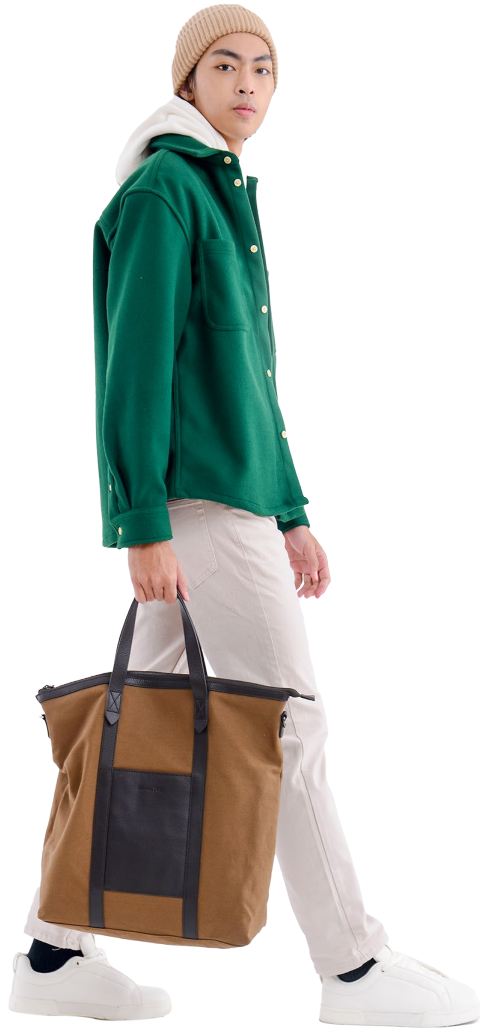
GERBER YUNIQUEPLM

[4]Germany To Fine Companies For Rights Violations Abroad Barron's
[5]Fashion, Sustainability, and the New York Fashion Act The Regulatory Review

03
CHALLENGE: CHANGING CONSUMER DEMAND

Buyers today are revealing new expectations at a rapid pace. Changes in consumer behavior, in terms of experience and personalization and the demand for greater transparency, authenticity and ethical commitment by all actors in the value chain, can be difficult for fashion companies to meet.

For example, consumers are increasingly choosing brands that demonstrate inclusion[6] and champion the belief that "Clothing is supposed to make you feel good in your body[7]." Driving this trend is an expanding market for plus-size clothing[8]; the push, by disability activists and fashion influencers, for more accessible garments[9]; and the cultural shift towards genderless, gender-fluid and unisex fashion[10]. The result is an acute need to overcome sourcing challenges, and make smarter—cost, volume, and quality—decisions to meet supply targets



OPPORTUNITIES

Reactive demand

Fashion companies are bypassing traditional forecasting strategies for a more dynamic approach. The benefit of a reactive demand strategy is the ability to keep the right product volumes in stock to avoid stock outs, reduce inventory costs, and respond faster to changing consumer attitudes and fluctuations in consumer demand.

SOLUTIONS

Automated competitive intelligence

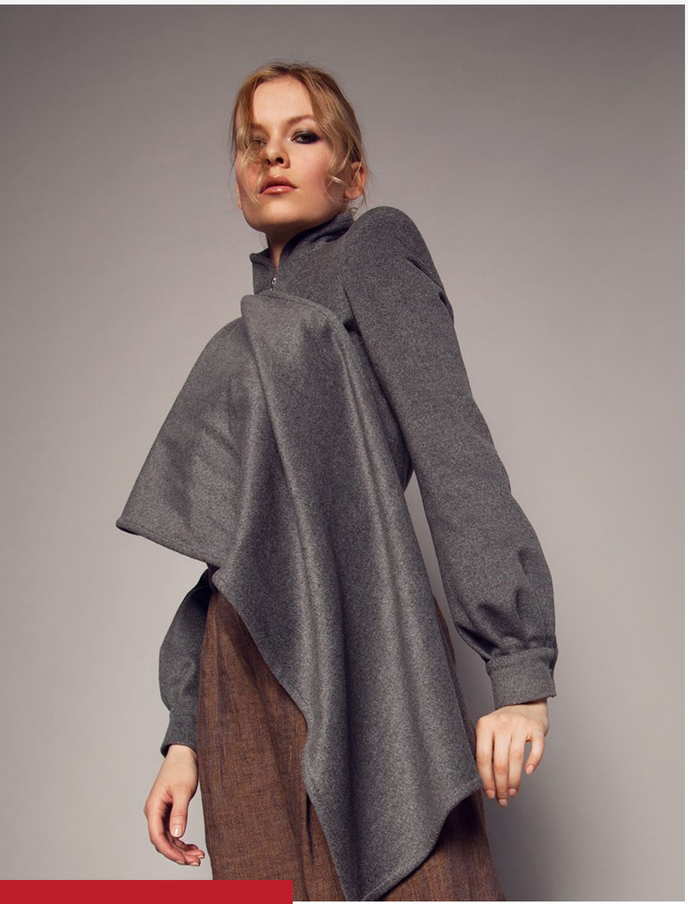
Fashion companies seeking to increase market responsiveness will need to adjust quickly to the latest diversity and inclusion trends. Solutions that analyze the market and deliver insights about competitors' assortments and pricing are critical in this regard. Automated benchmarking software enables brands and retailers to see the full picture of their competitive landscape in a single click. Identifying gaps in their collections, adjusting their assortment and adapting their pricing strategy to the market demand is faster and easier with automation.

RETVIEWS

[6] Millennials will spend big with inclusion-conscious retailers this holiday Agility PR Solutions
[7] The Fight For Adaptive Fashion: How People With Disabilities Struggle To Be Seen Forbes
[8] Plus Size Clothing Market Is Projected To Reach $696,712.1 Million By 2027 Allied Analytics
[9] Disabled People Love Clothes Too' The New York Times
[10] Why gender-fluid fashion isn't just a trend Vogue Scandinavia

04
CHALLENGE: SHIPPING DELAYS & HIGHER TRANSPORTATION COSTS

Slower deliveries and lengthened lead times are causing a backlog of undelivered orders and an increase in inventory carrying costs. LVMH, in response to inflated transportation costs, is adjusting its prices[11]; a signal that price increases will affect fashion businesses industrywide. The result is a growing pressure on margins and profitability.



OPPORTUNITIES

Nearshoring

Fashion companies choosing nearshoring and onshoring avoid port blockages, shipping delays and rising freight fees. This opportunity can be extremely advantageous in Europe and the US, where Asian sourcing, in 2021, accounted for the major part of European (71.5%)[12] and US (74.2%)[13] imports. Nearshoring is particularly relevant for on demand and small batch production, a trend driven by increased consumer demand that is on the rise and unlikely to change in the short term. The benefits of nearshoring are accelerated delivery times, lower transportation costs, a reduction in transport associated carbon emissions and a stronger brand reputation for ESG in consumers' minds.

SOLUTIONS

On-demand fashion

Fashion companies investing in an automated digital cutting platform and its associated cutting equipment prevent the need to outsource tasks. They achieve fast, high quality on-site cutting by gaining the ability to set up their catalog, fabric handling requirements and production rules in-house and in a single step. On-demand fashion technology gives brands autonomy over their product development and production processes to produce only in the amounts required and mitigate against transport delays and disruptions.

FASHION ON DEMAND by LECTRA

GERBER Z1

[11] Louis Vuitton to increase prices due to higher costs, Reuters says Vogue Business
[12] Eurostat January to August 2021/January to August 2020
[13] US apparel imports patterns: Trends and critical issues to watch in 2022 Just-style.com

05 CHALLENGE: MATERIAL WASTE MANAGEMENT

The amount of discarded and purposely destroyed unsold clothing is causing consumer alarm and mobilizing governments to enact anti-waste laws. Fashion companies now have to manage their resource consumption at every stage of the value chain or risk the result of high fines[14] and consumer boycotts[15].

OPPORTUNITIES

Reduce material waste
Resource optimization and waste reduction practices enable fashion companies to achieve business objectives no matter how scarce materials become. Achieving environmental standards and preserving margins are easier when companies reduce the amount of material sent to landfills.

SOLUTIONS

Automated fabric consumption estimation & nesting technology
Fashion companies can use automated fabric estimation and cloud-nesting solutions to minimize fabric consumption at the patternmaking, procurement and production stages and ensure they abide by anti-waste regulations. Calculating fabric consumption instantly after each pattern modification enables companies to control fabric costs early in the process. Then, optimizing material use with highly accurate and efficient nesting enables fashion companies to extract the maximum from each fabric roll.

QUICK OFFER by LECTRA

FLEX OFFER by LECTRA

Quality cutting equipment
Cutting quality plays a significant role in waste management too. Advances in cutting technology ensures consistency and accuracy of cut parts to reduce material waste while best-in-class cutting solutions with near zero-buffer cutting enables fashion companies to boost material savings and achieve waste minimization targets.

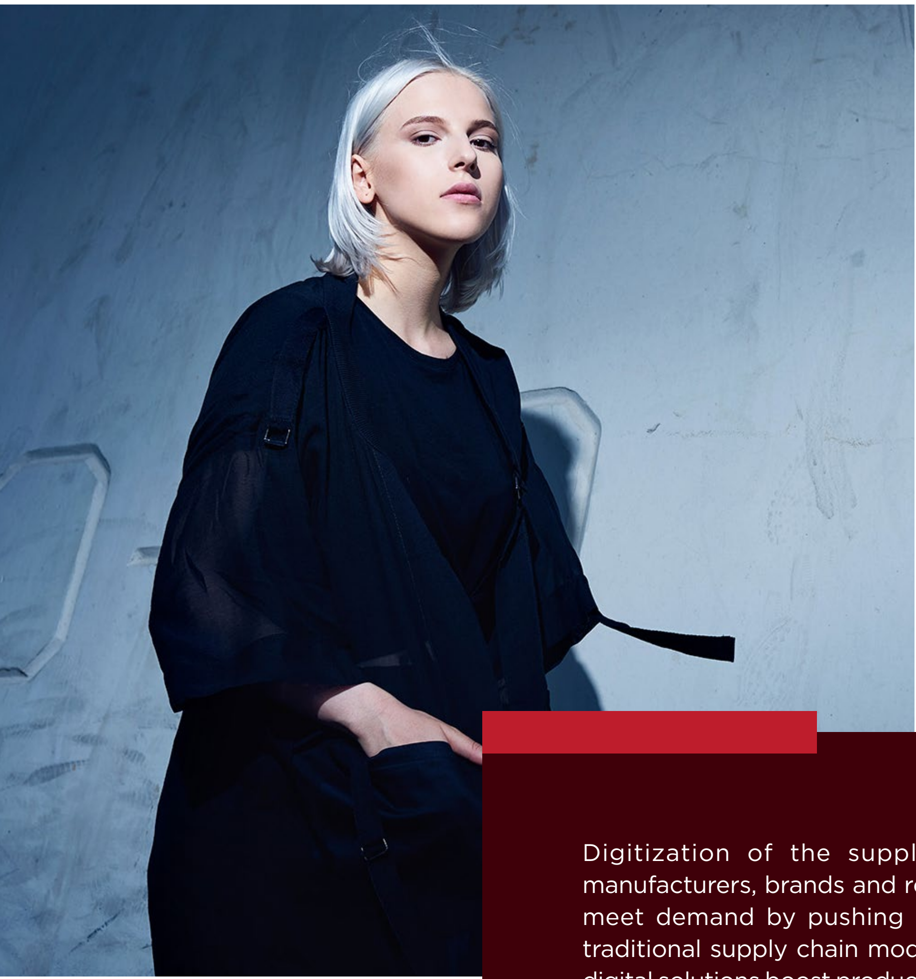
VECTOR

GERBER ATRIA

GERBER PARAGON

GERBER Z1

[14] What to Watch: France Bans Destruction of Unsold Clothes and Adds Eco Score WWD
[15] Two Thirds of Consumers Worldwide Now Buy on Beliefs Edelman



Digitization of the supply chain enables fashion manufacturers, brands and retailers to set the trend and meet demand by pushing beyond the boundaries of traditional supply chain models. Companies investing in digital solutions boost productivity, minimize development time, improve product quality, and achieve sustainability compliance with ease.

Lectra solutions offer fashion companies the ability to unlock new opportunities in line with their growth strategy while making it easier to comply with ESG regulations. Please visit Lectra Fashion to learn how Lectra solutions enable fashion companies to optimize their supply chain to guarantee product availability and quality.

LEARN MORE ABOUT LECTRA'S FASHION SOLUTIONS →