



American Eagle Outfitters: Staying On Trend and Within Budget Using SAP® Ariba® Solutions

From season to season, American Eagle Outfitters Inc. is focused on understanding young consumers. As the apparel retailer grew into a multibillion-dollar brand, it chose SAP® Ariba® solutions to streamline its business processes, improve efficiencies, and drive savings with strategic sourcing and tactical procurement.

**Company**

American Eagle Outfitters Inc.

Headquarters

Pittsburgh

Industry

Retail – clothing

Products and ServicesOn-trend apparel
and accessories**Employees**

38,000

Revenue

US\$3.3 billion

Web Sitewww.ae.com

Executive overview

BUSINESS TRANSFORMATION**Objectives**

- Support the drive toward increased profitability through lower costs and increased margins
- Make more-insightful decisions using greater visibility
- Simplify and centralize purchasing with consistent processes and e-procurement

Resolution

- Deployed the SAP® Ariba® Sourcing, SAP Ariba Buying, advanced edition, SAP Ariba Contracts, SAP Ariba Spend Analysis, and SAP Ariba Discovery solutions and connected to Ariba Network.
- Integrated SAP Ariba solutions with existing enterprise resource planning software
- Committed to supporting change management throughout the enterprise to ensure adoption

Benefits

- Simplified reporting and data analytics that can help amplify strategic growth
- Realized sustainable savings due to improved spend under management and compliance adherence
- Eliminated paper-driven processes and turnaround times through touchless invoice processing

Read more ►

66%Fewer steps in the invoice
payment process**100%**Invoices processed through
SAP Ariba solutions**Increased**Detailed category
spend data

“We did not want to have a proliferation of systems. We know there are other companies out there, but in our estimation, they weren’t as strong as Ariba in all areas.”

Jarrod McAdoo, Senior Manager, Procurement Operations, American Eagle Outfitters Inc.

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Bringing fashion forward through innovation

When it comes to fashion for young adults, what's in style today can be out tomorrow. It takes an insightful retailer to maintain a loyal customer following while evolving with seasonal shifts.

American Eagle Outfitters Inc. has built a multibillion-dollar brand on a promise to deliver high-quality clothing and accessories that are on trend and reasonably priced. Today, the company manages 1,000 retail locations in the United States, Canada, Mexico, China, and Hong Kong and ships to more than 80 countries worldwide through its Web sites.

The retailer recognized that the systems that once served it so well could not be scaled to support its growth strategy and expanding omnichannel business environment. Moreover, with an eye on improving efficiency, stakeholders needed faster access to reporting to understand spending, evaluate suppliers, track budgets, and explain avoidances.

Even with a dedicated and resourceful back-office team, it was often challenging to fulfill spend-report requests with speed and efficiency. A largely paper-based system required up to 18 steps to process invoices for payment. American Eagle Outfitters made the decision to invest in Ariba Network to help it become more nimble.

“Now, we can constantly reexamine our processes with SAP Ariba solutions. We can look for opportunities to streamline resources in order to achieve our financial goals and deliver a good product.”

Jarrod McAdoo, Senior Manager, Procurement Operations,
American Eagle Outfitters Inc.



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Implementing a single solution for an efficient process

American Eagle Outfitters needs to adapt quickly as a publicly traded company with global operations. Its business must adjust to changing competitive trends and legal and legislative landscapes, as well as consider evolving cultural requirements. To perform adeptly, the company used the SAP® Ariba Discovery solution to vet suppliers, along with the SAP Ariba Spend Analysis solution. Together with SAP Ariba Sourcing and SAP Ariba Contracts, these solutions help the company accelerate savings through better-informed sourcing decisions and improved contract terms. This allows the focus to be directed to analysis and planning rather than gathering and processing data.

In addition, the company is transforming a largely paper-based invoice-payment system that involved a number of disconnected processes and systems. The systems had different rules, requirements, and

workflows. A much simpler and consolidated approach was implemented with the advanced edition of the SAP Ariba Buying solution and is proving to drive value.

“Our processes are moving smoothly, and our costs are down,” says Jarrod McAdoo, senior manager of procurement operations for American Eagle Outfitters. “SAP Ariba solutions help us contribute to meeting our financial targets.”

American Eagle Outfitters eased into its rollout and deployed SAP Ariba solutions first to those departments with existing strategic suppliers that could be loaded into SAP Ariba solutions. By the time the solutions reached those departments that required greater change management, the deployment team had already addressed many opportunities, resulting in a smoother transition.



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Deeper visibility fueling greater budget responsibility

Today, American Eagle Outfitters is processing invoices entirely through Ariba Network.

“Now, I can mine data easily to see who’s paying on POs and who’s paying on non-POs,” reports McAdoo. “This insight allows me to conduct focused change-management workshops with internal partners.”

Armed with data from SAP Ariba solutions, procurement specialists can maximize the benefits of the e-procurement infrastructure by pinpointing vendors that need supplier enablement. The advanced edition of SAP Ariba Buying has simplified business operations for American Eagle Outfitters, reducing manual touch points and administrative costs.

“Reporting with SAP Ariba solutions will facilitate clear communications regarding budgets and avoidances among internal partners,” McAdoo continues. “The reporting capabilities can make it easier to drive overall engagement within our budgeting process. This will result in significant savings opportunities.”

Internal partners are now more self-sufficient because information is easily accessible through Ariba Network. Improved visibility into the procurement process means that stakeholders can identify, approve, and track orders on their own. Ready access to this information has fueled an even greater sense of accountability.

\$4 million–\$8 million

Projected annual savings in sourcing and compliance



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Understanding the past to prepare for continued growth

The advanced edition of SAP Ariba Buying changed the entire approach to procurement at American Eagle Outfitters and served as a jumping-off point for broader change.

“SAP Ariba solutions can report against budgets in real time, as procurements are placed. That’s something we will look to take advantage of in the future,” says McAdoo. “This feature can help us determine if we’re on the right pace for spending our budget.”

As the company moves to a more omnichannel environment, it believes its spending profile must change accordingly. SAP Ariba solutions and reporting will help support leadership in making the necessary decisions to maximize efficiencies.

McAdoo concludes, “We want to be strategic thinkers. We want to make sure we stay ahead of the game – not only for the company, but also for our customers. With SAP Ariba solutions, we can understand our past spending, look at the data trends, and anticipate our future needs.”



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