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AGILE REPORTING IN THE DIGITAL ECONOMY

ICV CONTROLLING BARCAMP

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MUNICH
ZALANDO AT A GLANCE

FROM FLIPFLOPS TO M-DAX
### ZALANDO AT A GLANCE

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales 2016</td>
<td>~3.6 billion EURO</td>
</tr>
<tr>
<td>Active customers</td>
<td>~20 million</td>
</tr>
<tr>
<td>Return rate</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Employees in Europe</td>
<td>~12,000</td>
</tr>
<tr>
<td>Visits per month</td>
<td>~165 million</td>
</tr>
<tr>
<td>Product choices</td>
<td>~200,000</td>
</tr>
<tr>
<td>Brands</td>
<td>&gt;1,500</td>
</tr>
<tr>
<td>Countries</td>
<td>15</td>
</tr>
</tbody>
</table>

*as at Dec 2016*
WE LOVE FASHION
WE OFFER A SUCCESSFUL AND CURATED ASSORTMENT

~200,000 articles from >1,500 international brands

HIGHLY EXPERIENCED category management

17 private labels

>350 designers & stylists

LOCALIZATION of the assortment

CURATED SHOPPING with Zalon
WE DRESS CODE
WE ARE CONSTANTLY INNOVATING TECHNOLOGY

HOME-BREWED, CUTTING-EDGE, SCALABLE technology solutions

6 tech locations + HQs in Berlin

>1,600 employees from 77 nations

help our brands to WIN ONLINE

Zalando

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WE LIVE OPERATIONAL EXCELLENCE
WE OPERATE FASHION

~6,300 employees and 6 fulfillment centers

>20 payment methods adapted to each market

15 markets

INNOVATIVE content creation

customer care in 12 languages
REPORTING REQUIREMENTS
# Increasing Reporting Requirements in Environment of Strong Growth

## Data Storage (Backend)
- Less data storage
- Management of different versions
- Reconstruction of historical data
- Restatements

## Reporting Engine (Frontend)
- Automated reports
- Fast updates
- Simultaneous work
- Mobile access
- Sustainability
- Flexibility

## Multidimensional Financial Reporting
- Multidimensional analysis of profit contribution
- Extended P&L analysis from different perspectives (e.g. categories)

## Operational Reporting
- Availability of different data layers (plan vs. actuals)
- Min. 3 dimensions

## Support Planning/Budgeting
- SAP BW on HANA
- JEDOX
- SAP BO / MICROSTRATEGY
- PALO / JEDOX

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![Zalando Logo](image)
OLD REPORTING SET-UP NOT BUILT FOR AGILE REQUIREMENTS

- No plan data
- No charts
- No filtering
- Outdated KPI definitions
- Fragmented
- One channel only
NEW REPORTING SET-UP WITH SEVERAL ADVANTAGES

- One page only
- Remote and mobile access
- Actuals and plan
- Chart visuals
- Dynamic filtering
- Harmonized definitions and formats for all units
- All sales channels included
EFFECTIVE REPORTING LANDSCAPE
OUR HAT-TRICK FOR EFFECTIVE REPORTING

CLEANSING REPORTING
• Build reporting inventory
• Target info needs
• Standardize

SOLID KPI FOUNDATIONS
• Four major dimensions to be considered within KPI selection process

CUSTOMER CENTRICITY
• Regularly ask report users for feedback
CLEAN REPORTING LANDSCAPE: THREE MAIN STEPS

**BUILD REPORT INVENTORY**
- Overview on existing reports
- Dimensions like workload, audience, impact, content, owner, cycle etc.
- Regular discussions for and decisions for improvements

**ADAPT INFORMATION**
- Deletion of unnecessary reports
- Audience adaption
- Cycle adaption
- Content adaption

**START REDESIGN**
- Higher report standardization
- Standardized KPIs
KPI FOUNDATIONS: FOUR PIECES OF A VALUE-ADDING KPI

MEASURABILITY

RESPONSIBILITY

ACTIONABILITY

STRATEGY ORIENTATION
NEVER STOP ASKING USERS FOR FEEDBACK: BASIS OF IMPROVEMENTS AND PIPELINE MANAGEMENT

"Would you like to have additional training or documentation on the Management report?"

- Yes: 85%
- No: 13%
- Others: 2%
MEASURE IMPLEMENTATION LEAD TO DESIRED SUCCESS

# REPORTS TO RECIPIENTS PER MONTH

- Reduce # of pages: -32%
- Lower frequency
- Merge reports
- Unsubscribe

SENT PAGES PER MONTH

- Lower frequency: -51%
- Reduce # of pages

SENT DATA VOLUME PER MONTH

- Delete reports: -52%
- Lower frequency
- Unsubscribe
- Reduce # of pages

MAN - HOURS PER MONTH

- Improve creation process: -16%
EFFICIENT PROCESSES AND SYSTEMS
THREE CORNERSTONES FOR EFFICIENT REPORTING

WORKFLOWS
- Dashboard
- Simultaneous review (> 50 users)
- Formatting options

DATA CONSISTENCY
- Single source of truth
- Fast and easy access

AUTOMATION
- Self-service
- Lean admin
WORKFLOWS: ENABLING THE SO-WHAT IN REPORTING

Reject Function

1. Write comment (Editor)
2. Review comment (Reviewer)
3. Final comment (Reporting Team)

- Reporting package is a set of 60 individual reports with approx. 180 comments
- Always up-to-date – no versions circulated via Mail/Excel
- Self-organizing, flexible workflow
- Comment boxes with various editors and reviewers, status by comment (live)
- Push notification for writer and reviewer if rejected
IN SEARCH OF THE HOLY GRAIL: SYSTEMS SUPPORTING "SINGLE SOURCE OF TRUTH"

- Consistency
- Speed
- Flexibility
- Quality
- Transparency
- Mobile
- Less admin
FAST CLOSE: STEP CHANGE ACHIEVED

Book-to-report substantially improved
- Market requirements
- Speed
- Quality
- Changes easy to roll-out

Examples of Controlling contribution
- Efficient allocation processes
- Review of forecast procedures
CONTINUOUS IMPROVEMENTS
#NEVERSTOP IMPROVING

**TOOL TÜV**
- Regular check of existing tools – comparable to technical inspection for cars

**KPI WIKI**
- KPI handbook – financial & non-financial
- Company-wide standardized

**KEEP PILOTING**
- Continue to try out new developments
- Think “minimum viable product”
Why is a (regular) servicing of tools recommended?

• As development continues, tools become difficult to comprehend
• KPI definitions change
• Processes are not well documented
• Errors are not highlighted by the tool

• Structure of checklist builds on analogy to cars
KPI WIKI: KNOWLEDGE SHARING PLATFORM

- Single source for KPI definitions
- Continuous updating rather than constantly outdated
- Linking KPIs to reports and vice versa
- Social: learn, share, comment, add, …
PILOTS AND PROTOTYPES TO GENERATE LEARNINGS AND ADVANCE CONTINUOUSLY

- Allow for local variation with intention to adopt learnings centrally
- Think “minimum viable product”
- Find the right testing grounds
- There is no such thing as a perfect solution
- Make change a constant
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