

# Success Story:

## Quickborn implements a fully automated retail stock depreciation planning solution for a department store retail icon in record time



### The problem

Retailers in France face a common accounting challenge related to the calculation of depreciation of stock assets due to a complex set of accounting rules and applicable laws. Depreciation calculation takes considerable effort and has a high degree of potential for calculation error due to the lack of standardized and systematic approach deployed by retailer organizations.

### Solution

Quickborn consulting has successfully implemented a retail stock planning solution for a fashion and household retailer in France in a 4 month period from conference room pilot phase to Go-live.

DEPREC is a fully automated RPAS (Oracle Retail Predicative Application Server) based solution which allows retailers to calculate inventory depreciation amounts month by month using different scenarios to model future depreciation. Besides this main function, this multi-user application includes other features, such as reporting in accordance with specific fiscal rules.

### Functionalities covered by the solution

- A user screen allowing quick update of depreciation rates which should be applied to the products in the organization. All rates can be entered at a higher level in the product hierarchy to speed up data entry, review, validation and approval. The rates entry screen is the only feature which requires a manual intervention from users.
- A depreciation simulation feature allows the users to simulate and compare different depreciation rates matrices before their validation and finalization of depreciation values.
- Product reclassification tracking feature allows the solution to manage reclassification of products that have been made in the external merchandising system in the hierarchy which the DEPREC solution loads and takes into account when making calculations and applying relevant depreciation rates.
- A sales at loss calculation section allows to identify the products sold at loss and consolidate the sales at loss amounts as needed. The sale at loss amounts analysis enables the user to define and adjust the depreciation rates.
- A reporting section, summarizing all the data available on the DEPREC database provides reports on demand for the accounting department and for external auditors as well.

### Benefits

The main added value of this application consists of helping retailers saving time and effort in the depreciation calculation process. Currently this task used to require up to 2 days per month for monthly depreciation calculation and over 8 days each year for the sales at loss calculation and consolidation. Also in the current process the heavy use of Excel poses a high risk of data entry errors which affect the results and create even more work to be controlled in multiple steps.

Since the implementation of the DEPREC solution, the depreciation calculation is fully automated and requires 2 hours each first day of the month to be performed. Same improvement has been made for the sales at loss calculation, providing thus a fast return of investment for the retailer.

Since using DEPREC manual data entry and manipulation entries have decreased by 98.7% and the accounting team can spend their time on more valuable activities and actions in the organization.

This solution supports automated interfaces to two external systems:

- An upstream interface coming from the main merchandising system, feeding DEPREC with all the necessary sales data in the depreciation calculation process.
- A downstream interface sending the calculated data in DEPREC to the financial accounting system.

The DEPREC solution has full out-of-the-box functionality for all retailer segments, but is ideal for retailers selling seasonal items, such as fashion retail.