adidas-Salomon Canada **Optimizes** Supply Chain using Magic Software's **iBOLT**

The Business

For over 80 years adidas has been part of the world of sports on every level, delivering state-of-the-art sports footwear, apparel and accessories. Today, with total net sales of 6.5 billion euros and net income of 229 million euros, adidas is a global leader in the sporting goods industry and offers the broadest portfolio of products. adidas products are available in virtually every country of the world. Their strategy is simple: to continuously strengthen their brands and products to improve competitive position and financial performance. The company has 184 manufacturing facilities worldwide and approximately 14,700 employees worldwide. adidas-Salomon Canada is headquartered in Toronto, Ontario. Canada ranks among the top ten national markets for the company.

The Challenge:

In a recent statement, adidas told investors "Superior products and marketing are vital to success in our industry, but sales are often made on the basis of who consistently delivers on time, ensures best quality and is willing to go the extra mile for retail partners. These are areas where our industry has a long way to go versus other industries, and for adidas-Salomon we are placing a high priority on executional excellence. Our efforts to shorten and customize the global supply chain, to ensure best-practice social and environmental standards and ongoing commitment to customer service are just a few examples of our progress in this area."

adidas clearly recognized the urgency with which it needed to deal with supply chain issues. In the critical area of supply chain integration and information technology agility, adidas-Salomon Canada has shown itself to be an innovative leader achieving proven results.

Paul Leone, CIO of adidas-Salomon Canada concluded that adidas could upgrade their AS/400 system to a new IBM iSeries and utilize technology from Magic Software Enterprises to integrate their various back-end systems and their web site. Leone was convinced that Magic's technology was up to the challenges of integration, web-enablement and application modernization.

That challenge was far from insignificant. adidas IT infrastructure was based on the IBM AS/400 at the time. Taylor Made in the US was operating on the HP 3000. Meanwhile the global website was operating based on IBM Netfinity. Leone's dream was to transform an organization that was fragmented into one that was integrated. That meant integrating disparate operating environments: Windows, OS/400 and HPUX. It also meant integrating consumers and retailers with Canadian distribution and Asian manufacturing operations. To top it all off, they were integrating three merged companies and eight major brands.

Even prior to the mergers, inefficiencies were identified. Paper catalogs for retailers were costing the company well in excess of $100,000 per year and retailer claims for lost shipments were affecting the bottom line to the tune of nearly $40,000 annually. And competitive pressures in the retail environment meant retailer expectations for online catalogs, ordering and order tracking were on the rise. Solving the integration challenges facing adidas-Salomon Canada was clearly worth millions of dollars to the bottom line but it also posed enormous risk.

The Solution:

Management approved the plan to go with technology from Magic Software Enterprises. Like so many other Global 1000 enterprises such as Allstate, Boeing, Siemens, Phil-

> *"The choice really came down to Magic or Lansa. In the final analysis, however, it was Magic's productivity, and platform- and database-independence that made us realize Magic was the best solution for our very personalized needs."*
>
> Paul Leone, CIO, adidas-Salomon Canada

lips, Fujitsu, Hitachi, Mitsubishi, UPS, McDonalds and others, adidas chose Magic Software Enterprises for mission critical business. While the initial acquisition involved eDeveloper, Leone eventually added Magic Software's iBOLT Integration Suite as well in order to round out the company's supply chain integration capabilities.

adidas-Salomon Canada upgraded to a new IBM iSeries and acquired Magic Software's eDeveloper and later added the iBOLT Integration Suite. With DreamWeaver as an HTML formatting tool, Complaeo to manage PDF creation and NetFinity to act as a website server, the basic tools were in place to create the web portals needed. In addition, an HP 3000 legacy system provides information from the Salomon side of the business through daily batch routines. By using iBOLT, adidas will be able to create visual maps of supply chain and other business processes/flows as well as execute those flows in a service-oriented architecture (SOA).

Three basic portals have been created: one for consumers, one for business customers and another for employees. The web portal provides access to services from all across the enterprise regardless of the underlying technology.

adidas' information is pulled in real time from the iSeries. However the legacy HP3000 system provides batch data which is accessed by the new system. When a customer or employee requests to view an invoice or packing slip, one is generated on the fly from the data on the iSeries. Magic passes the information to Complaeo in the needed format and Complaeo generates the PDF file for viewing. The functionality of the system is very broad and very deep, however, pulling a wide variety of data from the iSeries or HP 3000 and displaying it attractively on a web page.

Using Magic's technology, adidas-Salomon Canada makes all of its core IT services available as services across the enterprise. These are delivered up via the web in an employee portal personalized to the role of each user. Products, orders, reports, company information and departmental applications are all available via the web. The core services operate on a highly secure, scalable and reliable IBM iSeries platform utilizing a DB2/400 database and an OS/400 operating system. Linux partitions have been implemented using intrinsic iSeries LPAR capability as well. Most of the original routines were written in RPG. These routines can be called directly as services by Magic. They are gradually being rewritten and replaced with code-free programming made possible by the eDeveloper tool of iBOLT Studio. The advantage eDeveloper provided was that this did not need to occur on a "big bang" basis, but rather through gradual evolution. The flexible integration technology within eDeveloper was vital to adidas dream of service oriented architecture that could directly access logic and data from almost anywhere without rewriting it or forcing it to be wrapped as SOAP. Where SOAP is required for external vendor routines such as the UPS RMA interface, a flag is set to expose a component as a SOAP Web Service.

Benefits:

Magic provided the company with the tools and training to build its own custom B2B site for the IBM iSeries platform. The new site extends adidas-Salomon Canada's current supply chain solution to allow customer access to sales, order status and payment information via the Web.

adidas selected Magic because of its rapid development and integration capabilities and strong training and customer support, as well as its tight interface to the IBM iSeries platform, which as of 2006 is known as IBM System i5.

The bottom line for adidas-Salomon Canada was an almost instant 400% ROI and a long term ROI that is inestimable and growing constantly. The power of their development tools and service-oriented architecture enabled them to pursue server consolidation and the flexibility to move to Linux on their iSeries. Paul Leone's vision of enterprise wide services has been realized making adidas-Salomon Canada the first fully integrated IT business unit for adidas worldwide to bring together all the operating companies and eight major brands of the company.

System Architecture:

The solution runs on the IBM iSeries and xSeries platforms utilizing an IBM DB2/400 database with IBM OS/400, Linux and Microsoft Windows 2000 operating systems. Batch information is accessed from a remote HP 3000 at Taylor Made in San Diego, California, USA.

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