



RED DOOR SPAS

ENABLING GROWTH AND IMPROVING ENTERPRISE VISIBILITY

QUICK FACTS

Industry

Retail – salon and spa services

Revenue

US\$180 million (in 2007)

Employees

Approximately 4,000

Headquarters

Stamford, Connecticut

Web Sites

www.reddoorspas.com, www.tricoci.com

SAP® Solutions and Services

SAP for Retail solution portfolio, SAP® Extended Warehouse Management application, SAP ERP Financials solution, SAP ERP Human Capital Management solution, SAP Premium Support option, SAP Business Process Performance Optimization service

Implementation Partner

Savantis Group Inc.

Red Door Spas is the largest private day spa company in the world, offering salons with a popular menu of products and services designed to pamper and comfort and simultaneously operating the Mario Tricoci Salon brand. With over 50 spa and salon locations, this market-leading company is committed to providing a superior experience for its customers and its associates – and to maintaining its leadership position by becoming more agile and enabling future growth.

Key Challenges

- Lack of scalable, integrated enterprise solutions to support future growth
- Disparate, nonintegrated data sources leading to compromised data accuracy
- Numerous inefficient, manual processes
- Insufficient warehouse management support
- Need for store replenishment system and forward-looking forecasts
- Need for HR to serve diverse employee group

Implementation Best Practices

- Executive-level buy-in and accountability of internal and external resources (consultants)
- Due diligence to help ensure good fit with implementation partner
- Phased implementation for gradual business process and IT changes
- Comprehensive, remote user training
- Quality assurance system in place

Financial and Strategic Benefits

- Plans for future international growth supported by multicurrency functionality
- Real-time enterprise visibility
- Greater focus on customers and strategic goals
- Higher employee productivity and efficiency
- Consistent, trusted information with consolidated master data

Why SAP Was Selected

- Integrated, comprehensive, unified solutions that suit all enterprise needs
- Scalable solutions for future growth and increased complexity
- Multicurrency functionality and support
- SAP's deep retail industry experience
- SAP's value engineering collaborative value-assessment process

Low Total Cost of Ownership

- Fast, efficient, 2-phase implementation: phase 1 done in 7 months, phase 2 in 6 months
- Minimal solution customization
- Rapid training process, limited need for outside consultants

Operational Benefits

- Increase in physical inventory accuracy at distribution center and retail location of more than 99%
- Reduction in HR FTEs by 67%
- Reduction of distribution center FTEs by 15%
- Annual HR outsourcing costs savings of US\$250,000
- Increase in employee benefits plans by 20%
- Improved warehouse operations management
- Easier, faster month-end processes



red door spas

Elizabeth Arden

SAP Business Transformation Study

Retail – Salon and Spa Services



“SAP will help us become a more nimble company to maintain and increase our industry leadership position.”

Larry White, CFO, Red Door Spas

www.sap.com/contactsap

Spa Company to Enable Growth with SAP® Software

Red Door Spas operates an extensive network of day spas, as well as the Mario Tricoci hair salon line, and has ambitious plans for the future that include expansion into the international arena. Realizing it had outgrown its existing software applications, the company recently began looking for an enterprise software solution to help it become more agile, enable growth, and maintain its position as a market leader.

A Need for Better Support and Greater Agility

Red Door Spas lacked a scalable, unified enterprise solution – disparate systems and multiple data sets clouded enterprise visibility and contributed to a lack of good information. Its warehouse operations included too many manual procedures, limiting efficiency and holding back productivity.

Red Door Spas knew it needed to make a change. The company's existing software applications were outdated, heavily customized, and expensive. The company also lacked an automated salon product replenishment system and had to rely on historical numbers instead of forward-looking analytics to develop forecasts. Furthermore, Red Door Spas needed to address complex HR needs, with a diverse group of employees that are shared across clusters of 5 to 10 salon locations.

Smooth Implementation Opens the Door to Benefits

In weighing its options, Red Door Spas felt that SAP offered superior solutions to those of its competitors, and it chose the SAP for Retail solution portfolio, SAP® Extended Warehouse Management application, SAP ERP Financials solution, and SAP ERP Human Capital Management solution.

Red Door Spas decided upon a phased implementation, to ease into changes in business processes and technology. With the help of implementation partner Savantis Group Inc., the first phase was completed rapidly, in only eight months, with phase two taking just six months to complete. Business disruptions were minimal, as was the need for expensive outside consultants. Remote training practices helped a workforce that was excited to use SAP solutions get up to speed quickly. “SAP is so user-friendly that our associates have been able to jump right in and use it,” says Jennifer Hayes, human resources information systems manager at Red Door Spas.

The integrated, unified SAP applications provide a comprehensive solution to the company's enterprise software needs. Consolidated master data and sharp, real-time enterprise visibility established a solid foundation for sound decision making, enabling stakeholders to act with greater speed and agility. By facilitating and automating transactional and routine process-

es, the solutions enable greater attention to customers and to strategic goals. Red Door Spas now has faster access to information, enabling better decision making based on trusted data. The company has increased inventory accuracy, automated warehouse and salon product replenishment processes, and eased once time-consuming and costly processes. “Real-time visibility into data has helped us with our monthly closing processes,” says Kurt Graham, VP controller at Red Door Spas. With the solution, the company has reduced FTEs dedicated to data entry by 67% and has eliminated substantial HR outsourcing costs. The solutions have enabled the company to enact new best practices and new business processes that its previous software did not accommodate, fostering innovation and continuous improvement. The SAP solutions have made it possible for Red Door Spas to pursue the growth it has been looking for. “We can double in size without doubling our resources,” says Graham.

What's Next

Red Door Spas plans to continue to thrive and lead in its industry – and looks to its employees to help achieve these goals. As Red Door Spas' CIO, Paul Kaczmarek, says, “SAP provides us with the foundation we need to hire the best people we can to offer the highest-quality guest services possible.”

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