

Nike: Supply Chain Software

By CS471 Student

Soviet Nuclear Launch Codes

The Soviet nuclear launch codes are written in Lisp and I have the last 3 pages of code, they look like this:

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Overview

- Brief History of Nike
- What is Supply Chain Software?
- In-depth Look
- Recommendations
- Q&A

Brief History of Nike

Nike has been a fairly large company since the mid 1970's.

1996 to 1999 - \$9 billion in annual sales.

2000 to 2001 - Drop in the stock market and took a loss in profits.

What happened?

Some say this was due to Michael Jordan retiring (his final retirement).

Some say Y2K was to blame.

Supply Chain Software (ERP)

Supply **C**hain **M**anagement software (**SCM**) is also known as **E**nterprise **R**esource **P**lanning software (**ERP**).

ERP software monitors sales, supply, projects, workforce, etc... All in real-time, across stores, warehouses, etc...

This allows businesses to control their supply better by managing product demand and recognizing trends in sales.

In the 90's

Nike uses an ERP system created by a multinational company, named **SAP** (**S**ysteme, **A**nwendungen und **P**rodukte in der Datenverarbeitung), called SAP AG.

Nike explained this system as inadequate and “full of bugs”.

The Year 2000

Nike hires I2 Technologies, a Texas based software firm, **specializing in ERP software.**

I2 Technologies creates a custom version of APO, their ERP software, and delivers this software near the end of the year 2000 for \$400 million.

The Year 2000

This software was **functional**.

Nike had problems implementing it on a large scale.

Nike Chairman Phillip Knight is quoted as saying, "This is what we get for our \$400 million?"

I2 Technologies **fixes** system over the next 9 months.

The Year 2001

Nike's stocks drop by 15% and sales drop by almost \$100 million.

Nike blames I2 Technologies, stating that unpopular designs were over-produced while popular designs were under-produced.

Nike also reported the system lacked in performance and functionality.

Was it a failure?

Many fortune 500 companies still use SAP AG and AOP today.

How would I fix it?

Nike fixed it by switching software vendors.

Nike is currently using LLamasoft for their ERP needs.

How would I fix it?

I do not think the I2 Technologies implementation was broken.

Obviously, the requirements from the client were not met, so that line of communication needed to be more specific or more frequent.

Final Words

The I2 Technologies implementation of an ERP system for Nike **wasn't a failure**, it just wasn't what Nike was looking for.

Questions?

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Nike SCM & ERP Presentation

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