Greater agility at lower cost.
Enriched customer experience.
Increasing sales.
Operational excellence,
Dynamics AX – Cloud Retail ERP
Agenda

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We are part of Philips Lighting organisation

We are the global leader in lighting

**#1**

*In LED lighting*

Presence in **70** countries

55% of world's top footballs stadiums use Philips Lighting

262 Philips CityTouch street lighting implementations in **31 countries**

**Hue**

sold in **30 countries**, used in **150**, with more than **300 third party apps**

**Largest lighting company in the world**

**#1** in connected lighting**

5% of sales in R&D, 32% more than the nearest competitor

‘Best in Class’ results in Climate Strategy and Product Stewardship

* Source: Internal analysis

**Source:** Markets and Markets, Global smart lighting market (2013–18)

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**Source:** Markets and Markets, Global smart lighting market (2013–18)
Philips Lighting in Belgium

LED and conventional light sources
Connected lighting systems and services
Professional and consumer luminaires

4 sites across Belgium
~1,280 people employed in Belgium (approx.)
~75% of sales in Belgium are B2B
#1 in LED in Belgium - Globally, 53% of sales are LED (source: Q2 2016)
#1 in connected lighting systems and services
Leading lighting competencies in Belgium

**Brussels**

**Turnhout**
Global development & manufacturing of HID Lamps and other conventional technologies. Global innovation center for Consumer Luminaires.

**Roeselare**
Global headquarters Modular. Worldwide player in premium architectural design lighting. Sales organizations in 11 countries.

**Mortsel**
Country headquarters Light Gallery. Philips Lighting owned retail channel. 11 Light Gallery shops across the country.

Architectural lighting with an attitude

Retail expert in lighting
Massive stores with expertise in lighting that dates back to 1926.

Over the years, Massive grew into a multinational company with offices throughout Europe and became a leading brand in the lighting industry. In 2006, Massive became part of the Philips group that gave a new name to the store concept in 2010: Light Gallery was born.

With the new concept Light Gallery is aiming to advise and to inspire customers even better than before.

Our innovative character is further emphasized by a product range following the latest trends in lighting and by the launch of new Philips technologies.
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Management Summary – High-level approach for new ERP

Light Gallery’s key challenge

Situation

• The existing (ERP) system is not a user-friendly retail application and is not able to support the business
• The complexity of the system is a heavy burden on day-to-day operations, making it a labor-intensive necessity
• The current systems are dated, heavily customized and are expensive to maintain thus limiting the growth ambition of Philips Light Gallery
• Light Gallery is therefore looking for a replacement ERP Retail solution

Complication

• Light Gallery wants an off-the-shelf package that will cover needed functionality without custom development
• Light Gallery wants a solution that will be hosted in the “Cloud”, avoiding any upfront investments in hardware

Geographic and web shop

Key questions

• Provide a solution that is future proof and scalable, enabling a better customer experience that will drive growth in sales and revenue. The new system should:
• Come with a standard functionality for order management, point of sale (POS), e-commerce that can be customized through configuration
• Enable Light Gallery employees to focus on commercial activities
• Philips lighting is looking for a partner that can provide services for configuration of this system and also in future roll-outs of the system elsewhere in Europe
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Proposed Solution – Functional Capabilities

Microsoft Dynamics AX has a perfect functional fit to serve as the one-stop-shop cloud solution for Light Gallery

User-friendly client for back office

Any HTML5 standard browser

Flexible user work styles and devices

Light Gallery configuration

Microsoft Dynamics AX for Retail

Microsoft Dynamics AX

Microsoft Azure Cloud Platform

Light Gallery Retail cloud ERP solution

Simplified SaaS-style Cloud Consumption Model

Enterprise grade resilient cloud platform

Modern POS for in-store experience

Sales & Marketing

POS

SCM

Pricing

Systems / Third parties

Philips Lighting

Light Gallery webshop

Third party vendor

Third party vendor

Advanced Self-Service Reporting & Analytics

Light Gallery

Sales & Marketing

POS

SCM

Pricing

Modern POS for in-store experience

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### Proposed Solution – Functional Capabilities

## Point Of Sale (POS)

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| **Products and inventory**  | • Items can be added to sales using catalogue browsing, scanning or search (including on product attributes).  
                                • Inventory lookup for items is possible per store in real-time and can be displayed for the other stores and other warehouses, such as the central warehouse.  
                                • A product information leaflet can be printed and/or sent to the customer via e-mail.  
                                • You can use product attributes to add merchandising details, such as rich text, images, and videos to the descriptions of products to enable your employees to better serve the customer.  
                                • A selection of products can be compared to help in advising the customer.                                                                 |
| **Quotations**              | • Quotations can be made from the POS to so that customers in the store have an offering available. Recalls of made quotations are possible in any store.  
                                • Quotation layouts can be tailor made including images on request.  
                                • Quotation can be printed or sent via e-mail to the customer.                                                                                                                                  |
| **Sales**                   | • Various Omni-channel scenarios are supported for delivery options, e.g. immediate take out, home delivery from store, drop shipment, reservation, etc.  
                                • Scanning is available within the POS for sales used for (e.g.) automatic entry of product.  
                                • Sales order invoices can be printed and/or sent via e-mail to the customer.  
                                • Custom discounts can be applied, if allowed, using a variety of options e.g. line discount, line amount, specific, total discount, mix/match in as well amounts as percentages  
                                • Vouchers and coupons functionality is available for loyalty targets.                                                                                                                           |
| **Cross-selling / Upsell**  | • Dynamics AX POS enables your employees to cross-sell predefined or related products and/or services within a sales.  
                                • The cloud solution supports additional sales called upselling by pushing combinations and or suggesting related products.                                                                 |
| **After-sales and returns** | • Returns can be easily initiated from the POS based on existing sales or non existing sales, for example for returns sold in the legacy system.  
                                • Invoices ID’s can be printed as barcodes on invoices to enable searching for original orders and easy returns.  
                                • Upon return the return reason can be specified and based on the return reason the inventory can be automatically transferred to a specific warehouse.                                      |
| **Payment and other POS devices** | • Using the Dynamics AX Hardware Station component, POS devices are enabled to connect to peripherals such as printers, cash drawers, card readers or payment devices.                                      |
Proposed Solution – Functional Capabilities

Highlighted: The modern variant of a Point of Sale

Customers shop on their terms

Today’s customers live in a connected world and are well informed when making a purchase – before they even walk into a store. In a time when customers are shopping on their terms, retailers need to find ways to better serve and provide them with amazing in-store experiences! To best engage customers, you must empower your employees to provide excellent customer service. With the capabilities in Microsoft Dynamics’ modern retail POS solution, you can connect with your customers in new and meaningful ways.
## Proposed Solution – Functional Capabilities

### Customer Management

#### Functionality

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| Customer master data          | • Customers can be searched for, created and maintained from the POS (Point Of Sales).  
                               | • Dynamics AX has functionality to define customer groups. These customer groups can be used for (e.g.) campaigns and discounts.  
                               | • Dynamics AX has functionality to assign customers to sales organizations  
                               | • Dynamics AX has functionality to list sales and shipping conditions  
                               | • Fast customer creation functionality supports store visiting customers  
                               | • Customer data is available across retail stores: you can search for customers for your store or for all stores, including customers from the website |
| Loyalty programs and -cards   | • The loyalty feature lets you specify the types of rewards that you offer your customers. You can offer additional incentives to customers who spend more in your stores and you can also set up the rules that apply to the earning and redemption of those rewards and how those rules to your customer’s activities.  
                               | • After you set up loyalty programs, you can monitor and maintain them and review the activity of your cardholders. You can continue to offer rewards to your customers based on their level of activity and you can manually adjust a customer’s loyalty rewards if necessary. |
| Sales                         | • Sales order invoices can be printed and/or sent via e-mail to the customer.  
                               | • Vouchers and coupons functionality is available for loyalty targets. |

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## Marketing and Price Management

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<td><strong>Pricing policies</strong></td>
<td>• Customer specific pricing in discounts and amounts</td>
</tr>
<tr>
<td></td>
<td>• Product specific pricing</td>
</tr>
<tr>
<td></td>
<td>• Channel and country specific pricing</td>
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<td></td>
<td>• Historical pricing data is available and can be reported</td>
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<td></td>
<td>• Pricing simulations can be configured to set the right margin</td>
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<td></td>
<td>• On the various documents pricing and discounts can be displayed (also on receipts)</td>
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<tr>
<td></td>
<td>• Pricing comparison with competitors and attaching of that data can be listed.</td>
</tr>
<tr>
<td></td>
<td>• Mass maintenance of pricing functionality prevents losing lots of time for maintenance and can be done depending defined queries</td>
</tr>
<tr>
<td><strong>Campaigns</strong></td>
<td>• Campaigns can be set-up for a specific group of business relations, can be categorized and can be limited to specific conditions and/or specific periods.</td>
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<tr>
<td></td>
<td>• Campaigns can be executed across Omni-channel scenarios.</td>
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<td></td>
<td>• Campaign responses can be tracked and reviewed.</td>
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<td></td>
<td>• Marketing calendar support</td>
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<td></td>
<td>• Campaign functionality is part of the cloud solution. Campaigns are supported by various ways of communication and also can be measured on its success.</td>
</tr>
<tr>
<td></td>
<td>• Satisfaction surveys can be part of the evaluation of the campaigns and are also used for follow up touchpoints with the customers</td>
</tr>
<tr>
<td></td>
<td>• All kind of target customers based on various attributes</td>
</tr>
<tr>
<td><strong>Discounts and promotions</strong></td>
<td>• Dynamics AX supports many options to combine discounts and promotions, e.g. simple discounts in percentage of amount, quantity discounts, threshold discounts and mix and match discounts.</td>
</tr>
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<td></td>
<td>• Reason codes for prices changes can be set. This can be analysed using reporting.</td>
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<td></td>
<td>• Functionality is available to perform mass maintenance of promotions.</td>
</tr>
<tr>
<td></td>
<td>• Price Management</td>
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<td></td>
<td>• Reason codes for pricing situations</td>
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## Supply Chain Management

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| **Replenishment and stock movements** | • Dynamics AX supports various ways of replenishment, such as min/max, buyers push* and cross dock.
  (* Buyer's push is a process in which products are purchased by a centralized purchasing department and then distributed (pushed) to stores. The quantity that is distributed is either entered manually or calculated automatically.)
• Direct delivery is fully supported: Directly from DC to customer, directly from vendor to store or directly from vendor to customer.
• Store to store movements are fully supported.
• Scanning is available within the POS for store logistics (e.g., reception of transfer of items).
• There are different solutions to implement handling consignment inventory.                                                                                                                                                                                                 |
| **Inventory counting and adjustments** | • Dynamics AX supports several ways of counting inventory, such as ad-hoc counting and periodic (blind) counting and can block inventory during counting.
• Stock corrections in case of breakage, own use, etcetera, can be registered and posted.                                                                                                                                                                                                                                               |
| **Inventory levels and value**        | • Multiple inventory costing methods are supported: FIFO, LIFO, weighted average, standard cost, FIFO date, LIFO date and moving average.
• Item cost can be tracked throughout different levels: site, warehouse, location.
• Safety stock calculation can suggest inventory levels based on parameters such as required service level. Suggested levels can be posted to be activated.                                                                                                                                                                                               |
| **Warehouses and locations**          | • Each store has its own warehouse structure, that can be setup as simple or complex as needed. The warehouse setup allows the use of warehouses, aisles, racks and (storage and picking) locations.
• Separate warehouses can be used for returns, even based on return reason.
• Separate warehouses can be used for other processes, e.g., quarantine and quality control.                                                                                                                                                                                                                                                      |
Proposed Solution – Functional Capabilities

Finance

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<td>Mirror accounting</td>
<td>Mirror accounting: (1) The accounting which is needed to provide statutory &amp; economic account rules can be completed with an analytical set of information, called financial dimension values. These are a set of customizable extra properties which can be added to each general ledger posting in addition to the ledger account itself. (2) During the physical inventory posting in general ledger for the purchase order receipt, an extra general ledger posting is generated to charge an expense account and offsetting the inventory account, in order to comply with BE GAAP.</td>
</tr>
<tr>
<td>SOX-Compliant</td>
<td>SOX compliance is supported by role based security, workflow engines, segregation of duty conflict alerts, audit trail recordings and database loggings for sensitive data.</td>
</tr>
<tr>
<td>Legal requirements</td>
<td>Dynamics AX delivers localizations from Microsoft for 36 countries out of the box, including Belgium. 41 languages are supported, Flemish is covered. Examples of available localizations are: Inventory receipts posting to P&amp;L for Belgian statutory reporting, The annual fixed assets overview report, SEPA Payments and Direct debits, import of bank account statements (CODA), VAT reporting and Intrastat. Note that Bebat and Recupel are not (yet) out of the box supported and will need additional attention to determine a solution proposal.</td>
</tr>
<tr>
<td>CODA</td>
<td>Regarding the standard CODA bank statement import functionality, customer receipts are automatically matched to the AR invoice based on the invoice reference stored. In case extra requirements concerning additional matching criteria are applicable, an additional ISV solution needs to be added to the proposal which is currently put out of scope.</td>
</tr>
<tr>
<td>Accounting principles</td>
<td>Dynamics AX is compliant with IFRS standards.</td>
</tr>
<tr>
<td>Archiving</td>
<td>It is not common to archive data in an ERP system. However, archive functionality is available when required using the DIX Framework. Archiving is not in scope for this proposal and is not advised in this phase.</td>
</tr>
<tr>
<td>Project accounting</td>
<td>In Dynamics AX a Project module exists. In this module, project- and work breakdown structures can be defined where budget values and actual cost and revenue are recorded and reported upon. The recording of cost and / or revenue can be done directly in the module itself, or via related modules that are integrated with the Project module. There can be multiple types of projects defined, like Time &amp; Material, Fixed Price, and Internal. The implementation of this module is not in scope for this proposal.</td>
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We implemented a lean governance structure with Avanade as first point of contact towards Microsoft.

We believe that frequent and transparent communication is one of the key success factors for any project. By having weekly meetings with the project management team, meetings with the steering committee can be held every 6 weeks to report progress and discuss project matters of higher importance. Avanade will be the first point of contact in case of any escalations that involve Microsoft.
Proposed Solution – Implementation of Proposed Solution

The second phase of the agile approach is “Construct & Evolve” where the solution is implemented in sprints.

The first step is to configure the primary set of business processes using out-of-the-box functionality. Then the initial configuration will be validated and additional setup will be completed to meet remaining (must have) business process requirements. During the last two sprints, also important should have business will be realized.

Achieve 80% out-of-the-box fit

Realization all must have requirements

Should have requirements

- Perform out-of-the-box configuration of Dynamics AX retail within solution scope
- Perform first iteration data migration (partial data set)
- Test, demonstrate, train and validate out-of-the-box configured business processes
- Amend & adjust project backlog
- Second iteration data migration (full data set)
- Configure and test must have backlog items
- Third iteration data migration
- Develop training and support materials
- Configure and test must have backlog items
- Fourth iteration data migration
- Develop training and support materials
- Configure and test must and should have backlog items
- Fifth iteration data migration
- Develop training and support materials
- Configure and test should have backlog items
- Develop training and support materials