

LIS4930 Project Management for Information Professionals

Subject Case: Nike's Integrated Enterprise Software

Description: Nike aimed to reduce manufacturing cost and forecast customer demands and product requirements by implementing a demand and supply planner software by i2 Technologies. This supply chain management (SCM) software was the first phase of a larger IT overhaul that included an enterprise resource planning (ERP) software from SAP, a customer relationship management (CRM) software by Siebel and a middleware by SeeBeyond that integrated the entire all components into a single system.

Importance of Case: This a noteworthy case because it illustrated a significant supply chain disruption to the world's largest supplier of athletic shoes and apparel. Consequently, the software failed to forecast demand, which prompted Nike to over manufacture some shoe while underproducing others. More specifically, this software glitch impacted the value, reputation, and sales of Nike, i2 Technologies, and the various retail stores who could not fill the orders of specific sneakers. In addition, this software malfunction affected shareholders, employees, and customers for both companies.

Regarding this event, the most significant lessons were the value of planning, system integration, provide training, and identification user and system requirements. It is important to mention that these lessons may apply to i2 Technologies. As a result, Nike has commissioned external consultants and experts to create systems to bypass the i2 software application and they adopted an approach to integrate its ERP platform in phases to its various global offices and manufacturing facilities.

Presentation: While preparing my presentation, I will utilize a series of peer reviewed articles and trade journals to collect all relevant facts and figures.

- Initially, the demand and supply planner or SCM software was not deployed with the SAP's ERP platform, which include the other two software. The SCM software was not integrated and interfaced properly with the ERP and the CRM software. Furthermore, the SCM software was extremely customized to function with Nike's legacy system, which was time intensive. Because of these unnecessary customized features, the SCM software frequently crashed and created discrepancies in forecast demands and orders.
- To cut manufacturing cost and meet increasing demand, Nike bypassed certain system recommendation from i2 Technologies. As a result, the software malfunction was closely connected to Nike's core business process.
- During 2001, the software malfunctions cost Nike an estimated \$100 million in lost sales and a 20 percent decline in its stock price and various class action lawsuits.
- To minimize risk, Nike could have implemented all three systems (SCM, ERP, and CRM) simultaneously. This action may have spared the demand and supply planner application the unnecessary technical redundancies, complexities, and inefficiencies, which prompted this project failure.