

BLUEFIRE SYSTEM DESIGN PRINCIPLES

Sophistication made simple™

Sophistication is needed in forecasting, stocking, pricing, and promoting products to capture the best revenue, margin, and capital efficiency

User simplicity is needed because many important decisions are made by high turnover, entry level buying, merchandising, visual, and planning/allocation personnel



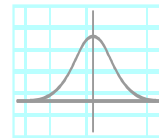
Simple user processes

Inputs are patterned after normal decisions, inputs are entered only once, and decision making is automated as much as possible



Right logical design

Proper separation and integration of calculations to allow rapid execution of sophisticated logic



Right math

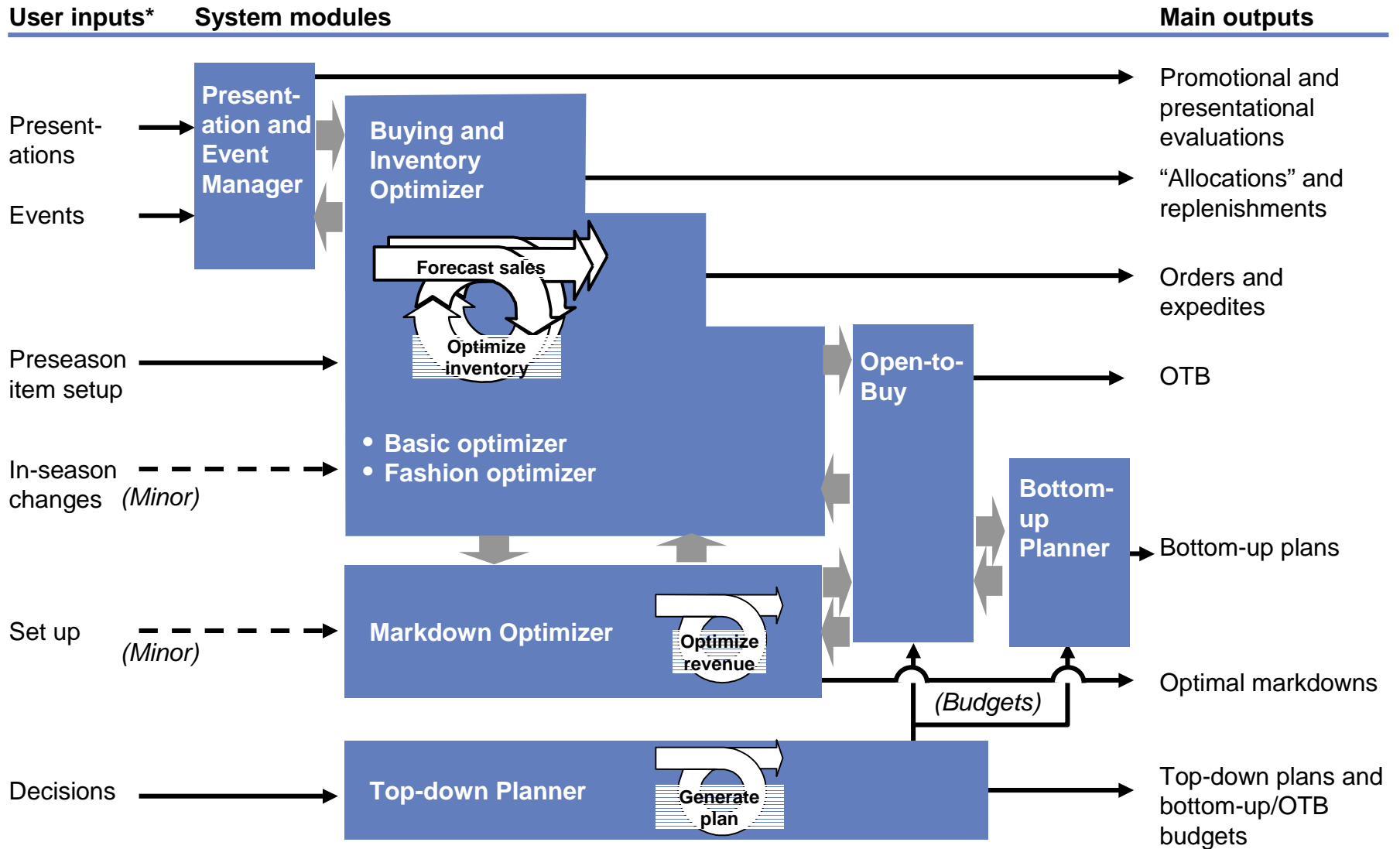
Right combination of forecasting and optimization techniques to handle diverse and messy real-world settings



Mix and match modularity

Components designed to allow easy mix and match of Bluefire modules with existing customer modules

BLUEFIRE SYSTEM LOGICAL LAYOUT



* These are the typical user inputs but would be replaced by electronic inputs if available, does not include the typical electronic inputs of sales, on hands, intrants, on order, item master, and location master

BLUEFIRE SYSTEMS KEY BENEFITS SUMMARY

Module	Results in...
Presentation and Event Manager	<ul style="list-style-type: none">• <i>Incorporation of visual presentations in all decisions and identification of non-economic visual quantities; incorporation of promotional/causal events in all decisions and identification of successful and unsuccessful events</i>
Buying and Inventory Optimizer	<ul style="list-style-type: none">• <i>Right order quantities from suppliers at right time to maximize profits/return; right stocking of stores and minimization of inventory throughout supply chain</i>
Markdown Optimizer	<ul style="list-style-type: none">• <i>Suggests optimal timing and level of markdowns to maximize revenue and profits; more effective decisions and in-store execution from seeing rest-of-season markdown timings each time</i>
Open-to-buy	<ul style="list-style-type: none">• <i>More effective determination of where reductions in inventory would have minimal impact on sales and profits (OTB problem resolution)</i>
Bottom-Up Planner	<ul style="list-style-type: none">• <i>Better determination of which products to buy, where to include them in the store assortments, and how they will perform</i>
Top-Down Planner	<ul style="list-style-type: none">• <i>Less costly development of long term financial plans</i>

BLUEFIRE SYSTEMS KEY FEATURE SUMMARY

Module	Key features
Presentation and Event Manager	<ul style="list-style-type: none">• Patterned after normal store communications• Integrated across all decisions• Compares promotional or visual “art” to economic optimization “science”
Buying and Inventory Optimizer	<ul style="list-style-type: none">• Includes both basic and fashion optimizers• Includes visual presentation, promotion, and markdown considerations• Multiechelon• After preseason setup, driven by in-season exception management• Minimizes user input• Optimizes economics
Markdown Optimizer	<ul style="list-style-type: none">• Economic optimization• Optimizes rest of season• Optimizes against “physical” constraints
Open-to-Buy and Bottom-Up Planner	<ul style="list-style-type: none">• Dynamic (preseason and in-season)• Item level (and above)• Forecast optimization driven• Includes visual presentation, promotion, and markdown considerations• Autogenerates from other inputs
Top-Down Planner	<ul style="list-style-type: none">• Conventional subjective planner
