

# Case Study: Digitizing the Product Development Cycle

Speed is the new currency. It's no longer enough to optimize your supply chain for cost alone. Our aim is to increase speed like never before, helping our customers reduce lead times and increase speed-to-market to meet growing consumer expectations. We believe companies who can move fast and react to changes in the environment quickly will win.

**Spencer Fung**  
Group CEO



## Bringing speed to our customers' supply chains

For 40 years brands and retailers have viewed promotional sales events as a guarantee of increased foot traffic and success. With promotions the new norm, those days are over. With disruption from e-tailers and ever-changing consumer behavior, driven by technology, speed is the guarantee of success.

Li & Fung's goal is to fully digitalize each step of the supply chain so we can seamlessly capture data end-to-end, realizing data-driven

insights. The first step in bringing speed to our customers' supply chains is digitizing the product development cycle which includes design, sampling and fitting.

To achieve this, we have created a new Digital Center of Excellence that leverages our scale to build one of the industry's largest and most skilled centers of expertise in digital design, sampling and fitting. With advanced digital design and rendering capabilities, the Digital Center of Excellence allows our teams to innovate and collaborate real time with our customers, leading to better product decisions and drastically reducing the time the sampling process takes from weeks to days or even hours.

A supply chain optimized for speed not only helps our customers save time and money but also brings their buying decisions closer to time-to-market enabling them to respond quickly to trends, improve inventory control and decrease mark downs – all with the aim of improving profitability. Our competitive advantage in realizing on-time customerized solutions makes production more timely and resource efficient.

### Time required for product sampling



**13 Weeks**

Industry average,  
with physical samples



**4 Weeks**

Using LF digital tools

**70%**  
Total time  
saved



## Betabrand: where digital demand dictates supply

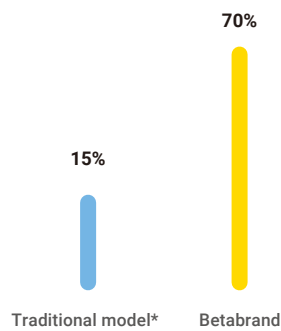
We have been working with San Francisco-based apparel firm and crowdfunding platform Betabrand to experiment a 'high-speed consumer development process' that bring ideas to life in a matter of weeks.

At Betabrand, consumers are invited to be involved in a quick co-development process with its designers to create products their consumers actually want.

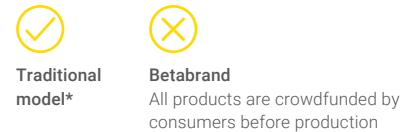
In this experiment involving shoes and handbags, what Li & Fung did was develop all the designs from a digitized library of components and provide 3-D rendered products, which are virtually indistinguishable from the real products, allowing consumers to purchase them right off designers' desktops. Once demand for the products hits a certain target, Li & Fung will then physically produce the products. In other words, only the products the consumers want – and have paid for – are produced.

Using Li & Fung's digital design capabilities, the product development cycle is reduced by months, creating newness with on-trend products and reducing waste by producing 'right the first time' products.

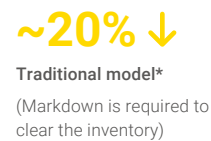
### Adoption rate



### Excess inventory



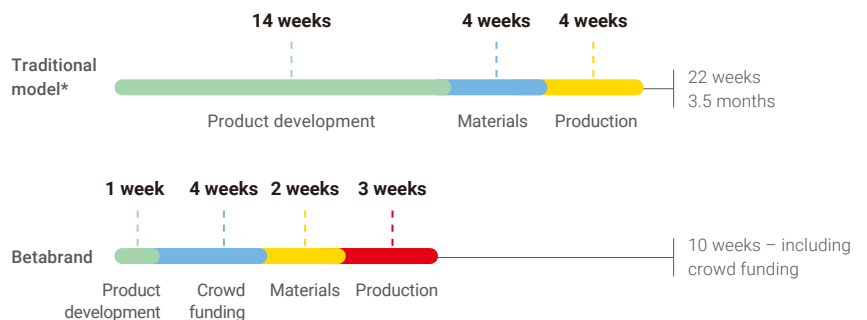
### Price markdown



### Sell through



### Time taken from concept to production



\* The traditional model requires making and shipping multiple physical samples during the product development process.