

# IBM Power Systems™ constitutes logistic core at Nike

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## Challenge:

To meet compliance and security regulations on a series of internal and external requirements, including Sarbanes-Oxley

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## Solution:

IBM Power Systems combined with Safestone's DetectIT, a comprehensive solution for security, audit & compliance

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## Results:

Stable and standardized environment, high performance, scalability and flexibility, clear reporting, security & compliance

## Safestone DetectIT provides Nike with a comprehensive security, audit and compliance solution for IBM Power Systems

“If you have a body, you are an athlete\*” This vision of Bill Bowerman, co-founder of Nike, still continues to inspire a whole generation of Nike employees today, both in developing products that help athletes at every level to achieve their full potential, and in creating the business opportunities that distinguish Nike from the competition.

Nike founders and visionaries, Bill Bowerman and Phil Knight, developed the company from an American shoe retailer into an unparalleled marketeer of sports footwear, clothing and equipment. Nike operates in over 160 countries and has more than 30,000 employees – all driven by the same mission: to deliver inspiration and innovation to every athlete\* in the world.

## Key role for IBM Power Systems

Nike's European logistics center is located in Laakdal (Belgium). 52 countries are supplied with sports clothing, footwear and accessories from this one distribution center. Supply Chain Management has long been one of the cornerstones of the company's business strategy and will remain that way in the future. Every possible effort is devoted to ensuring the right product reaches the right place in the right quantity at the right time as cost-effectively as possible. Nike's current logistical structure dates back to 1994, when the decision was taken to move away from an individual country organisation, in which each country had its own sales and marketing office and local distribution network. Laakdal was selected for the EMEA region and following in the wake of a central warehouse for clothing, a similar facility for footwear was opened in 1995. Nike experienced rapid growth during this period, forcing the company to expand its capabilities quickly, resulting in 1998 in the clothing and footwear warehouse capacity being doubled. The most





recent expansion dates from 2006, when a central warehouse for accessories was built. These facilities mean that all Nike business units are represented in Laakdal.

The distribution center in Laakdal handles a whole range of different goods streams: it receives both new products and returns (reverse logistics), stores goods and promotional material for athletes, sorts the various types of goods using sorting systems and manual picking operations based on voice technology and then sends these goods out to customers all over Europe. To help facilitate these tasks, Nike uses the very latest technological innovations available on the market, such as storage with robots and automatic pallet-builders.

The core of the entire supply chain system is built round IBM Power Systems (formerly System i™) based on POWER6™ technology, which combines performance with scalability and modularity. This technology makes for a flexible and dynamic infrastructure that is easy to adjust and expand to fit in with the needs of the business. Placed on top of this hardware layer is the internally developed and maintained XpDS warehouse management system and virtually all systems run on the IBM platform.

“We have relied on IBM AS/400 (which later became Power Systems with the IBM i operating system) since the distribution center was established in 1994,” says Johan Veestraeten, who is responsible for the logistics infrastructure and technology worldwide at Nike. “The power of this platform is its stability and up-time. Everything is on hand in the system, which gives

security to the business.” Veestraeten also runs the expertise center on IBM Power Server. One of his responsibilities at the expertise center is the simplification and improvement of processes. As soon as a solution has been tested and implemented in full locally, it is copied and pasted worldwide. For example, the center in Laakdal has become a model for distribution centers in Japan, Korea, the United States and China, where the tools, processes, systems and methods have been copied and localized. Experts from Laakdal were involved at all times during implementation.

### **Increasing need for compliance**

International regulations are increasingly making organisations more accountable. In particular, large companies are obliged to meet a whole series of external and internal requirements. Whereas previously companies enjoyed a good level of tacit trust, these days they have to demonstrate that they are being compliant with requirements, including in the areas of IT infrastructure and security. In 2006, compliance with Sarbanes-Oxley was a major challenge for Nike. Because the distribution centers in Laakdal is the final link in the supply chain, it played something of a pioneering role: for the final link to be compliant, all of the previous links in the supply chain had to meet the requirements set. IBM Power Systems, the core of the entire system, which also includes stock-taking, came very closely under the microscope. Although internal audits had demonstrated that the IBM i operating system already had plenty of security features built into it, Nike needed a customized solution that took account of the internal complexity.

### **Standardized solution for clearer reporting**

Johan Veestraeten explains: “In view of our ongoing need for automation and simplification based on limited resources, we went looking for a simple solution. We wanted to be able to generate automatic reports on compliance and only point out discrepancies.”

Nike began exploring the market and it wasn't long before they arrived at Safestone: Safestone's DetectIT is a comprehensive solution for security, audit and compliance on IBM Power Systems. This modular application answers the company's needs in the areas of audit, compliance and security. It is also flexible and scalable, as well as easy to implement and use. “Thanks to our 21 years of experience in the marketplace,” explains Herman de Groot, Sales Director

## IBM Systems and Technology Group

### IBM Power Systems

EMEA/APAC at Safestone, “we have a modular product that is 99% ready as standard for compliance standards such as Sarbanes-Oxley, PCI, BASEL II, etc. So it can be geared to meet specific customer needs without too much implementation work being required.”

One of the spearheads of the IBM i operating system is that everything is systematically logged. The Safestone solution is then able to take this mass of data and distil the relevant information from the system in a way that is easy to use – creating reports that everyone can understand.

### Expectations totally met

Safestone’s DetectIT offers infinite functionality. Johan Veestraeten gives a number of examples: “Depending on their ID, users of the system can only perform those tasks allocated to them. It is also possible to monitor critical files continuously; intuitive reporting issues a warning as soon as anything happens that is not according to plan. There are plenty of benefits for ordinary users, too. For example, they can change their own password themselves without having to go looking for a phone to call the helpdesk first. This results in far less frustration, a higher level of security, enhanced compliance and gains in productivity. Of course, passwords also have to meet a number of criteria. Finally, all of the standards used are revised every quarter and assessed to make sure everything still complies with standards.”



After implementation in Europe, the solution has become the worldwide standard for Nike. Thanks to the central database, changes in Europe can be carried through in the United States, for example. Johan Veestraeten is enthusiastic about it all: “We now have a highly stable environment. But the total process isn’t finished yet. The validation processes still need to be standardized, for instance. But the reporting side is going really well and we are able to have a perfect view of the situation at all times because now we are working in a fully controlled and standardized environment.

### For more information

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Produced in the BeNeLux  
January 2010  
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