

FROM e-COMMERCE INSOURCING TO NEW BUSINESS MODELS FOR FASHION & RETAIL

Investments opportunities in ICT for Fashion and Start-ups

Carlo Terreni

General Director & Board Member NetComm Suisse Association

Initiator of Fashion Digital Lab

Co-founder of Loomish - Digital Investment Consulting



AGENDA

- Presentation NetComm Suisse Association
- The Fashion and Retail Market – eCommerce and Digital Evolution
- The Crisis of outsourcing model and the Omnichannel challenge
- The consolidation of the ICT Market (NetComm Suisse Members)
- New Business Models in Fashion and Retail

NETCOMM SUISSE'S MISSION IS TO SUPPORT THE DEVELOPMENT OF E-COMMERCE AND DIGITAL CULTURE IN SWITZERLAND

Fostering industry growth through:

- **12 Events**
 - Swiss e-Commerce Conference in Baden
 - e-Commerce meets Fashion in Lugano
- **8 Trainings** in collaboration with 8 Swiss Universities
- **7 Researches** published from Observatory NetComm
- **lobbying** activity in Bern (office offered by Bern Invest)
- **50 Media** and Press Releases



WE ARE THE LARGEST DIGITAL COMMUNITY IN SWITZERLAND

- Founded in Lugano in 2012
- Over 270 Members
- Board directors from SBB, Nestlé, PF, Tinext
- 12 members in the team
- 3 offices: Lugano, Geneva, Zurich

ASSOCIATES



WE ARE MEMBERS OF DIGITAL SWITZERLAND

COLLABORATION AGREEMENT Digitalswitzerland and NetComm Suisse Association

SCOPE

The scope of this agreement is to set the macro-guidelines for a long-lasting collaboration between digitalswitzerland and NetComm Suisse Association, given the synergetic matching between the mandates of the two entities:

- to promote the development of the digital ecosystem within the Swiss market.

A special focus of the agreement will be given to the shared topics:

- Digital Education
- Accelerator Programs

Both parties have initiatives in these fields and agree to cooperate by joining forces and co-develop new initiatives.

Lugano and Zürich, 5 September 2016


Alessandro Marrasosa

President NetComm Suisse Association


Christian Wenger

President digitalswitzerland


Carlo Terreni
General Director NetComm Suisse Association

Members of digitalswitzerland



THE FASHION AND RETAIL MARKET

E-COMMERCE AND DIGITAL EVOLUTION

OVER 80 BRANDS CREATING A LARGE ICT AND INNOVATION MARKET IN TICINO



Un **laboratorio digitale** a supporto dei brand della moda in Ticino



>80
+2 in
September

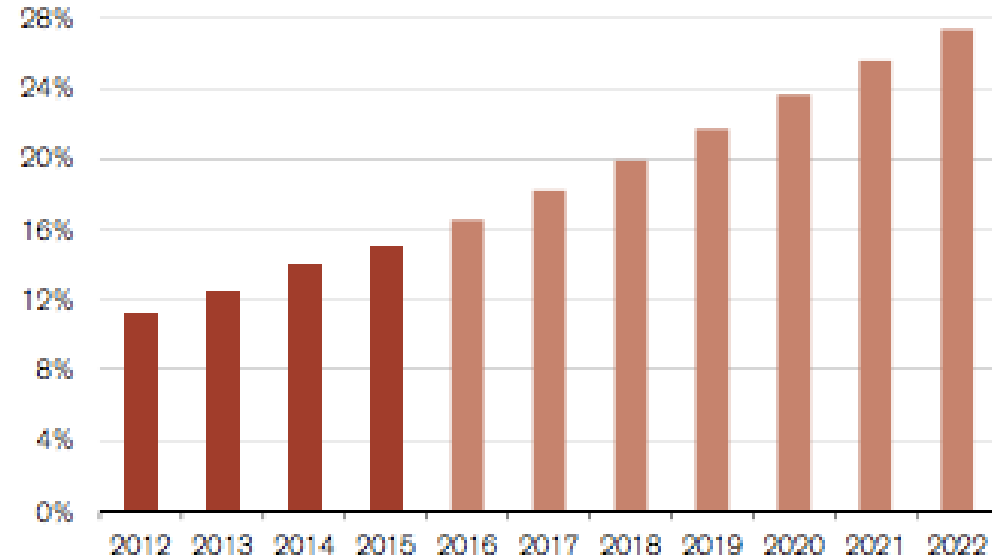
AVERAGE TURNOVER OF A FASHION COMPANY GENERATED ONLINE IN 2016



BY 2022 IN SWITZERLAND 1 OUT OF 4 FASHION PURCHASES WILL BE MADE ONLINE

Fonte: GfK, ASG, Credit Suisse

Fig. 8: Quota online dell'abbigliamento/ calzature
In percentuale; colonne rosso chiaro = scenario



>25%

Fonte: GfK, ASG, Credit Suisse

ACCORDING TO GOOGLE MOST FASHION BRAND PURCHASE DECISIONS ARE AFFECTED BY ONLINE SEARCH



THE MAJORITY OF FASHION SHOPPERS EXPECT OMNICHANNEL EXPERIENCES



MAX MARA GROUP IS BETA TESTING CLIENTELING INSTORE SOLUTIONS EXPERIENCING OUTSTANDING SALES



THE CRISIS OF OUTSOURCING MODEL AND THE OMNICHANNEL CHALLENGE

THE OUTSOURCING MODEL IN FASHION

The screenshot displays the Trussardi website interface. On the left, a navigation menu includes 'Online Boutique', 'Woman', 'TRUSSARDI', 'TRUSSARDI JEANS', 'Man', 'TRUSSARDI', 'TRUSSARDI JEANS', 'World Of Trussardi', and 'Social Connect'. A banner for 'TRUSSARDI THE LOVY BAG' features a woman holding a red bag and a 'SHOP NOW' button. The top right shows the 'YOOX NET-A-PORTER GROUP' logo and navigation links. A grid of 'ONLINE FLAGSHIP STORES' includes brands like ALBERTA FERRETTI, ALEXANDER WANG, ARMANI, barbareis, Chloe, dodo.it, DSQUARED2, dunhill, and EMILIO PUCCI. The footer contains shipping information for Switzerland and a copyright notice for YOOX NET-A-PORTER GROUP.

www.trussardi.com/ch

LOG IN / REGISTRATION SHOPPING BAG (0) SEARCH

TRUSSARDI

Online Boutique

Woman

TRUSSARDI

TRUSSARDI JEANS

Man

TRUSSARDI

TRUSSARDI JEANS

World Of Trussardi

Social Connect

FREE SHIPPING. SEE DETAILS...

TRUSSARDI THE LOVY BAG

SHOP NOW

YOOX NET-A-PORTER GROUP

ABOUT US | INVESTOR RELATIONS | GOVERNANCE | SUSTAINABILITY | PEOPLE | NEWSROOM

HOME > ABOUT US > WHAT WE DO > ONLINE FLAGSHIP STORES

ONLINE FLAGSHIP STORES

YOOX NET-A-PORTER GROUP designs and manages ONLINE FLAGSHIP STORES for leading fashion & Luxury brands looking to offer their latest collection on the Internet.

ALBERTA FERRETTI
albertaferretti.com

ALEXANDER WANG
alexanderwang.com

ARMANI.com
armani.com

barbareis.com

Chloé
Chloe.com

dodo.it

DSQUARED2
dsquared2.com

dunhill.com

EMILIO PUCCI
emilipuucci.com

Shipping to:
SWITZERLAND (Change Country)

Customer Care Shipping

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4 LIMITS OF THE MODEL

1

Cost – majority
revenue share model

2

Conflict of interests in
Omnichannel strategies

3

Not direct access to online
brand communication

4

Missing direct access to customer
data and insights

EXAMPLE 1 (e)COMMERCE – THE STRATEGIC GROWTH CHANNEL



VF Reports First Quarter 2017 Results; Updates 2017 Outlook

- First quarter revenue from continuing operations decreased 2 percent to \$2.6 billion (down 1 percent currency neutral);
- Gross margin from continuing operations improved 150 basis points (up 190 basis points currency neutral) to 50.2 percent;
- Outdoor & Action Sports revenue increased 2 percent (up 4 percent currency neutral); *The North Face*[®] brand revenue increased 6 percent (up 8 percent currency neutral) and *Vans*[®] brand revenue increased 5 percent (up 7 percent currency neutral);
- International revenue increased 2 percent (up 5 percent currency neutral), including 5 percent growth (10 percent currency neutral) in China;
- Direct-to-consumer revenue increased 6 percent (up 7 percent currency neutral) with digital revenue up 25 percent (up 26 percent currency neutral); and,
- EPS from continuing operations decreased 8 percent (down 3 percent currency neutral) to 52 cents; EPS growth was negatively impacted by 8 percentage points due to lower discrete tax benefits in the first quarter of 2017, compared with 2016.

EXAMPLE 2 (e)Commerce – THE STRATEGIC GROWTH CHANNEL IN LUXURY

Richemont

Richemont's regional and global support functions enable our Maisons to enter new markets more easily and, aided by in-house tools, support our teams and development initiatives. With some 6 000 employees directly employed by our subsidiaries, these functions make a regular and significant contribution to the Group's sales growth and operating margins. The following section highlights specific developments during the year under review.

REGIONAL PLATFORMS

Europe, Middle East, Africa and Latin America

In a difficult trading environment, Richemont's European distribution entity continued fast product delivery to satisfy final clients' demands. The UK market showed strong performance also through the opening and upgrading of various high-end multi-brand

team was significantly upgraded with the arrival of a new Chief Operations Officer and Customer Service Director. A new position of Regional Director for E-Commerce and CRC was created to support the deployment of the Group's digital strategy throughout the region.

THE DIGITAL MATURITY OF FASHION

e-Commerce Outsourcing



Since 2006, YOOX Group designs and manages mono-brand online stores for fashion brands looking to offer their latest collection on the Internet.

Insourcing of digital & e-Comm channels



BRUNELLO CUCINELLI

30 Jan 2017 - Italian fashion label **Brunello Cucinelli** launched its new corporate and e-commerce site on Monday. **Produced entirely in-house** and available both in English and Italian, the platform is part of the digital project the company started in 2015 with the goal of strengthening its online strategy. www.wwd.com

New services- 90 minutes delivery

FARFETCH

BAGS ACCESSORIES JEWELLERY VINTAGE EDITORIAL SALE

Gucci in 90 Minutes

Introducing our exclusive new F90 delivery service, in 10 cities globally

The long wait is over, in every sense: we've partnered with Gucci to launch F90, a new delivery service that goes store to door in record time. Available in 10 cities across the globe*, enjoy the service on selected Gucci styles now - ready to wear in 90 minutes. See model Laura Love, fashion editor Tamu McPherson and actress Yuko Araki solve their fashion emergencies in our video below.

[Discover Gucci for Women](#)

[Discover Gucci for Men](#)

THE OMNICHANNEL GAP – EXANE BNP PARIBAS

Figure 22: European luxury brands are still far

	Buy online pick-up in store	Buy online return in store	Order in store for home delivery
Bottega Veneta	✗	✗	✓
Burberry	✓	✗	✓
Louis Vuitton	✓	✗	✓
Gucci	✗	✗	✓
Hermès	✓	✗	✓
Hugo Boss	✗	✗	✓
Prada	✗	✗	✓
Galeries Lafayette	✓	✓	✓
Harrods	✗	✓	✓
La Rinascente	✗	✗	✓
Saint Laurent	✗	✗	✓
Selfridges	✓	✓	✓

Source: Company websites (Europe)

INVESTMENT FINDING 1

Investments finding 1

Those Fashion and Luxury companies that will professionally invest in digital and e-Commerce will gain in terms of:

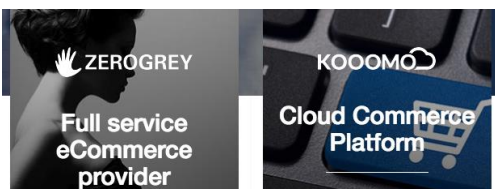
- Branding
- Market share
- Profit Margins



THE ICT MARKET EVOLUTION

THE ICT MARKET CONSOLIDATION AND EVOLUTION

e-Commerce Outsourcing evolution



Giglio Group ha definito l'acquisizione del 100% di Evolve Service (gruppo Evolve), società svizzera controllata da Tessilform, a cui fa capo il marchio Patrizia Pepe.

Consolidation and integration in the value chain



The next big things at CES 2017

AI Salesforce



VR - AR Samsung



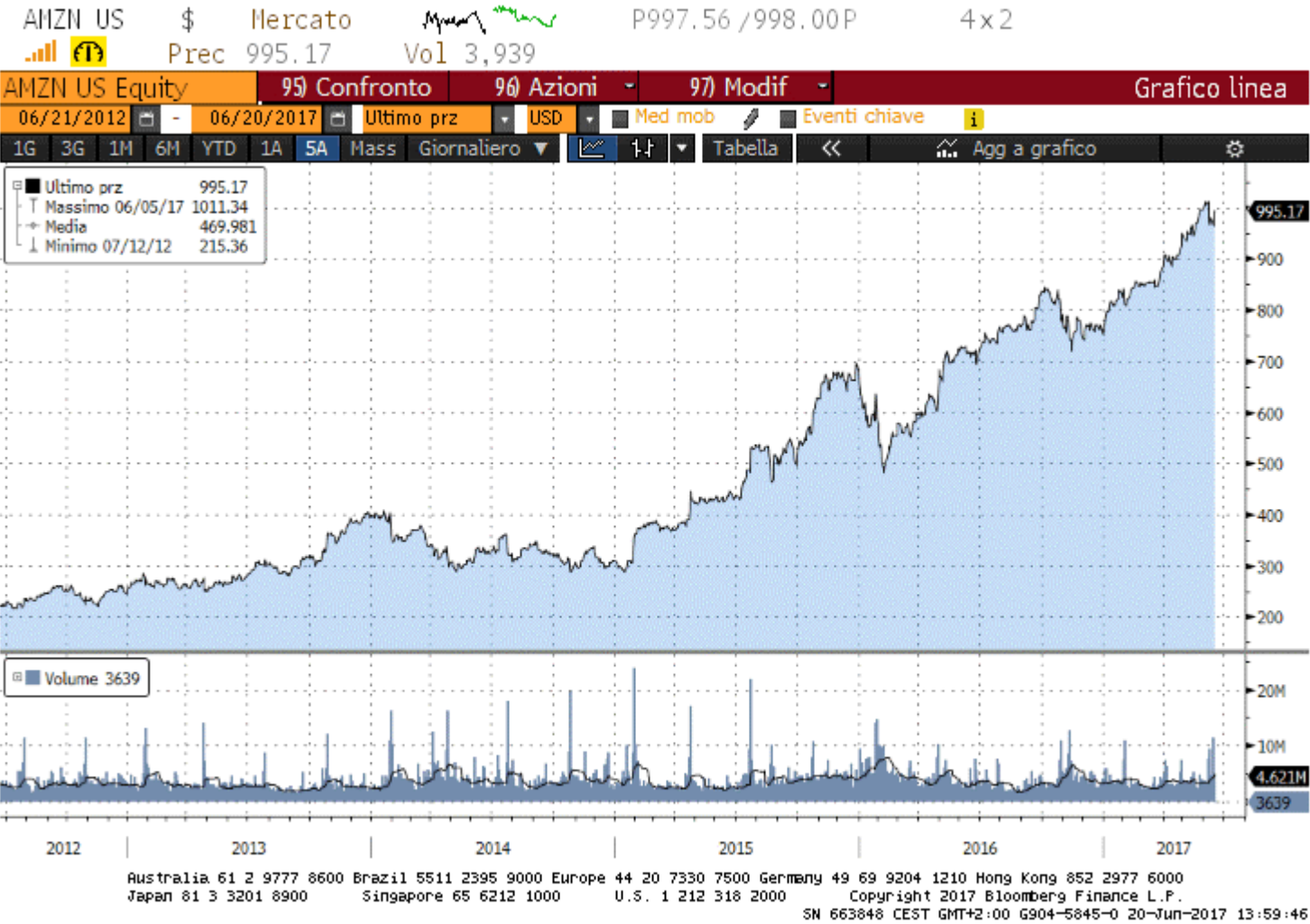
Voice Amazon



IoT Mastercard



AMAZON US EQUITY



SALESFORCE CRM US EQUITY



Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2017 Bloomberg Finance L.P.
SN 663848 CEST GMT+2:00 G904-5845-0 20-Jun-2017 14:01:03

SAP GY EQUITY



INVESTMENT FINDING 2

Investments finding 2

We will assist to:

- Evolution from services to software
- Consolidation among established players
- Investments of ICT corporations in Start-ups to insource innovation

NEW BUSINESS MODELS IN FASHION AND RETAIL

APOCALYPSE OF RETAIL

The retail apocalypse has officially descended on America



Hayley Peterson [✉](#) [t](#)

© Mar. 21, 2017, 5:25 PM [1,256,906](#)

[Category: Retail](#)



Mike Nadelman

AMAZON ANNOUNCES PRIME WARDROBE

RETAIL

[CONSUMER](#) | [RETAIL](#) | [AUTOS](#) | [FOOD AND BEVERAGE](#) | [RESTAURANTS](#) | [FASHION](#) | [GOODS](#) | [RETAIL REPORT](#)

Amazon announces Prime Wardrobe, tackling fashion retail head on



- Amazon's new fashion platform, Prime Wardrobe, looks similar to other wardrobe subscription services like Stitch Fix and Trunk Club.
- According to Amazon's website, Prime Wardrobe includes brands outside of Amazon's private labels, for example Adidas, Calvin Klein, Levi's and Hugo Boss.
- Prime Wardrobe shipments will come in a resealable box with a prepaid label, Amazon says, to make the return process less of a hassle for shoppers.

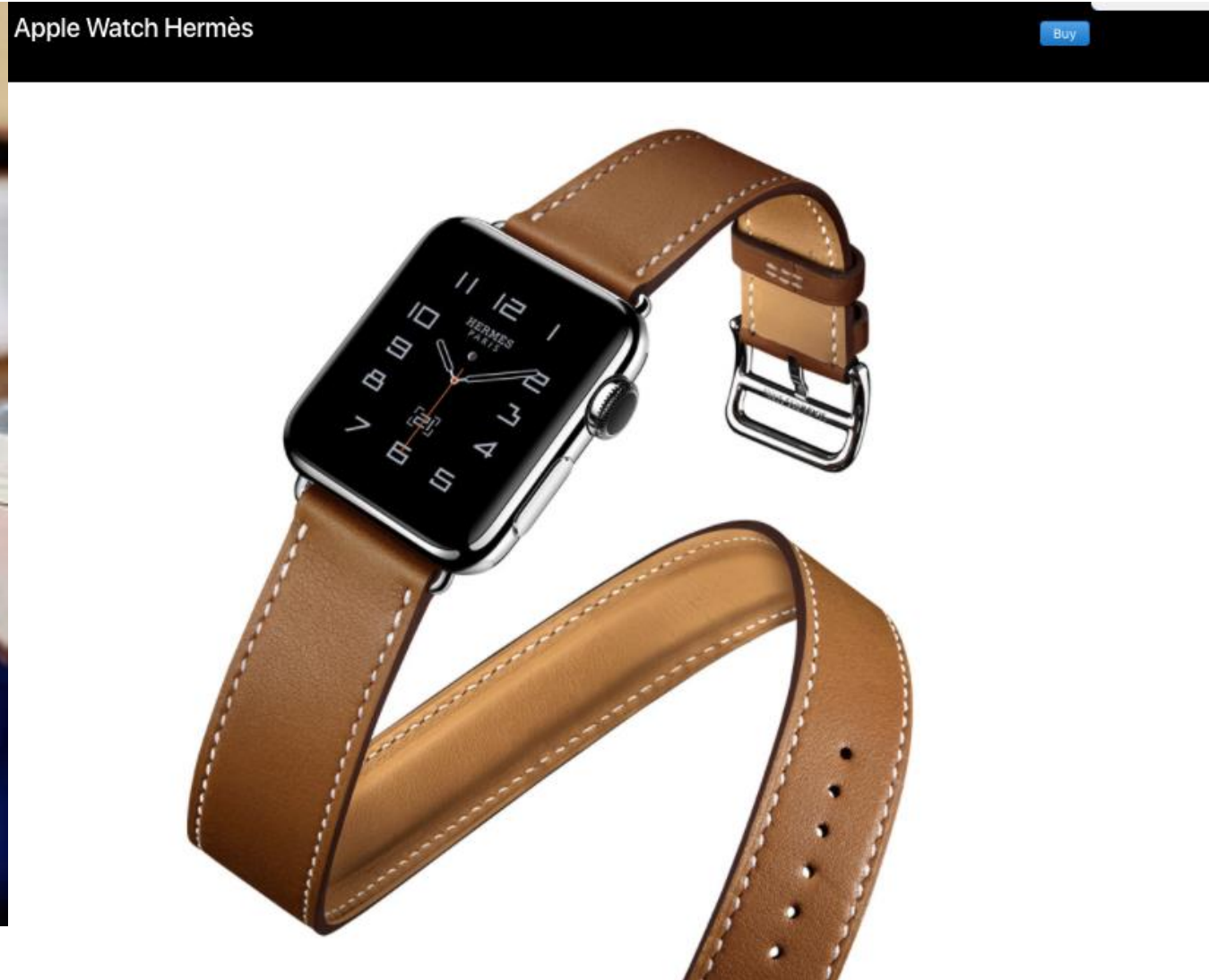
Lauren Thomas | [@laurenthomasx3](#)

33 Mins Ago



COMPETITION COMES FROM NON-FASHION PLAYERS

Apple Pay + Hermès Luxury + Watches



FASHION COMPANIES WILL FACE COMPETITION FROM INDIRECT INDUSTRY PLAYERS



THE eFASHION REVOLUTION – NEW BUSINESS MODELS FOR FASHION AND RETAIL

A sportswear company selling personal training service and data to insurance companies



A footwear company selling files online to 3D print you shoes at home



A Swiss luxury watches company selling apps (14th March 2017)



INVESTEMENT FINDING 3

Both ICT and Fashion Brands will scout innovation among start-ups to scout innovation and recruit talents

THE UNIQUE OPPORTUNITY FOR SWITZERLAND IN TICINO

FASHION DIGITAL LAB – THE PLAEC WHERE INNOVATION HAPPENS

Following Pura Ifcenter, working to open the second Lab in Pazzallo



Marco Di Pietro



IF CENTER SA

Second HUB

Pazzallo - Lugano

Over 450 Parking

Next to Lugano Nord Highway

Bus from station and center every 15 minutes

Over 3200 SQ Meters

Loomish – LAUNCHING THE FIRST E-FASHION INNOVATION PROGRAM



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The image shows a screenshot of the Loomish website landing page. At the top left is the Loomish logo with the tagline "INVESTING IN INNOVATION". A navigation menu at the top right includes "Home", "Fashion And Retail Brands", "Start Ups", "Investors", "Service Providers", "Team", and "Contact". The main visual is a woman in a dark, long-sleeved jacket and gloves, pointing towards the right. The text "Launching Switzerland's e-Fashion Accelerator" is displayed in large yellow font. Below this, it says "LAUNCH STARTS IN SEPTEMBER" followed by a digital countdown timer showing "172:22:01:49". A button labeled "KEEP ME UP TO DATE" is positioned below the timer. On the left side of the woman's image, there is a vertical list of seven yellow downward-pointing chevrons.

Google and Yandex coming to Lugano

Gregor Doser

Industry Leader Retail, **Google Switzerland**



"Google Switzerland is glad to engage with and support the digital transformation process of B2C and e-Commerce companies in the Ticino Fashion Valley. We will gladly provide coaches, expertise and case studies to the "NetComm Suisse" academy and offer access for students to the Google Partner Certificate Program."

Bernard Lukey

Executive Director, **Yandex Europe**



"As members of NetComm Suisse we are proud to contribute to the development of the Association's Academy and the Loomish Acceleration program, providing YANDEX trainers and mentors to nurture the digital skills of the Ticino Fashion Valley talents and support companies that are targeting the 90M Russian internet users."

Facebook - Fashion Innovation Lab to be officially announced next week

The Facebook logo, consisting of the word "facebook" in white lowercase letters on a blue rectangular background.

“We at Facebook have noticed the quick development of NetComm Suisse Association as an ecommerce engine in Switzerland during the previous years. In the future, we are happy to contribute to the organization’s work with education, certification and consultation, as well as regular participation at events and trainings in the Ticino Fashion Valley. This would cover established companies as well as startups coming through the Loomish Acceleration Program based at The Fashion Digital Lab in Lugano.”

Kai Herzberger, Director DACH & EMEA, e-Commerce and Transformational Retail Facebook

WE ARE LOOKING FOR PARTNERS AMONG

- Fashion Brands or Retailers
- Investors VC and Private Equity
- Start-ups
- ICT Companies

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COME & JOIN US!

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 LUGANO

 ZÜRICH

 GENÈVE