

WINNING WITH NEW

by Mike Troy for RetailLeader.com



The gross margin improvement claims made by Evan Silver, Founder and CEO of Toronto-based Simplista, sound almost too good to be true. That tends to be the case with startups in the retail and consumer goods world where bold claims about innovative solutions are common.

“Our solution is a listing platform that helps retailers onboard new products in days, not weeks and not months,” Silver said. “By getting new products to shelf at a more rapid pace we are giving retailers additional weeks in which to sell their highest margin products.”

The speed to shelf – be it a physical or digital shelf – is critical for retailers of all stripes, but especially so for those focused on food and consumables who need to ensure product availability aligns with demand generation efforts. While overall gross margins in the grocery business average about 25 percent, Silver contends gross margins on new products are around 35 percent. That’s why he built a cloud-based solution that accelerates the new product onboarding process so retailers gain a greater share of new item sales at higher gross margin rates.

“It’s all about getting item data right the first time in real time. The product information comes in once and it comes in right,” Silver said.

It would be easy to dismiss Silver’s claims as entrepreneurial bluster, except for the fact that Simplista isn’t a typical startup. While the company is among a group of 10 startups at XRC Labs, the New York-based retail and consumer goods accelerator founded in 2015, Simplista’s solution has already been battle-tested by one of the world’s largest retailers.

Canadian retailer Loblaw, with roughly 2,400 stores and 2017 U.S. dollar sales of \$36.6 billion, has been running the Simplista solution since 2015, according to Silver. His consulting company won a contract from Loblaw the prior year to build the solution that today serves as the gateway for 7,000 suppliers to make new product introductions and changes. Simplista’s promotional materials assert that Loblaw’s use of the solution has enabled the retailer to achieve millions in annual profit lift.

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“I’ve spent the past two years ensuring that the technology is productized, hardened and ready for the market,” Silver said. “As the founder, I provided the seed capital. The technology is built and sitting up in the cloud. We are certified with Microsoft and we are co-selling with them in the marketplace. We will be looking for our seed round of funding around November and then we will go into series A in 2019.”

Whether in Canada or the U.S., retailers have similar challenges with new product onboarding and item file maintenance that Silver believes are not addressed by typical product information management (PIM) systems.

“In today’s world, in order to get an item listed that may have as many as 2,500 attributes requires teams of people across multiple divisions with roughly 30 touchpoints. And that’s just for one item,” Silver said.

The complexity introduces the potential for errors and because there are a lot of moving parts the process can take longer than is ideal to maximize sales. For example, traditional PIMs tend to be repositories for product attributes, or what Silver calls the “what,” of the product onboarding process. However, there is also the “how” of product movement within a retailer’s supply chain, the “when,” of product flow and the “who,” of whether goods are received by individuals, warehouses or stores.

“Simplista takes the what and marries it with the retailer’s how, when and who information and then in real time we post that to the back end systems,” Silver said.

“We don’t consider ourselves a PIM. We are not a repository of data, but rather an end to end solution that goes all the way from the supplier side to the retailer and into their back end system.”

Silver is optimistic about Simplista’s entry into the U.S. as an enterprise solution because larger retailers bring many thousands of new items to market every year, consumers are demanding increased transparency and regulatory compliance continues to grow.

“The tsunami is coming so it is imperative that retailers get their hands around the data situation. We are purpose built for the future of the retail industry,” Silver said. ●

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