EUROPE’S LEADING ONLINE FASHION DESTINATION
Capital Markets Day: Tech @ Zalando
25 March 2015
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TECHNOLOGY AT A GLANCE

✔ 700+ employees
✔ 50+ Nationalities
✔ 4 Locations¹
✔ New Tech Hubs in 2015
✔ 75% New projects & innovation

¹ Berlin, Dortmund, Erfurt, and Mönchengladbach.
Video: Tech All Hands in March 2015
2015 TECHNOLOGY PREVIEW

Public API launch – new Apps on our platform

Loyalty system for our customers

User-generated content in our Shop

World-class in-season management tools

Industry-leading analytics tools for Brand Partners

And so much more…
Continuous Innovation @ Scale

1. Large Tech Team Growth
2. Multiple Tech Hubs
3. Lots of Small Risks
4. Getting the Best from our People
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EVOLUTION TO A TECH PLATFORM

1. HOW WE ORGANIZE
2. HOW WE BUILD
3. HOW WE SECURE
“The confluence of self-organizing autonomous teams, supported by trust and armed with purpose, in the pursuit of mastery.”
Enable an entire fashion ecosystem atop a next-generation data platform

Cutting-edge approaches to moving fast, safely, in parallel

Powerful anti-complexity measures in order to build-to-last

Elastic, scale-on-demand to tackle the global market

API First

REST

SaaS

Microservices

Cloud
2 HOW WE BUILD: STATUS QUO

Front End
- Web Shops
- Search
- Recommendation
- Mobile Sites & Apps

Business Processes
- Order Processing
- Risk Management
- Payment Processing
- Workflow Tooling
- Customer Data Management
- Master Data Management
- Pricing

- Warehouse Management
- Financial Systems
- Customer Service
- Business Intelligence
- Supplementary 3rd Party Systems

PROPRIETARY CUSTOM BUILT MODULAR SINGLE TRUTH SCALABLE SECURE RELIABLE OPEN

Custom-built system
Integrated 3rd party system
HOW WE BUILD: THE PLATFORM FOR FASHION

Consumer-facing applications, for today and tomorrow, feeding into a shared platform for the common good

Ready for the logistics of today, and the smart logistics of tomorrow

From Big Brands to the Long Tail, tooling & services for the entire Fashion universe

APP
APP
APP

Knowledgable Market Broker

Logistics
Content
Merchandise
Tightly controlled, closed environment

- A single system, highly secured
- Internet-grade security between Zalando and the world

Loosely coupled, open environment

- Many smaller systems, decoupled
- Internet-grade security between systems
- Extremely flexible trust model
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FROM DATA TO FASHION INSIGHT

1. Platform Full of Fashion Insight
2. The Machine Intelligence Wave
SERVICE FASHION DATA PLATFORM FULL OF INSIGHTS

1. Customers
   - Platform acts as trusted advisor to customer
   - Algorithms to capture current & short-term needs and intent of customer
   - Platform links preferences & recommendations

2. Brands and other partners
   - Help brands and other partners to better target potential customers
   - Seemless cross device shopping experience across customer interfaces
   - Advanced analytics on what’s hot and what’s not, etc.

3. Products
   - Demand forecasts to predict sell-through of new products
   - Improved decision making regarding product releases
   - Advanced business management & campaign monitoring
EXAMPLE: SALES & DEMAND FORECASTS

- **SALES FORECAST BY ARTICLE:**
  new platform service will include access to our ‘Forecast Engine’

- **DEMAND BY DISCOUNT SCENARIOS:**
  scenario-based consumer demand estimates, e.g., discount and on-premise visibility

- **MERCHANDISING TRADE-OFFS QUANTIFIED:**
  aided decision-making: explicit benefit & cost analysis
Three broad trends open up new opportunities in machine intelligence:

1. **MOORE’S LAW**

2. **FALLING HARDWARE COSTS**

3. **DATA DELUGE**

Inputs to Proof of Concept at Zalando in fall 2014:

- **Nvidia GeForce Titan Z**, 8 Gflops, 7k MHz, 7mn transistors
- **TAG015**: Classic pumps
- **TAG087**: Long-sleeve shirt
- 1.2 mn article photos plus tags from our catalogue
PREVIEW: MACHINES & FASHION

• **THE OPPORTUNITY:**
  computer vision algorithms experience quantum leaps in performance

• **PROOF OF CONCEPT 2014:**
  • Algorithm output as probability bars (left side)
  • Human categorisation indicator (red bar)

• **OUTLOOK:**
  Catalyst to extended fashion platform model and to device-based shopping
Q&A
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