

Why IBM?

Understanding e-business on demand

Sales reference guide

Overview

An on demand business is one with processes that are integrated end-to-end across the company and with key partners, suppliers and customers. An on demand enterprise can use its processes to respond with speed and flexibility to any customer demand, market opportunity or external threat. Through innovations that help differentiate the store, on demand retailers capture new value in the eyes of customers. And by improving processes, on demand retailers can boost productivity and lower costs. For a retailer to become on demand, it must be *responsive* to the market and consumers, *variable* and flexible in its nature, *focused* on its core differentiators, and *resilient* to internal and external interruptions. On demand retailers should also have an operating environment based on open standards, integrated and enabled with self-managing capabilities.

To achieve these objectives, many retailers are employing the most sophisticated incarnation of e-business to date: e-business on demand™ for the retail industry, or *retail on demand*. The e-business on demand model represents a synthesis of business and information technology (IT) that is adaptable, uses highly responsive computing and facilitates dynamic, realtime interactions across and beyond the enterprise.

On demand is what retailers become, not what IBM sells. What IBM offers is a vision for how retailers can become on demand organizations, coupled with a wide range of technology to support the vision. Key offerings include the hardware, software and services that make up the IBM Retail Store Solutions portfolio, as well as offerings from the IBM Software Group, IBM Global Services and IBM Business Consulting Services.

Opportunities for selling on demand solutions will also be driven by the IBM retail emerging business opportunity (EBO). The retail EBO was created to exploit the strong position IBM has in retail point-of-sale (POS) systems and build a broader business in the retail store. When retailers start to realize the retail on demand vision, they will begin to incorporate multiple consumer and employee touchpoints that require a resilient on demand operating environment. The retail EBO will create a new class of solutions (outside of POS systems) that leverage this environment, and (while working with key independent software and hardware vendors) allow IBM and IBM Business Partners to dominate this fast-growing market.

What is driving e-business on demand?

Today, there are a number of megatrends converging to create an absolute necessity for retailers to become on demand businesses. Many of these trends were confirmed in a recent study by IBM Business Consulting Services. (For details, visit: www-1.ibm.com/services/strategy/e_strategy/esr_retail2010.html) They include:

Diversity runs deeper. Consumers are fragmenting into microsegments as a result of pronounced shifts in demographics, attitudes and behavior patterns. Given these trends, traditional segmentation methods are no longer sufficient to accurately predict customer behavior patterns.

Gatekeepers becoming more guarded. Consumers are exercising a higher degree of control over information inflow and outflow, requiring retailers to establish new ways of marketing and using consumer data.

Information exposes all. Consumers are becoming incredibly empowered during their purchasing decisions through the ability to access information how, where and when they want it.

Megaretailers break the boundaries. Global mega-retailers are rapidly expanding across industry boundaries, forcing all other market participants to establish highly differentiated value propositions.

The middle gets squeezed. Consumers are rapidly trading both up and down within these categories, putting substantial pressure on undifferentiated brands and companies stuck in the middle.

Technology tips the scale. Innovative industry leaders are applying advanced technologies to accelerate value creation, allowing them to outperform the competition.

How can retailers respond to these trends?

With these trends converging in an already competitive marketplace, retailers must focus on a number of imperatives in order to grow market share and increase profitability in an on demand world. Specifically, IBM Retail Store Solutions helps retailers achieve four imperatives:

1. Transform the customer experience

From end to end, across every channel and customer touchpoint, retailers must redefine customer expectations for service, selection, in-store interaction and relationship-building. Transforming solutions are those that empower retailers to improve customer service, anticipate customer demands and react to them very quickly. Ultimately, transforming solutions help maximize customer satisfaction, build loyalty through a superior shopping experience, and motivate consumers to spend more.

2. Take out costs

Retailers must keep cost structures under control by continuously reducing or eliminating hard costs (measurable expenses) and soft costs (total cost of ownership factors, such as store productivity, total uptime and investment protection). Solutions related to this imperative help retailers streamline store operations, optimizing inventory and staff management.

3. Enable your people

Employees are more effective if they have access to the right information at the right time. And store managers need to react quickly to changes in store, customer and employee activity. That is why solutions for this imperative are designed to help retailers create empowered teams that use dynamic, realtime information about products, services, prices and inventory to improve customer service. These solutions also help retailers develop expert managers who work to optimize store performance through accurate, timely business information, task management capabilities and targeted training processes.

4. Operate with secure resilience

No solution can be effective if reliability or security is a constant issue. Operating with secure resilience means retailers have all the technology they need to maximize uptime in the store and in other channels, while protecting critical customer and transaction data from a wide variety of internal and external threats.

Retail on demand offers a clear, concise vision for how retailers can address all four of these imperatives in an integrated, unified way. This vision outlines how stores can meet the challenges of an on demand world. Retail on demand is a catalyst for change – one that can help retailers differentiate their stores to capture new value in the eyes of customers, and improve processes to boost productivity and lower costs.

How does IBM Retail Store Solutions support retail on demand?

The hardware, software and services in the IBM Retail Store Solutions portfolio play a key role in supporting the strategies of the retail on demand vision. With offerings and technology from IBM Business Partners and IBM Retail Store Solutions, retailers can meet all four imperatives.

Transform the customer experience

Today, IBM Retail Store Solutions customers can transform the in-store environment with:

- *Wireless kiosks that deliver targeted incentives to loyalty card holders, provide special product information, or offer services such as gift registry*
- *High-powered, Web-enabled POS systems that help improve checkout speed and create opportunities for seamless, multichannel transactions*
- *Self-checkout solutions that offer consumers a fast, engaging way to complete the purchase*
- *Next-generation peripherals, including fast thermal printers that accelerate checkout, and infrared touchscreen displays that improve image quality and never need to be recalibrated*
- *IBM Store Integration Framework, which helps provide an open, integrated infrastructure that connects storewide touchpoints and helps enable delivery of targeted information to consumers while they shop*
- *Applications from IBM Business Partners that enable customer data analysis, customer relationship management (CRM), cashless payment, digital merchandising and messaging, and many other capabilities*

Other components of retail on demand include the next wave of in-store customer interaction tools, which IBM Retail Store Solutions plans to support, including:

- *Biometric devices for fingerprint-based payment authorization and customer recognition*
- *Cart-mounted Web tablets that allow customers to place a deli or pharmacy order remotely and receive notice when it is ready for pickup*
- *Handheld personal shopping devices (PDAs) that help customers locate items, or allow food service customers to place an order while they wait*
- *Radio Frequency Identification (RFID) technology that makes it easier to track shipments, obtain accurate realtime inventory levels, and manage the supply chain effectively*

Take out costs

On demand retailers will be able to minimize costs by managing their facility, workforce, inventory and service quality with exceptional efficiency. They will do this primarily through a common framework for single-site and enterprise-level management – IBM Store Integration Framework. With an open infrastructure established through the IBM Store Integration Framework, retailers can snap in new technologies cost-effectively and speed time to value.

IBM Retail Store Solutions also helps retailers take out costs with:

- *The retail industry's widest choice of sleek, rugged technologies (including Web-enabled POS and self-checkout systems, wireless kiosks, personal shopping devices, printers, touchscreen displays and other peripherals). With these next-generation solutions, retailers can minimize reliance on older, more expensive technologies*
- *Intuitive graphical user interfaces (GUIs) and infrared touchscreen technology, which help reduce costs associated with employee training*
- *Upgradeable POS platforms that allow retailers to add new capabilities at the POS without always having to repurchase hardware*

- *POS systems engineered according to open standards, which give retailers more choices when selecting the operating system and POS applications*
- *Repair parts and service for IBM POS systems available for up to seven years after a model has been withdrawn from the market*
- *POS hardware with high residual value that can be sold into the used and refurbished market for considerably more than competitive offerings*
- *POS systems that support remote, centralized systems management*
- *Retail-hardened POS systems that offer outstanding reliability and excellent longevity for strong IT investment protection*
- *Pricing and financing options that can be customized for different-sized retail operations*

Enable your people

IBM Retail Store Solutions offerings can help improve employee productivity, turning any employee into an instant expert and providing store managers with the tools and information they need to keep store operations running smoothly. Examples include:

- *The IBM Store Integration Framework that can deliver critical information about consumers and products to store associates in realtime, creating instant experts and improving customer service*
- *Infrared touchscreen technology and intuitive GUIs that make training sessions shorter and improve ease of use at the POS, reducing the risk of errors and promoting employee job satisfaction*
- *Self-checkout systems that enable retailers to serve customers more efficiently and handle higher throughput without adding labor*
- *Web-ready kiosks that can handle time-consuming tasks such as item location, freeing up employees to focus on customer service tasks; broadcast updates to employees about special promotions or changes in store layout; or serve as portals for scheduling, time and attendance and other HR transactions*

- *Handheld devices (PDAs) that can be used to notify managers of schedule conflicts, stock-outs or other critical events via realtime messages*
- *IBM POS systems can run software for labor scheduling and training; or they can be configured to run back-office software, so store managers can maintain high productivity while remaining available to customers*

Operate with secure resilience

Offerings from IBM Retail Store Solutions help maintain resilience in terms of solution durability, store uptime and information security. These include:

- *Retail-hardened POS systems designed to withstand the operational rigors of retail – even in the most demanding environments*
- *Open infrastructure (established through the IBM Store Integration Framework) that allows retailers to add new components and replace current technologies easily*
- *Store- and Web-based tools that help safeguard personal transaction data and help ensure security of information*
- *Systems management tools that can be used to monitor enterprise-wide operations and route alerts automatically, reducing the burden on IT*
- *The IBM 4690 Operating System, which is designed to excel in high-volume retail environments and widely recognized for its stability*

For more information

For more information about the e-business on demand model, or to read the latest news about on demand strategies for retail, visit:
www-1.ibm.com/industries/retail/doc/content/resource/business/1012745101.html



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