

Canada's Largest Department Store Retailer Employs IBM Store Integration Framework

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Press Release

Hudson's Bay Company Creates Innovative New Replenishment and Stockroom Management System to Ensure More Efficient Store Operations, Enhanced Sales and Better Customer Service

RALEIGH, NC--(MARKET WIRE)--Sep 2, 2004 -- Hudson's Bay Company (Hbc), Canada largest department store retailer and the oldest public company in North America, is using IBM's Store Integration Framework as part of an innovative new wireless, integrated replenishment and stockroom management system designed to ensure that popular products are always stocked on the shelves for customers rather than stored in the stockroom, IBM announced today.

Working with its technology partners, including IBM, Hbc has developed the Listed Inventory Database (LID) application for its Zellers mass merchandise stores to establish a steady flow of timely sales and distribution data designed to keep stockroom inventory levels at a minimum and keep fast-selling products on the shelves. The result is increased sales and a reduction in out-of-stock items, as well as labor savings that can be allocated to having more sales associates on the selling floor to serve customers.

The new system integrates timely sales information from IBM point-of-sale systems in order to let Zellers managers know in a real-time basis exactly what has sold and needs to be replenished. A labor-intensive, paper-based system had been used before the advent of LID.

The new LID system employs the IBM Store Integration Framework's Data Integration Facility feature to enable a reliable connection and steady exchange of information between the store and the central servers.

The IBM Store Integration Framework provides the architecture and technology tools to link a retailer's point-of-sale systems with new wireless devices such as kiosks, tablet computers, smart shopping carts and Personal Digital Assistants (PDAs) and then link all of these to the rest of the retailer's systems across the entire store and into the supply chain. SIF allows for customized combinations of middleware solutions with specialized applications from IBM's network of independent software vendors and industry-specific services to allow a retailer to be more responsive to business opportunities and customer demands.

"Hbc is a multi-billion dollar retail organization with three banners and over 500 stores," said Gary Davenport Chief Information Office, Hudson's Bay Company. "An organization of this size and complexity relies heavily on technology to create greater operating efficiencies, as well as to give our customers the ultimate shopping experience. This technology helps us to ensure the items our customers want are on the sales floor rather than in the stockroom. That's why we entered into a strategic technology alliance with some of the best known IT organizations in the world, including IBM. With 30 years of experience with many of world's leading retailers and its

vision for the future, IBM understands the challenges of retail and the opportunities offered by new technology like this."

"Hudson's Bay is on the cutting edge of retailers who are integrating new technologies and business processes in a way that can transform their stores and make themselves more efficient and more responsive to the changing needs of shoppers," said Jan Jackman, general manager, IBM Retail on Demand. "When a retailer can save money, more efficiently schedule labor, and ensure that products are on the shelf to increase sales, that's a winning combination in what is a very competitive business."

With the new LID initiative at Zellers, hourly sales from POS, planogram capacity, sales event systems, and real-time visibility of incoming receipts automatically identify items when and where they are required. Sales associates will be directed to the exact fixture location to satisfy the store's replenishment needs.

Not only does LID do a better job of replenishing out-of-stock items, it is predictive about what is going to be out of stock. It links all of the information -- from the POS to the supply chain -- to know what is selling, what is in the storeroom and what is coming from the distribution center. So the most popular items are replenished on the shelves faster and more efficiently before customers even know there was a potential out-of-stock situation.

LID also will provide shift productivity reporting, as a function of incoming receipts processed onto the selling floor, assisting Zellers Home Office in labor scheduling and analysis.

About Hudson's Bay Company

Hudson's Bay Company, established in 1670 is Canada's largest department store retailer and oldest corporation. The Company provides Canadians with the widest selection of goods and services available through numerous retail channels including more than 500 stores led by the Bay, Zellers and Home Outfitters chains. Hudson's Bay Company is one of Canada's largest employers with 70,000 associates and operations in every province in Canada.

About IBM

IBM, the world's largest information technology company, is the leader in providing the Retail Industry with a full range of e-business solutions, including: point-of-sale systems, automated self-checkout systems, other hardware and software technology, consulting focused on business transformation, IT strategy and planning, store operations improvement, and supply chain optimization, and with services, such as outsourcing, managed operations, systems integration, and application development and design. IBM has a list of retail customers in 100 countries worldwide that reads like a "Who's Who" of retailing. For more information on IBM Retail Solutions, please visit <http://www.ibm.com/industries/retail/>.

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