

RTG Newsletter

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FROM THE PRINCIPAL'S OFFICE

It's interesting to watch the evolution of the information systems industry and its impact on everyone concerned. In this issue, I discuss what I call *the blurring of the lines of responsibility*.

Bob Amster - Principal, RTG

The Blurring of the Line - How does the diverse functionality of new solutions impact the job of the CIO and the enterprise?

By Bob Amster, Retail Technology Group

My wife says that I am great at picking out the obvious. While that may be true, it's because often times the obvious can be very interesting. Observe, for example, what has happened as a result of the development of new software solutions in retail. The industry is creating software solutions with applications of which we either didn't dream 20 years ago, or which we would have called tertiary in importance to, let's say, a sound set of financial applications, a basic replenishment system, or a POS application.

I refer to software applications such as the Gift Registry, Workforce Management, eCommerce, CRM, Pricing Optimization, and Space Management to name a few. One of the characteristics that all these have in common is that each is so wide ranging in its impact, that it is difficult to pinpoint the operational department that should own it.

To wit, Gift Registry is a tool that can be made available in stores, and on a Web site, if one exists. It has an impact on the POS application as well. Is it a sales tool only? Is it a marketing tool? Is it an in-store application? Who owns it? There is no right answer, and the answer is not important. The fact is that it is so wide reaching that many departments ought to be involved in its selection, and deployment, and should contribute to its maintenance.

Workforce Management is a suite of applications that includes Time & Attendance, Labor Scheduling, New-Employee Processing, Benefits Processing, and Human Resources Database management. A number of solution providers have developed solution suites that include all of these. But these modules, while integrated, are

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so diverse and far-reaching in functionality that the lines of responsibility blur. Three or four operational entities within the enterprise are affected. The stores, Benefits, HR, Store Operations management, and Payroll are all impacted.

Another example is Space Management or Space Planning. When these applications first hit the market, they did exactly what their name implied; plan and manage the linear or cubic space in a store. Today, these systems have evolved to include a tie-in to Assortment Planning; they have inserted the reality that regardless of what you *plan*, the space available in the stores does not expand or contract like a balloon. It's fixed! Additionally, some of these systems now tie into the upstream process of Product Life Cycle Management. When we look at the impact of this Space Planning tool we see that it involves Visual Merchandising, Buyers, Store Operations, Planning & Allocation, distribution & Logistics, and the Suppliers.

One can see that the rich and diverse functionality of these applications is the factor that makes the implementation and ownership more complex. These are no longer the simple General Ledger applications of 40 years ago. Only one department cared then: Accounting. Nor are they the simple stock replenishment applications. Only one department cared then: Merchandising.

These newer solutions are characterized by a pervasive impact on the enterprise that involves numerous departments with different objectives, who have to work together to realize the full value of their application. The evaluation of these solutions requires more participants. The selection process calls for consensus of larger, and more diverse groups. The implementation requires the participation and cooperation of a larger body of people and, as a result, more care and coordination.

The basic fact is that good systems whether manual or automated are, by definition, intertwined. In a well-run enterprise there are no islands of operation. The work of one impacts the other. The shortcomings of one degrade the performance of the other. And so, the well-designed and function-rich software applications of today capitalize on that by spanning over the multiplicity of functions performed in the retail environment daily. And the lines of ownership blur, as more departments each own some piece of the total process and systems.

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WHAT'S NEW

Visit our Web site!

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www.RetailTechnologyGroup.com.

Blue Tulip

We are in the process of completing a Strategic Information Systems Plan for our long-time client, Blue Tulip. Based in Bordentown, NJ, and with stores on the Eastern seaboard, Blue Tulip sells gifts and paper products for occasions such as holidays, weddings, etc. The company is growing rapidly and times call for formalizing an ambitious set of information systems objectives.

We are pleased to announce

We are pleased to announce that we have signed an agreement with the Highland Consumer Partners Management Company to provide due diligence services for Highland Consumer Fund I ("the Fund") and consulting services to its portfolio companies. The Fund is affiliated with Highland Capital Partners (HCP) of Lexington, MA, and is headed by Tom Stemberg, founder and former CEO of Staples and Ted Philip, one of the founding members and former President of Lycos. The investment team also includes other former consumer industry executives and investors as well as a crack team of industry veterans (domain experts) who will provide counsel and assistance to the portfolio companies in their varied capacities.

Pharmaca

We conducted a due diligence effort of Pharmaca, an integrative pharmacy concept based in Boulder, CO. HCP has since invested in the company, and it is expanding rapidly.

Rec Room Furniture

We conducted an information systems review of Rec Room Furniture, a retailer of entertainment furniture for the home, including pool, air hockey, bars, card tables and home entertainment

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seating. The company is based in Elk Grove, IL and will grow through a mixture of acquisition and organic growth.

We have also been retained by the company to provide on-going consulting support over the next three months.

On the podium again

Bob Amster and Mark Lilien delivered a presentation on The Future of RFID in Retail at the monthly gathering of the Retail Marketing Society held at the Williams Club in New York, NY on November 15th. Pete Abell, well known for his work in this arena, contributed to the presentation but was unable to attend at the last moment. We thank Pete for his worthy contribution. The audience was very receptive and the presentation was a success.

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