

# RTG Newsletter

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## **FROM THE PRINCIPAL'S OFFICE**

After this May issue, we will synchronize the publication of the still quarterly Newsletter with the NRF Annual Conference. Consequently, the next issues will be in July, October, and late January, after the NRF Conference. In the meantime, enjoy this observation on changing the core merchandise management software in your company.

Bob Amster - Principal, RTG

## ***When should a retailer replace core software applications?***

By Bob Amster, The Retail Technology Group

There is a saying in Spanish that roughly translates to: the fisherman thrives in troubled waters (a mar revuelta, ganancia de pescadores). Consulting firms too, can benefit from change among their client base. While this is true (and many of our larger brethren still practice the art of creating unnecessary change for financial interest), it is our primary duty to do *what is best for the client*. I have been faced a number of times with having to assess a retailer's core information system, and advise on a course of action, when the retailer had a pre-conceived notion that it had to replace everything. This is not always so.

I think that all of us who, at one time or another have gone through a replacement of a merchandise management software package, can agree that before the rewards of the new software can be realized, much work is done, much money is spent, and much disruption is caused to the enterprise. When, then, does it make sense and when does it not make sense to undertake such a risky and painful endeavor? The answers are fairly simple.

- It makes sense when the system you own does not have, and does not promise to have the functionality that your business needs today, or when you've checked with other customers of the software provider, and found they're desperately unhappy, too, with no light at the end of tunnel.
- It makes sense if the total cost of ownership (TCO) of the current system is higher than the amortized cost of acquisition plus ongoing maintenance fees. Total cost of ownership includes monthly software and hardware maintenance fees, plus the cost of the number of data processing people

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that it takes to run the system daily, plus the cost of the space required to house the system.

- It doesn't make sense when few, if any current users have been properly trained in the system's use and capabilities, but everyone complains about *how bad* the system is.
- It doesn't make sense, if you have allowed more than one release of software to be published before you upgraded to the newest version, until you have upgraded and tried it. Many times, there is useful new functionality about which the retailer knew very little.
- It doesn't make sense when you perceive that you have an acrimonious relationship with the solution provider, or when you believe that the solution provider is just not responsive enough, or their support desk doesn't appear to support you. It's cheaper and less painful to fix those things than to replace software packages.
- It doesn't make sense if the only reason you're changing to a different application is because some technical *guru* (read geek) is in love with some new, sexier technology. There has to be a demonstrable payback in the additional functionality and flexibility that a new technology *promises* to provide before you jump off the deep end of the expense-and-disruption pool.
- It doesn't make sense if the retailer doesn't have the money (duh!).
- It makes sense if you have tried all of the above, and it hasn't worked!

## **Tips**

If you think that you might want to change your core software applications, or that you've grown tired of your solution provider, try following these tips.

1. Stay current with the software. New releases often fix old problems and add functionality. Sometimes, new releases even include functionality that you had originally paid to have custom developed making subsequent upgrades, less expensive.
2. Train, and then retrain your staff periodically. Don't spend time and money to replace a system from which most people in your organization are not squeezing the last drop because they don't know how to really use it.

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3. Test your staff periodically after training to prove their proficiency. Attending a training session is just the beginning. Did you know how to drive right after you sat through a Driver's Ed course? Or did you have to pass a test to get a license? And weren't you a better driver after 50,000 miles?
4. Keep an ongoing list of open issues and review it with your solution provider weekly. Don't skip review meetings. Every request for change, issue or problem resolution should be logged in some *living* document that is distributed to, and reviewed by both parties on a weekly basis. Many retailers are guilty of not following up consistently with their provider. Problems fester, and the customer (that would be the retailer) is not happy. Let's face it: the provider would rather that you forgot about the problems. If the retailer doesn't keep up the pressure and indicate that its serious about it, the provider *will* forget about it. When there is nothing left on the list, it's probably because one of you went out of business!
5. Meet periodically with your account executive, or even the president of the company (once a month, or once every two months). Discuss your wishes and issues, and let him or her tell you about theirs, and their plans to address them. Whether you like it or not, just as the industry has been talking about *partnering and collaborating* with suppliers to improve the supply chain, retailers have to *partner and collaborate* with their software solution providers to improve the product. The two have to meet regularly to discuss what is, and what is coming. It is a dual responsibility to avoid enmity and develop understanding.
6. Join the solution provider's users' group and participate enthusiastically! Learn from your peers. Join with your peers to help guide and prioritize the software company's resources for updates, improvements, bug fixes, and training.
7. Subscribe and read your solution providers' newsletter, if it publishes one.
8. Work together. It's not an adversarial, I-am-the-customer-and-I-have-to-win-at-all-cost relationship.
9. A good reason to be suspicious of calls for replacement is: claims that a new system will improve sales or allow more

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creative sales promotion. Great merchants know that shoppers buy merchandise, not point of sale systems.

10. If you are replacing a core software application for technical reasons, make absolutely sure that the technology you are using is, in fact, an inhibitor to things that you already know you want to implement.

## **WHAT'S NEW**

### ***Visit our Web site!***

Obtain more information about us at [www.RetailTechnologyGroup.com](http://www.RetailTechnologyGroup.com).

### ***In the News***

#### **City Sports**

We are currently managing the overall upgrade to POS software from Epicor Retail projects with this portfolio company of the Highland Consumer Fund, located in Wilmington, MA.

#### **Coach**

Craig Furer continues to provide system design and project management services to this successful retailer of leather products.

#### **Lover's Lane**

Bob Berger continues to assist this retailer to replace its existing Merchandise Management and POS systems. Lover's Lane sells "products to help couples enhance loving relationships." This multi-channel retailer runs 29 stores, a Web site and multiple catalogs.

#### **Software Developers for Retail**

Bob Amster recently concluded the assessment of two distinct software products for the retail industry. Each is a Host to POST solution. Each is initially targeted to the Tier-3 and Tier-2 markets. We provided assistance in the inclusion of important features and functions to these two companies.

#### **Things Remembered**

Mark Lilien continues working with this mall retailer of engraved gifts to streamline the Merchandise Planning and Allocation function.

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