

# RETAIL TRANSFORMATION PLATFORM

## EXTENDED RETAIL SOLUTIONS

### Transforming How Retailers Do Business

#### ERS ADDRESSES CRITICAL CHALLENGES WITH FOCUSED SOLUTIONS

Are you looking for ways to improve your competitive advantage? Would you like to provide a more dynamic in-store experience for your customers? Do you need to increase inventory turns and improve in-stock positions?

Extended Retail Solutions (ERS) from Capgemini, Intel®, Cisco Systems® and Microsoft® addresses these challenges by providing a standards-based retail platform that enables the deployment of the business and technology solutions necessary for the transformation of store operations, supply chain management, and product promotion.

The ERS initiative makes use of the collective experience, resources, and retail knowledge of four global business and technology leaders. Retailers can benefit from this collaboration by leveraging a methodology developed by Capgemini to transform part or all of their business processes, and by migrating to a retail technology platform developed by the architects at Intel, Cisco, and Microsoft that specifically supports the needs of the retail enterprise.

ERS enables retail transformation by focusing on three key solution areas: Dynamic Store Operations; Consumer-Driven Replenishment; and Dynamic Promotion Management.



#### DYNAMIC STORE OPERATIONS: THRIVING IN A CHANGING COMPETITIVE LANDSCAPE

Many retailers face similar store operation challenges, including:

- Lack of coordination and communication of corporate-driven activities, resulting in low store-level compliance
- Scheduling that accommodates burst traffic, but doesn't consider other tasks
- Inadequate training programs, tools and incentives
- Managing shrink and controlling store costs

These challenges are magnified in a highly competitive environment where value retailers such as mass merchandisers, club stores, dollar stores, and big-box stores have grown rapidly, resulting in overcapacity and increased stress on Selling, General and Administrative (SG&A) costs.

Managing labor costs and guaranteeing store-level execution requires process improvements and a technology-enabled, real-time focus. ERS can help retailers realize sustainable process improvements by using just-in-time information available in-store, at the region/district office, and at headquarters.

This Dynamic Store Operations approach also focuses on workforce management, with tools such as automated forecasting and scheduling based on labor standards, adherence monitoring and notification, and task compliance. In addition, tools such as store portals, with personalized views for store managers and staff, make it possible to transmit real-time information like inventory data, promotion results, and staff schedules. E-training solutions provide more effective and flexible training options. And an integrated approach to shrink management incorporates IP surveillance, transaction monitoring, inventory spot checks, and other tested tools.



#### EXPERIENCE COUNTS

Extended Retail Solutions benefits from the work Capgemini, Intel, Cisco, and Microsoft conducts with retailers to address key business challenges. For example:

- A comprehensive Retail Transformation initiative helped Meijer achieve and sustain a significantly lower SG&A cost baseline.
- Somerfield shaped its future store strategy at an ERS Insight Day.
- In collaboration with their major retail customers, Scotts increased inventory turns, fill rates and in-stock levels using Consumer-Driven Replenishment.
- A Global Data Synchronization solution for Ahold is designed to improve data management productivity.

## CONSUMER-DRIVEN REPLENISHMENT: MANAGING INVENTORY MORE EFFECTIVELY

Out-of-stocks remain a costly retail problem, and when combined with excess inventory create significant value opportunities. ERS helps retailers improve their inventory efficiency through Consumer-Driven Replenishment (CDR). By replacing distribution data with store-level demand data, CDR helps retailers achieve true supply chain integration with their trading partners.

With this approach, the supplier generates a multi-tier plan incorporating forecast and replenishment for the entire supply chain using an Internet-based Advanced Planning System (APS). Net sales information drives the supply chain planning and collaboration.

CDR significantly reduces a retailer's investment in replenishment resources by focusing on metrics such as return on inventory investment. It also allows for joint governance of business rules, optimization of the entire supply chain network, and joint accountability for inventory and fulfillment. This helps to free up capital for new store growth; reduce labor costs; increase inventory turns due to better planning; increase sales; and improve vendor control and discipline.

## DYNAMIC PROMOTION MANAGEMENT: PROVIDING VALUE TO CONSUMERS

In-store promotions are often expensive and ineffective due to inaccurate forecasts, inconsistent service levels, and insufficient return on investment. What's more, retailers often lack true insight into promotion effectiveness: Where is a promotion working? Where isn't it? And why isn't it working?

Through Dynamic Promotion Management, ERS helps retailers communicate with customers in new and interesting ways and improve the effectiveness of their promotional activities. At the same time, this approach provides visibility into what's happening in the store and the ability to communicate from the store to the home office and vice versa. This results in more accurate planning and forecasting, better measurement of promotion effectiveness, greater promotion uptake and traffic generation, as well as better synchronization of promotional messages, products, and resources.

A dynamic approach to in-store promotion includes:

- **Customer "Check-In."** Via their loyalty card, a customer is "recognized" and receives personalized promotions upon checking in. This gives retailers the ability to adjust for local overages, outages, and special events, and to execute integrated cross-channel promotions. It also provides real-time feedback to managers, promotion planners, and vendors, and generates rich traffic information.
- **Content in the Aisles.** ERS helps retailers use rich-media throughout the store to inform, influence, promote, and personalize messages to customers. With dynamic digital media, advertising can be synchronized with promotions and customized by locality and daypart.
- **Self-Checkout.** Rich-media self-service POS, with interactive, game-like graphics, can improve the customer experience and create labor efficiencies. This approach handles burst traffic and provides cross-sell and up-sell opportunities.

Discover how the ERS approach to Dynamic Store Operations, Consumer-Driven Replenishment and Dynamic Promotion Management can help transform your retail enterprise.

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