The IBM Retail Industry Framework

Customer-centric, Optimized, Insightful

IBM

We've only just begun to uncover what is possible on a smarter planet.

In the global economy, retailers are under pressure to retain and build customer loyalty while at the same time cutting costs and streamlining operations. Their success requires innovative business models that rely on real-time insights to meet customers' changing demands and expectations. Retailers are tackling this challenge by becoming instrumented, interconnected and intelligent. By building intelligence into their entire retail system, retailers, manufacturers and suppliers can eliminate inefficiency and waste in every link of the chain.

What does it mean to be smarter?

Instrumented

A 21st-century retail system can track every item in real time, transform cell phones into mobile shopping devices and tap the web to understand consumers' tastes and propensities to buy.

Interconnected

A 21st-century retail system is integrated end to end—across suppliers, manufacturers, partners, stores and even the end consumer—through a host of sophisticated devices.

Intelligent

With a 21st-century retail system, companies can continuously analyze the vast amounts of consumer data they collect from multiple touch points and transform it into critical business insight.

To survive in today's changing retail environment, smart retailers are working to…

Deliver a smarter shopping experience

Retailers need to create shopping experiences that are personalized, consistent and relevant to the customer. This calls for delivering a customer-centric shopping experience:

• Develop intelligence on customer wants and needs
• Maintain a single view of the customer
• Empower customers to use their technology of choice
• Ensure consistent, timely and relevant interactions
• Empower associates to serve the customer

Create smarter merchandising and supply networks

Retailers are focused on creating merchandise assortments and supply networks that allow them to deliver localized offerings and optimized inventory levels. With smarter merchandising and supply networks, retailers and their suppliers:

- Use customer insight to tailor assortments and product ranges to local markets
- Tune stock allocations to local demand
- Design flexible supply networks to shift stock according to customer demand

Drive smarter operations

Retailers drive operational excellence through cost-efficient management of people, processes and technology, while tightly managing performance and maintaining the ability to rapidly modify processes and infrastructure to capture opportunities. Employing these strategies, retailers:

- Improve precision of operating plans
- Gain deeper insight into financial results and cost drivers
- Continue to improve the efficiency of business infrastructure
- Leverage outside services for more cost-efficient operation
- Prioritize investments to customer-serving business functions

A new kind of software platform is needed

In this environment, retailers need a new kind of technology platform. Not only does this platform need to be versatile, adaptable and affordable, but it must be intelligent, interconnected and instrumented. The IBM® Retail Industry Framework provides the software platform that meets these needs.

Creating a compelling customer experience requires retailers to:

Attract and retain the customer

- Increase revenue and customer satisfaction through quality customer interactions
- Increase revenue through effective loyalty programs
- Increase customer profitability with targeted promotions

Operate the most efficient and effective store

- Increase sales transaction effectiveness through deployment of advanced in-store self-service and point-of-sale (POS)
- Improve margins using shrink analysis and loss prevention
- Reduce labor costs by optimizing operations and improving task management
- Improve cash flows through cash flow optimization

Deliver a true multichannel experience

- Increase revenue and customer satisfaction through quality customer interactions
- Increase revenue through effective loyalty programs
- Increase customer profitability with targeted promotions

Embrace mobile and advanced Internet capabilities

- Exploit mobile technologies to capture the emerging "mobile shopper"
- Enable meaningful customer dialogs by deploying advanced customer interaction technologies
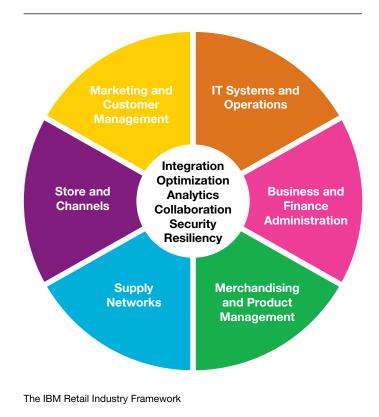- Increase payment process efficiency with mobile payments

Do you have an IBM Retail Industry Framework project ready to start?

The IBM Retail Industry Framework— projects for building smarter retail solutions

The IBM Retail Industry Framework combines the power of IBM software with retail-specific software extensions, solution accelerators and best practices to help you deploy solutions faster and at lower cost and risk. A framework approach helps you migrate to a more strategic and flexible technology architecture that is aligned with the needs of your business, one project at a time. The IBM Retail Industry Framework is organized around the way you do business, providing solutions in these business domains:

- **Store and Channels:** Supports your cross-channel strategy, enabling your customers to have a consistent experience with a retailer across all channels.
- **Marketing and Customer Management:** Provides solutions to create a consistent and intelligent view of your customers to greatly improve sales, marketing and service, and drive effective multichannel delivery.
- **Supply Networks:** Enables you to optimize existing supply chain systems with solutions for determining strategic network design, inventory positioning and safety stock setup. You can also weigh the costs or benefits to sustainability initiatives. Finally, you can streamline vendor and trade-fund management with IBM solutions in this domain.
- **Merchandising and Product Management:** Helps you create an integrated merchandising plan based on analytics of previous purchase patterns, and provides tools to create and manage product information needed to run the business.

- **Business and Finance Administration:** Provides analytical tools and dashboards to manage your financial planning, metrics and consolidations, in addition to key performance indicators (KPIs) for improved human capital management.
- **IT Systems and Operations:** Provides a smarter infrastructure for managing and securing mission-critical information across the retail enterprise.

The IBM Retail Industry Framework

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As part of IBM's ongoing efforts to improve its Retail Industry Framework, it has integrated capabilities of Smarter Commerce, which is a strategy for placing the consumer at the center of your business. A Smarter Commerce strategy helps you to:

- Maximize the insight generated through customer interactions
- Drive growth by enhancing, extending and redefining the value you provide
- Increase margins by boosting efficiency at every stage of the commerce cycle
- Capitalize on social and mobile commerce
- Synchronize your entire supply network to deliver consistent and predictable outcomes
- Improve collaboration and visibility for your consumers and suppliers

The IBM Retail Industry Framework also leverages descriptive and prescriptive business analytics throughout, in the following projects:

- Customer insight
- Financial performance management and analytics
- Human capital management
- Integrated merchandise planning and analytics
- Market basket analytics
- Retail data warehouse
- Social retailing and analytics
- Store and channels planning and performance
- Supply network and inventory optimization
- Supply network performance
- Trade-fund management

Using best practices for success

The framework is a cookbook, including best practices and documented implementation approaches based on successful projects in the retail industry. Each project is a recipe for implementing technology capabilities that can be reused throughout the enterprise. For example, customer data can be centralized to service many different processes in real time, rather than staying locked up in different departments. This trusted information can be used in multiple ways, such as to drive analytical tools that can execute targeted promotions for greater customer profitability, to increase the quality of customer interactions at the point of sale, or to distribute real-time sales performance reports to account managers.

The IBM Retail Industry Framework supports an ecosystem of business partners. Independent software vendors (ISVs) complement the framework with unique applications, so you have the flexibility to choose the business applications you need. IBM supports these applications with implementation tools and techniques for faster and easier implementation. Other business partners are certified experts at implementing and supporting the framework in retail environments.

With a framework approach, retailers can develop a sensible plan for achieving a more agile and efficient IT infrastructure that is aligned with the changing needs of the business. You can simplify your infrastructure one project at a time, confident that your future projects will build on prior investments.

Getting started

Retailers face differing levels of complexity in their IT infrastructures and have different strategic priorities. As you refine and prioritize your key business needs, getting started with the framework is easy: choose a project that will help you address your most pressing challenges.

With each framework project, your infrastructure becomes more agile, allowing you to progressively transform while generating a return on investment along the way. Accelerators such as common retail processes and data models help ensure that you deliver solutions faster. And by taking advantage of best practices and defined framework projects, you can reduce the cost and risk involved in deployment.

Combining virtually everything you need

The IBM Retail Industry Framework combines the industry knowledge, best practices, software and tools you need to bridge the gap between your business and IT requirements. Its open-standards approach and flexible service-oriented architecture let you select best-in-class components from different solutions and vendors based on your needs. Alternatively, you can take advantage of IBM services and IBM Research capabilities to build your own applications using the framework's state-of-the-art development tools and techniques. As you progressively transform your IT architecture, you enable greater innovation and agility, allowing you to be more competitive and responsive to the needs of your customers, shareholders and regulators. Instead of adding complexity to your infrastructure every time you deploy a new solution, with the IBM Retail Industry Framework you build differentiating retail capability—one project at a time.

Examples of framework projects

Store and Channels

- Store and Channels Planning and Performance
- Retail Store Integration and Management
- POS and Self-Service
- Loss Prevention
- On-line Customer Experience and Selling
- Cross-channel Integration, Order Management and Fulfillment
- Promotion Planning and Execution

Marketing and Customer Management

- Customer Insight
- Consistent Customer Information
- Social Retailing and Analytics
- Cross-channel Campaign Management and Optimization
- Marketing Resource Management

Supply Networks

- Supply Network Performance
- Supply Network and Inventory Optimization
- Vendor On-boarding and Maintenance
- Trade-Fund Management
- Warehouse and Transportation Management
- Product Tracking

Merchandising and Product Management

- Integrated Merchandise Planning and Analytics
- Master Product Information Management
- Product Information Process Management
- Market Basket Analysis

Business and Finance Administration

- Financial Performance Management and Analytics
- Human Capital Management
- Enterprise Asset Management
- Energy Performance Management

IT Systems and Operations

- Retail Data Warehouse
- PCI Compliance and Security Management

Apply the depth of IBM's industry expertise

IBM is a world leader in solutions for the retail industry. Hundreds of retailers around the world are implementing solutions with the IBM Retail Industry Framework. IBM can help you get on the path to greater flexibility and agility, whether you're just starting out, looking to optimize your existing infrastructure or somewhere in between. Talk to your IBM representative today about conducting a business value assessment to identify ways to get started.

For more information

To learn more about the IBM Retail Industry Framework, contact your IBM representative or visit: **ibm.com**/software/ industry/retail

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