



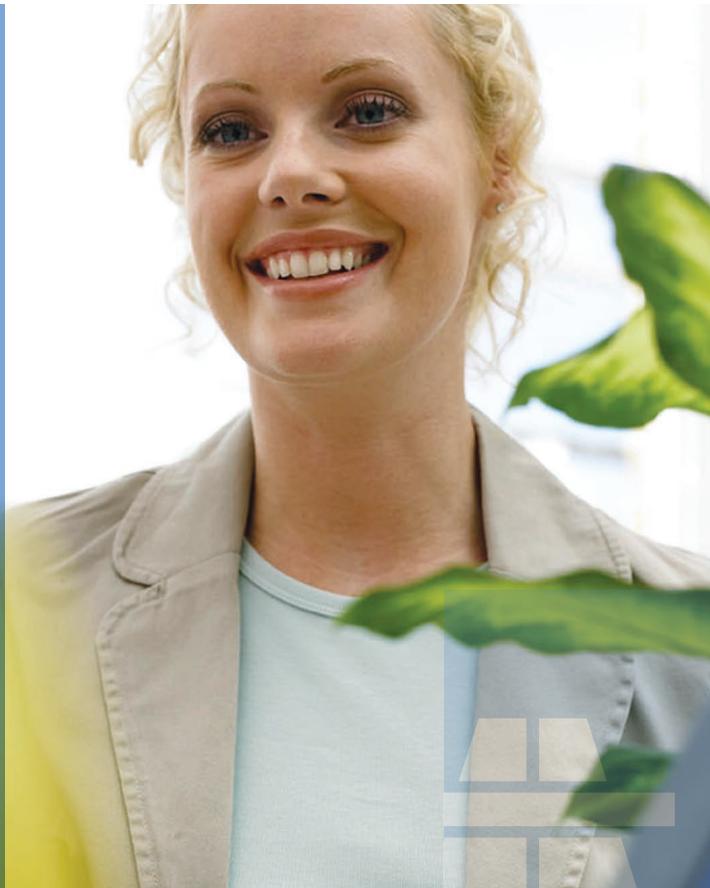
Open point of sale for retail:

Enabling you to drive store revenue and productivity.

> CREATE SEAMLESS
CUSTOMER EXPERIENCES
ACROSS TOUCH-POINTS

> HELP OPTIMIZE CUSTOMER
SERVICE AND EMPLOYEE
PRODUCTIVITY

> SUPPORT NEXT-GENERATION
SOLUTIONS





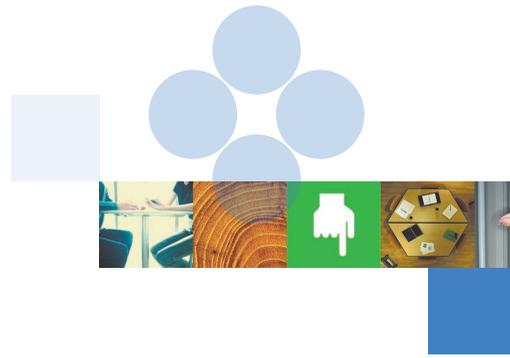
Meet the challenges of the retail marketplace

The retail store faces change on multiple fronts. Shopping patterns are changing: shoppers increasingly give their loyalty to stores that offer the best convenience and value. Competition is intensifying — from both traditional and online sources.

In this context, retail stores find that business as usual will result in shrinking revenue and margins. It is critical that they find ways to increase revenue — but without incurring new costs that spiral out of control.

For more information on this solution, including demonstrations and customer case studies, visit ibm.com/software/industries/retail





Retailers know that to grow revenue, they must enhance the customer shopping experience — creating differentiating, customer-centric experiences that meet the expectations of today's shoppers.

But existing store technology frequently makes retailers feel locked into old ways of doing business. Critical applications such as the point of sale (POS) rely on inflexible, older systems that are expensive to administer and maintain. These systems can also be difficult to link to new systems in the store — such as self-service kiosks or personal shopping devices — or in near real time to the enterprise.

As a result, retailers often opt for disconnected, isolated solutions. This approach may seem easy and inexpensive today, but in the future it makes it harder and costlier to deploy solutions such as digital displays or radio frequency identification (RFID) devices and create an integrated store that can provide a more customer-centric experience. It limits future options at a time when retailers need more flexibility — not less.

Today, leading retailers are establishing connected “intelligent stores” by integrating their store systems. This is possible because new technologies like wireless

Turn the page to learn more about how your retail company can:

- > Integrate business data and functionality throughout retail stores and within the enterprise to help create seamless customer experiences across touch-points and shopping channels.**
- > Help optimize employee productivity and customer service by providing intuitive access to information and automating manual, time-consuming tasks.**
- > Deploy a foundation that can support next-generation technology solutions.**



Appeal to a broader range of customer shopping styles



networks enable the installation of connected solutions anywhere in the store. The key is “opening” existing POS solutions — connecting them to other solutions and enabling them to exchange key real-time information. By starting with the POS, retailers can create a single, integrated system that can run a wide

range of new solutions in the store and connect them to the enterprise. This new system makes it faster, easier and less costly to “plug in” new solutions that can meet retailing challenges — today and in the future. As a result, these retailers can maximize efficiency throughout the store. And they can appeal to a broader range of customer shopping styles without increasing the burden on their systems or their sales associates.

Leverage IBM's retail industry expertise to transform your POS

IBM solutions for the retail industry bring together the extensive IBM portfolio of hardware, software and high-value services — and its wide network of Business Partners — to address the most prevalent challenges for clients in the industry. IBM solutions and retail industry experience help each client accelerate its progress in becoming an On Demand Business — so it can respond with flexibility and speed to virtually any customer demand, market opportunity or external threat.



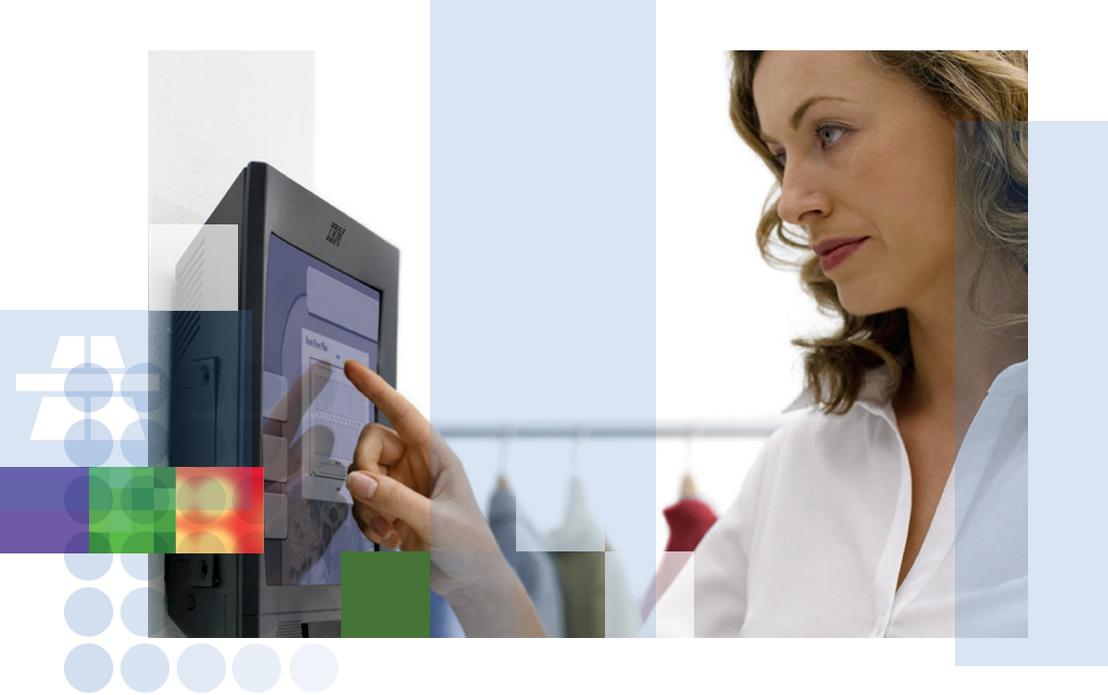
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Creating business processes with a *service orientation* has emerged as the best way to achieve that flexibility and speed, as well as agility and resilience. Service orientation takes everyday business applications and breaks them into individual business tasks, called services. These services can then be shared with other departments within your company, integrated with your trading partners and exposed directly to customers to create new or modified business processes. As a result, you have the flexibility to easily respond to changing market requirements. And because these services can tie together existing enterprise resource planning (ERP), human resources (HR), customer relationship management (CRM) and supply chain systems such as SAP, Oracle, Siebel and JD Edwards, there is no “rip and replace” required. Furthermore, these services can be used across multiple processes — rapidly, easily and consistently — to help drive improved time to value and reduced costs.

IBM software, a key building block of the IBM solutions for the retail industry, is vital to employing a service orientation strategy. It helps our clients achieve business flexibility by enabling them to model, assemble, deploy and manage business processes for today’s on demand business environment.



To help retailers foster customer loyalty, fill shopping baskets and drive employee productivity, IBM leveraged its deep retail experience to develop the IBM Store Integration Framework, a solution that can integrate much of a retailer's software and hardware — past, present and future. To support this solution, IBM has combined its broad software portfolio with its retail expertise to deliver robust, open standards-based capabilities that help you access your existing POS applications and systems, and integrate them with new industry-leading solutions.

IBM software helps your organization:

- Draw on information across the store to create a seamless customer experience across touch-points.
- Optimize employee productivity to improve margins and enable associates to focus on customers.
- Establish a flexible foundation on which you can deploy next-generation solutions when you want.

Create a seamless customer experience across touch-points

As part of their efforts to stand out from competitors and deliver additional value to customers, retailers are delivering shopping experiences that match the evolving shopping patterns of their customers — driving loyalty and generating additional revenue. When a retailer adds innovative, new customer touch-points such as kiosks with new features like store

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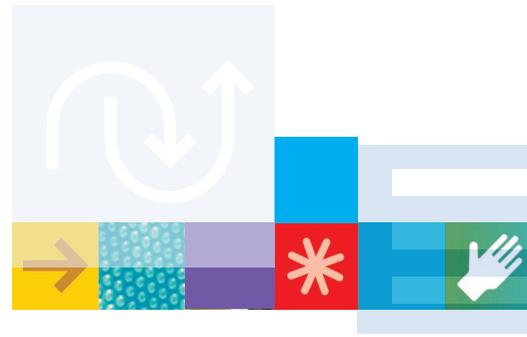


maps and buying guides — or when it gives employees mobile devices to access product inventory and shipping schedule information — the retailer provides information to customers in several formats, allowing them to choose the ones they prefer.

But as these new sources of information proliferate throughout the store, customers expect consistent, seamless experiences. A retailer can either create that consistency or create unhappy customers. For example, a customer who

is shopping for a portable DVD player might prefer to use a kiosk to research his options and select a player. When the kiosk offers the customer a coupon for a recently released DVD if he purchases a particular portable DVD player, the customer may choose that option and head to the DVD section. But if the store is out of the title that was promoted at the kiosk, the customer might become frustrated and leave the store without purchasing the DVD player he intended to buy in the first place.

In most stores, up-to-the-minute information — such as which items are selling fast — is in the POS system but unavailable anywhere else in the store. Sales data is batched and sent to corporate systems at the end of the day, so category managers can only respond to changing demands after a substantial delay. Store managers and sales associates only find out about out-of-stock items when customers become frustrated — when the opportunity to create a positive customer experience is already lost.





Increase the efficiency and productivity of associates



Now imagine that the kiosk that offered a DVD coupon in our example were connected to — and could share information with — the store's POS system. The kiosk could receive an alert that the promotional DVD was selling quickly and switch to promoting a substitute or complementary item. To realize the full benefit of new customer touch-points, it is critical to connect them to the POS system that records what is selling in the store.

IBM WebSphere® Remote Server for Retail — a key component of IBM open point of sale — allows you to integrate your POS with other solutions in the store. This preintegrated, pretested software from the industry-leading IBM software portfolio helps you run diverse applications on different devices — plus communicate and share information between them, with your POS and with systems in your headquarters.

Improve margins by optimizing employee productivity

The same competition that creates the need for new store solutions also puts pressure on profit margins. In response, retailers constantly seek new ways to increase the efficiency and productivity of their associates. This means that any

new store solutions cannot create a larger burden on associates. Ideally, these solutions should enable a retailer to improve the productivity of its store associates.

Many retailers are using the new capabilities of POS systems and wireless handheld devices to provide employees with intuitive access to product, customer and inventory information to help them be more productive. For example, when a customer asks specific questions about products — “Do you have any more of these?” or “Do you have this in a medium?” — the associate can look up answers from the POS or on a mobile device. And when things are slow in the store, associates can use these same devices to educate themselves about new products — without having to leave the floor.

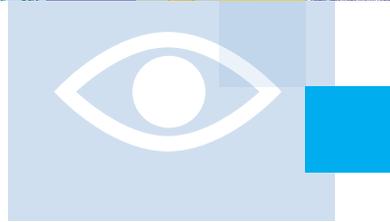
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When a retailer links these employee systems to the POS and other solutions in the store, it can help employees more efficiently deliver the seamless experience that customers want. Take our earlier example of a customer shopping for a DVD player and receiving a promotional offer to buy a DVD that was no longer on the shelf. If the POS could communicate with employee hand-held devices, it could alert employees when the shelf might be running low. The associates could proactively check for inventory in off-the-floor storage areas, restock the shelf and send an update to the system that the problem had been solved — all before customers began to notice.

Furthermore, sharing this information helps you automate tasks that would otherwise take your associates away from serving customers. Rather than needing to manually check stock levels, associates can let the POS system track sales and act when they receive alerts about potentially low stock levels in their departments.





The integration and information sharing that WebSphere Remote Server for Retail provides helps you maximize the control and automation of your retail business systems. Not only can you lower costs by helping your associates act more efficiently, you can give them the product, customer and inventory information — and the time — they need to better serve your customers.

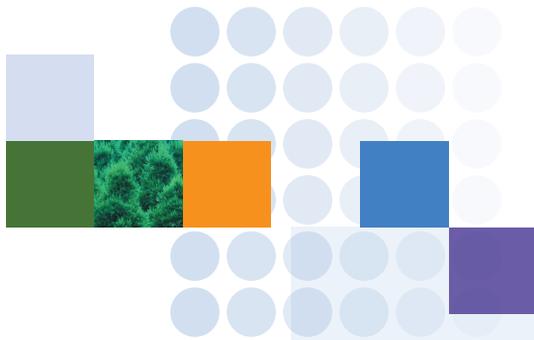
Create the foundation for next-generation solutions

As competition from the Web and traditional retailers increases, many retailers make decisions about what kinds of solutions they can deploy in their stores based on what works best — or what works at all — with their existing systems. Integration of new store solutions can be limited by proprietary solutions that are linked to particular hardware, software or operating systems.

The result is that retailers can't always make the decisions that are best for their business; they can't select the solutions that will maximize revenue and efficiency. For example, imagine that a retailer wanted to offer personal shopping devices to its customers. If the retailer lacked a flexible foundation for linking different applications and systems, it might only be able to easily integrate the personal shopping devices created by one manufacturer. Or it might have to invest substantial time and money to integrate the devices with its existing systems — only to further lock itself into one way of doing things going forward.

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In contrast, WebSphere Remote Server for Retail provides a foundation for flexibly incorporating new technologies into your store when your business needs them. You can more easily install and integrate applications to handle emerging technologies like personal shopping devices, self-checkout, electronic signs and displays, dynamic shelf labels, RFID and more. You can link these new technologies to your existing applications, systems and business logic — bringing them online faster and at a lower overall cost.

To help you achieve this flexibility, the open standards-based, Web-enabled technology of WebSphere Remote Server for Retail allows you to choose from a wide variety of store applications and hardware that can help your enterprise grow. You can make your choices, knowing that the solutions you select will communicate and share information with each other and your corporate systems. IBM helps you deploy an integration platform for meeting today's business needs and for leveraging tomorrow's leading solutions.

Thoroughly plan process changes — and adjust implementation as needed

When you use a service oriented approach to optimize the business processes involved in your POS, you can obtain the flexibility and responsiveness needed to bring innovative products, services and strategies to market. But successfully improving your processes depends on having a good plan and diligently tracking your progress. As many as two thirds of process implementations fail to produce the expected benefits because their true impact is not known prior to execution.*

That's why IBM offers industry-leading tools to help your staff plan, monitor and adjust the implementation of process changes. Leverage easy-to-use tools that help your teams:

- Easily reuse, create, modify and collaborate on process models.
- Simulate and analyze the impact of processes before implementation.
- Enable your IT team to quickly create supporting applications by leveraging your process models.
- Monitor and optimize processes by specifying key performance indicators during process design.



Business Partners help further leverage IBM software capabilities

IBM open point of sale for retail is complemented by applications and services provided by our IBM Business Partners — including the hundreds of Business Partners

specializing in service orientation — helping to make this solution a world-class foundation for successful creation of differentiated, customer-centric shopping experiences. Working together with our clients, IBM and IBM Business Partners can help meet the needs of today's retailers.

For more information

IBM is unique in its combination of unmatched retail industry experience, deep service orientation skills, unparalleled Business Partner network, and software and technology product excellence — and as a result is a clear leader in service orientation. We can help you get started with service orientation, whether for the enterprise, a departmental initiative or a single project. IBM is the ideal resource for retailers seeking to enhance the customer shopping experience by creating differentiating, customer-centric shopping experiences.

To learn more about IBM open point of sale for retail, including demonstrations and customer case studies, visit

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*Omar A. El Sawy, *Redesigning Enterprise Processes for e-Business*, 2001.

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