

# Joining forces

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*Best of breed and tailored software solutions both have an important role to play according to their respective supporters. However a combined offering could provide retailers much more, says Jessica Twentyman*

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Take a look under the bonnet of the modern retail business and chances are you will find that business is powered by an ugly mishmash of home-grown and packaged software applications. In that respect, the retail sector lags behind many other industries, forcing IT staff to manage and maintain technology infrastructures that are not up to the job of supporting modern retail needs, says Janet Belkin, an analyst with IT market research company AMR Research.

While companies in many other industries recognised the importance of integration . several years ago and began investing in packaged software suites for their core business applications, most retailers have continued to rely on a jumble of legacy applications to run their most critical operations,” she says. “Many retail CIOs believe it would be too difficult to ‘rip and replace’ their existing systems, or that there are no packaged retail applications functionally rich enough to support their specific company needs.”

Such views are outdated and, in the long run, could hamper a retailer’s competitiveness, claims Mike Davies, UK chief executive of systems integration company Enabler Wipro. “The functionality of packaged applications for the retail sector has come on in leaps and bounds in recent years,~ he says. “Few areas of function are now uncatered for, and because of that, the one-time strengths of tailored, bespoke software have really started to dilute.

Custom build

Typically, he says, custom applications take longer to implement, because developers are working from a standing start. The end result of custom coding, meanwhile, is often “a pretty insular solution”, because developers are taking into account wider industry thinking, And to cap it all off, by insisting on bespoke solutions, retailers build a dangerous reliance on in-house IT skills and intellectual property that could be disastrous if a key team member leaves the company,” he adds.

By contrast, when a retailer buys packaged software from a supplier such as Oracle or SAP, it is tapping into the wealth of intellectual capital and hours of research and development that the product represents. It is also joining a community of users which, if members work together, can put pressure on the supplier to make enhancements and improvements to the software, he points out.

“Put simply, retailers should address as many of their needs as possible with packaged software and, where absolutely necessary, add tailored enhancements to fit practices and procedures that are entirely unique to their business, says Davies.

That was the route taken by Nisa-Today’s, which supplies groceries to over 5,000 stores and 350 wholesalers nationwide. “Although we don’t own or run outlets, we handle retail functions on the behalf of our customers, from one-man band corner shops to Costcutter convenience stores,

including supply chain management. Our business is a bit different in this respect and we have some pretty specialised needs when it comes to retail software as a result explains Wayne Swallow, IT director at Nisa Today's.

Nisa-Today's selected Enabler Wipro to install packaged software from Oracle Retail (at that time, Retek), which was capable of supporting around two-thirds of its key functions. 'We chose Oracle Retail over IMI, Lawson and SAP, because we felt that Oracle would require the least customisation of the existing base code to fit our needs,' says Swallow.

However, the company also asked Enabler Wipro to develop a bespoke Order Capture System (OCS) that would enable it to offer retailers and wholesalers a range of functions, including web-based ordering, immediate access to product substitutions, integration with their point-of-sale systems and promotion management. "OCS integrates seamlessly with our Oracle Retail packaged apps and also with our data warehouse. In this way, we can reap the benefits of both best-of-breed and tailored applications — but if we'd built the whole lot from scratch, we'd still be writing it now," says Swallow.

#### Blurred vision

The distinction between best-of-breed and tailored applications is blurred still further by those companies that build a bespoke solution for a single customer and later develop that it into a packaged application. That Was the case at ORIS Systems: The company was founded in 2001 by operations director Andrew Wood and its first project was to develop a bespoke loss prevention application for fashion retailer New Look.

Some years on, the company now sells two packaged applications for loss prevention, Case Manager and Incident Manager — both of which were recently bought by Argos. But Argos is thinking ahead and is paying ORIS to tailor those packages to reflect its own, individual needs. "Argos is one of our most forward-thinking clients. Its loss prevention teams don't just want to know what stock they're losing right now. They also want to be able to predict future losses, put that forecast data onto maps of the UK, and put in place regional measures to prevent losses that haven't even happened yet," explains Wood.

And to complicate the situation still further, some packages — especially those targeted at smaller retailers — take for granted that some extra tailoring will be needed, says Martin Ivey, sales manager at software developer Welcom Software. "The trouble with some of the larger retail suites is that they enforce business processes that simply don't fit the way smaller retailers do business," he says. "With our Intrail package, we work on the 80/20 rule — we provide 80 per cent of the function our customers need, and then tailor the remaining 20 per cent to fit individual processes and needs," he says.

For example, many smaller retailers prefer to use a system of financial stock control (that is, managing stock by value only) to unit stock control (managing stock using stock keeping units or SKUs for each product), explains Ivey. "The big packages won't let you replace unit stock control with financial stock control. Intrail will do that though, by adding tailored software to its packaged applications," he says.

Similarly, he adds, smaller retailers may wish to give their buyers more flexibility in sourcing stock, to reflect local tastes and demand, or to run their storecard programmes along less rigid lines. This is because they often know their customers (and their individual circumstances) on a more personal basis.

By combining both tailored and best-of-breed software in a single package, says Ivey. Welcom can offer its customers the benefits of both - an option that seems increasingly popular across the industry.