

“More” In-store Technology Requires “More” Managed Services

By Michael A. Curran

Retailers today deal with a variety of outsourced, managed services, ranging from complex data-center operations to janitorial services. They need these services to obtain the trained resources to support specific retail needs and reduce the number of employees on their payrolls. As they struggle to improve customer satisfaction and reduce costs, retailers find that managed services are an increasingly important component of their strategies for success.

Surveys over the past decade reveal that the major issues facing retailers are customer satisfaction, labor concerns, and store inventory. Let’s consider the first of these. Improving customer satisfaction means making the shopping experience faster, easier, and more fun. From consumers’ prospective, retailers must provide in-store resources that both minimize delays (from locating products to faster checkout) and eliminate any out-of-stock issues. One possible solution is putting more technology in the store – that is, making things generally easier for the shoppers. Consumer should enjoy better access to in-store support resources and fully understand the retailer’s products and promotions, all through interaction with a combination of conventional and self-service alternatives.

Unfortunately, few retailers have the infrastructure and in-house resources to support an expansion of such technology-based options as digital signage and interactive, self-serve systems. Their existing IT structures are already stressed just managing POS and ERP operations.

Retail, in-store technology solutions historically have involved point solutions

with proprietary support requirements. As the number of these solutions increases, retailers face a wide variety of incompatible support requirements. The situation makes it almost impossible to develop a maintainable IT-management structure. This, in turn, forces retailers to look at Open Architecture solutions, not only for back-room systems but also for in-store solutions.

The keys to success here involve common hardware platforms and robust networks. A network in this scenario must be managed efficiently through a centralized resource that meets the PCI security requirements; it must also include a longevity strategy for evolving products that are backward-compatible with existing products.

For the retailer, this means placing greater dependence on the integrity of the communications infrastructure needed to support in-store consumer solutions. This strategy also requires continuous monitoring of these resources to insure that they are always available to the customers.

In-store, technology-based managed services should be based on Open System architecture and provide “end-to-end” support of every required resource. This gives the retailer the most effective way of testing consumer marketing concepts and expanding in-store services without building up extensive in-house resources.

There are, however, several issues that the retailer should consider:

- **Scope.** Can the managed service determine failure types (server, WAN, router, digital display, interactive device, etc.)? How does it respond to these failures?

- **Scalability.** How does the managed service handle the addition of new devices and applications? What are its limitations, and how do the hardware and software architectures evolve with growth?
- **Flexibility.** Can the managed service support a variety of in-store applications – i.e., digital signage, interactive ordering, way-finding, product promotions, product comparisons, loyalty programs, etc. – without major structural changes to the support hardware or software?
- **Monitoring.** Can the managed service detect the malfunction of a software application, then restore normal operations with minimal disruptions in the store?
- **Usage.** Can the managed service determine systems activities and report consumer interactions?
- **Resilience.** Can the managed service maintain customer-oriented operations even when network operations are disrupted? How is consumer data protected?

Technology will be a major component as retailers look for more-effective ways of improving customer service and inventory turns. Managing the technology will be a key factor in the successful deployment of such strategies. A managed-services partner with the resources that support the retailer’s vision ultimately will insure the success of such endeavors and significantly improve consumer loyalty.

Michael Curran is Chief Executive Officer of Micro Industries in Westerville, Ohio