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What's next.

# PATHWAYS TO DIGITAL TRANSFORMATION IN RETAIL

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Discussion Documents

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## Pathways to digital transformation in retail

*This article was written by Roger Camrass, Director of Research for CIONET International, and is based on the conversations held during an event on 24th November sponsored by Citrix and entitled pathways to digital transformation in retail.*

Like many industries, the Retail and Consumer Products sectors have changed dramatically with the move to hybrid working, online shopping and the rapid increase in digital interactions with customers. Retailers must ensure that all channels, physical and virtual, provide the same reliable, secure and convenient access for all parties.

Leaders within these sectors recognise that the digital workplace is the foundation for a successful digital transformation journey, whether this relates to high street stores, warehouses, online channels, call centres or mobile working.

### Many issues face the retail sector

According to Gerry Lavin, Field CTO EMEA of Citrix, the move to hybrid working during a time of economic uncertainty and rapid technological change is encouraging retailers to make transformational changes to their systems and ways of working. Some of the challenges that face Citrix's clients include:

- Securing a hybrid work environment that supports multiple devices and network connections
- Providing unified management across inter-connected networks through a single pane of glass
- Modernising legacy retail systems to take advantage of multi-cloud platforms
- Creating a 'next generation' digital workplace for retail operations in the new hybrid era.

Here are some of the key points raised during the roundtable by leading retailers and consumer product companies such as L'Oréal, Ocado, Christies, Ralph Laurent, Spec Savers, Tate & Lyle and New Look.

### Improving digital literacy and ease of use

As digital penetrates every aspect of the retail sector from supply chain and physical store to online channels, staff need to become ever more conversant with digital media of all kinds. Employees in warehouses and retail outlets are often confused by multiple devices that require individual logins. Delegates expressed strong interest in converging such devices onto a single iPhone platform with a common sign in (Tap-and-Go). This would simplify all aspects of warehouse and store management and improve remote communication with customers.

Generational differences were apparent to all delegates in training and staff retention. Time wasted on dealing with complex devices and multiple logins detracts from front line customer attention. Younger staff expect to be equipped with standard, web-based interfaces that streamline their tasks. They are comfortable with a web-based environment, populated with easy-to-use applications. Staff churn is a rising cost so effort needs to be made to offer a seamless work environment between store and home.

## Dealing with legacy and technical debt

Many of the core retail systems in use today date back to the eighties and nineties. These have several disadvantages that delegates need to deal with. They include:

- Multiple versions of the same software, for example different SAP releases across geographic regions that inhibits a single view of the customer
- Awkward interfaces that relate back to the pre-web era of the nineties. Efforts are being made to add a web-based layer to enhance the user interface.
- Difficulties in migrating core systems to the cloud given their heritage and security needs.

Most retailers will admit that their systems are 80% analogue (pre web) and only 20% digital (web 2.0 and cloud based). The thin margins in retail meditate against large scale core reinvestments.



## The data sovereignty challenge

Comprehensive information is available today on consumer behaviour and lifestyle preferences. Loyalty programmes and online shopping have helped to improve the relationship between shopper and retailer. However, delegates admitted that much more needs to be done to harvest the value from the available data. Big Tech has been more successful in this respect, with integrated data platforms and AI tools. Companies such as Facebook, Google and Apple have become the arbitrator of consumer behaviour

Retailers are becoming more proficient in using external web-based data sources and social media activity to provide intelligence on individual customer preferences. However, they are also mindful of regulatory restraints that vary between countries and continents. Delegates agreed that more resources (people and tools) are needed to harvest customer data and that data scientists are top of their recruitment lists.





## Sustainability is becoming a key issue

Inefficiencies across the supply chain and wastage in store is upper most in board discussions, especially when reporting their net zero goals to customers, investors and government bodies. The need to reinforce sustainability programmes and outcomes in this area is critical to all stakeholders – internal and external. IT has a specific role to play in providing the tools to monitor sustainability initiatives and report measurable outcomes. It also needs to take responsibility for its own carbon emissions that today exceed 4% of global emissions.

## What are the next steps

Delegates agreed that there were four areas in which efforts could yield commercial outcomes. These included:

- Digital literacy programmes for all staff, especially those in the front line
- Pivots to encourage transformational change such as migration to cloud
- Maximising the insights that are available from consumer data
- Support by IT in delivering the broader sustainability agenda.



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A pioneer of today's Internet as an ARPA research fellow at MIT in the seventies, Roger has spent over forty five years helping corporations harness the power of new technologies such as cloud, mobile communications, e-commerce, voice recognition and satellite. He was a partner at EY responsible for e-commerce during the dot.com boom. He is a graduate of Cambridge University and MIT, and a visiting professor at the University of Surrey.

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