

SPRING 2010

Epicor's Connected **Retailer** Magazine

- **Retail: The View Ahead**
Don't resist game-changing technologies—embrace them!
- **Unlocking Cross-Channel's Potential**
Order management integration proves crucial
- **Mobility in the Fast Lane**
Make sure your in-store mobile solutions are up to speed
- **Retailing Success Stories**
...from Sport Chalet, Vitamin Shoppe, Simply Fashion and The Navy Exchange

Advanced solutions for growing retailers

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Embrace Game-Changing Technologies—but Don't Ignore the Basics

Those retailers who came through the Great Recession relatively unscathed are displaying cautious optimism—and there are plenty of reasons to support both the caution and the optimism. What will tip the scales in one direction or another? A retailer's technology strategy can be a decisive factor.

The global economic crisis has, understandably, been top of mind for retailers during the past two years. There's been lots of attention paid to how much consumers are spending (not enough) and what they are and aren't buying. What's been perhaps less noticed are changes in *how* customers are shopping. Technology trends that began in the late 20th century—mobility, multi-channel retailing and social media—have all reached tipping points as we enter the second decade of the 21st century, and retailing will likely never be the same.

"Retail in Europe and North America is in the eye of a storm," according to an independent report by Forrester Research, Inc. "Battered first by the fragmentation of traditional mass markets, then by the challenge of cross-channel interaction, and finally by a global recession and transfer of economic power to Asia, Western retailing is reshaping itself to accommodate a radically different model of interaction with information-rich consumers." ("Retail CIOs: Prepare For Retail 2010," Forrester Research, Inc., August, 2009.)

Retailers are having to adjust to a world where shoppers enter their stores carrying mobile devices that give them a world of information about products, prices, and services. Those same shoppers are likely to have researched their purchase online well before they set out for the physical store—and they may have chosen your store over your competitor's because it allowed them to buy the item online and pick it up in the store. And even before they did that, these shoppers were probably influenced more by their social media groups and "friends" than by messages from the retailer or manufacturer delivered through traditional mass media.

What can retailers do? Take advantage of these technologies themselves, to tighten their operations while providing "anytime, anywhere" shopping experiences that are engaging, convenient, and deliver outstanding value. In particular, retailers can focus on solutions that leverage their existing resources to capture more revenue while



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"Retail is reshaping itself to accommodate a radically different model of interaction with information-rich consumers."

— FORRESTER RESEARCH

enhancing customer service to drive loyalty and sales.

Cross-channel integration, in-store mobility, assortment planning, and loss prevention are four solutions that offer outstanding opportunities and excellent ROI.

Focus on Cross-Channel Order Management

Cross-channel integration and order management solutions can enhance your core sales infrastructure—the store, Web, and catalog operations. Cross-channel order management solutions enable customers to shop seamlessly *across* channels—to research online and pick up in store, or order online and return in store. They equip you to instantly identify merchandise and fulfill orders from the best location anywhere in your enterprise, to prevent “stock-outs” from becoming “walk-outs” and save sales daily at almost every location. They also let you leverage item information and promotions across channels, allocate goods more accurately, and get orders picked, packed, and shipped faster.

In-Store Mobility Amplifies POS Power

The speed and convenience of mobility is driving the demand for *more* mobility, with consumers and within your stores. Mobile POS solutions enable you to process more transactions in less time, and permit the use of more POS devices in less space and for less cost. They also allow your associates to remain engaged with customers instead of being pinned behind the desk, to boost sales, augment their service intelligence, and improve CRM.

Increasingly, adapted mobile store solutions will also function as highly effective marketing tools by interacting directly with your customers' mobile devices.

Sharpen Your Merchandise Offerings with Integrated Assortment Planning

With physical store growth at a standstill for many companies, retailers need to offer merchandise assortments that are tailored and optimized for each

type of market and consumer to maintain revenue and profit growth. This requires automated assortment planning solutions that are integrated with your merchandising, allocation, and replenishment systems. Benefits of this type of fully integrated, automated planning solution include clustering functions, which use location attributes, historical data, and other metrics to enable the right merchandise to be delivered to the right stores or the online channel. You can also make order processing more efficient with automatic creation of purchase orders, and eliminate slow manual sourcing processes with the ability to send information directly to sourcing departments or third-party firms. In addition, graphic views of styles and assortments provide buyers and planners with a visual overview of selected assortments, and the ability to add or remove images to adjust the assortment as necessary.

Attack Shrink with Loss Prevention Solutions

The POS is crucial to retailers' ability to control employee theft, which is the single biggest cause of retail shrink. Exception-based loss prevention solutions offer a better approach than manual audits. They constantly monitor POS activities and notify LP investigators of transaction patterns that violate pre-defined rules. Suspicious transactions can be identified quickly and investigators can easily drill down to distinguish honest errors from malicious activity. Equally important, data can be reported, shared, and compiled as iron-clad evidence to streamline case development and support appropriate next steps. Retailers who implement these systems often uncover substantial hidden profits right from the start, and most go on to pay for their systems in a matter of months.

Epicor has developed best-in-class solutions in each of these areas, as well as in merchandising, CRM, auditing, and business intelligence. Retailers who embrace game-changing or “disruptive” technologies such as mobility and cross-channel solutions, while also applying automation and integration to business basics like assortment planning and loss prevention, will be able to tip the scales further toward “optimism” as we move into the new century's second decade. •

Unlock Multi-Channel's True Potential with Cross-Channel Integration

While there's no one "silver bullet" that will solve every retailer's cross-channel challenges, there is a growing consensus that a combination of cross-channel inventory visibility and integrated order management is becoming a game-changing competitive differentiator.

Cross-channel order management and inventory locator solutions provide retailers with perhaps the best and most direct opportunities to seize the competitive advantages available through true integration. These solutions deliver high value to shoppers by enabling:

- Buy online/pickup in store
- The so-called "endless aisle," in which any channel's inventory can be accessed from any other channel's in real time
- Cross-channel returns
- Cross-channel customer relationship management (CRM)
- Cross-channel promotions

Cross-channel integration enables fluid transactions and a more seamless customer experience



Retailers can also optimize their fulfillment locations; enhance future allocations by studying fulfilled and unfulfilled demand; boost store associate productivity; and increase profits by attracting more high-value multi-channel shoppers.

Perhaps most important, cross-channel order management helps retailers create the kind of shopping experience that today's channel-agnostic customers have come to expect—one where shoppers find the products they want, when they want them, in the channel that's most convenient for them.

Order Management Users Still in the Minority

Despite the benefits of order management solutions, less than half of all retailers currently use them, according to the *RIS News/AMR Research 2009 Cross-Channel Tech Trends* study. However, the October 2009 study does predict that this figure is likely to increase dramatically over the next two years.

According to the "Multichannel Retailing 2010" survey by Martec International, 47% of North American retailers have a cross-channel order management system. In a stark illustration of how vital such systems can be in today's retail environment, the survey asked those retailers that lacked a cross-channel system how they gained visibility and access to stock across all channels. Among North American retailer respondents, 38% simply did without such visibility; 38% reported using work-arounds to achieve it; and 12% said they overstock to compensate for their lack of visibility.

Why are so many retailers still missing out in this area? Many have kept their e-commerce businesses separate from their more established store and catalog channels until e-commerce's growth demonstrated that it was here to stay. Add to this the fact that retailers' information technology (IT) architectures are notoriously diverse, with various combinations of legacy systems, home-grown applications, and off-the-shelf solutions operating side by side. While there has been significant integration in recent years, both organizationally and in terms of IT infrastructure, the legacy of e-commerce "silos" continues to hamper cross-channel integration.

Cross-channel order management helps retailers create the kind of shopping experience that today's channel-agnostic customers have come to expect.

The good news is that cross-channel order management and inventory locator systems can address many of these challenges by sitting amidst retailers' various applications so that they can exchange data in real time. Leading retailers are turning to sophisticated order management technology to accomplish their

key goals. With effective deployments of the right solutions, not only can operations be performed faster and more comprehensively than with people-driven solutions, but retailers can preserve their hard-won back-end efficiencies in planning and allocating inventory. •

Epicor Retail Enterprise Selling: 'Save the Sale' and So Much More

Retailers today need to manage inventory in real time and support multiple types of transactions in their stores and across multiple channels. When faced with out-of-stocks in store or online, retailers must be able to find inventory in other locations. While stockouts are inevitable, lost sales are preventable. But saving the sale requires more than just a stock locator—retailers also need the ability to create and manage sales orders across the enterprise.

Combining real-time inventory and closed-loop order management, Epicor Retail Enterprise Selling allows retailers to sell from an enterprise view of inventory with a unified view of the customer.

Key elements of Epicor Retail Enterprise Selling include:

PRODUCT LOCATOR

Product Locator provides real-time inventory availability information that's accessible from any point of customer interaction—stores, kiosk, call center, or online—with search capabilities to find product based on geographical parameters. In addition, it provides real-time visibility to inventory level changes and the ability to track out-of-stock product demand, which is valuable information for planning future allocations.

INVENTORY MANAGEMENT

A data feed process is used to populate beginning-on-hand counts for all inventory across the chain. Inventory Management then updates real-time inventory as merchandise moves throughout the day, and manages inventory status changes during the lifecycle of orders.

ORDER MANAGEMENT

Order Management processes customer orders between disparate selling and fulfilling locations and systems. It allows stores to create, view, and update status and cancel customer orders, then routes them in real time between selling and fulfillment locations based on customer preference or retailer business rules.

- **Order Flow** allows retailers to define order types and determine order state, event triggers, and actions used for orders.
- **Order Configurator** develops and manages order types, order flows, and actions driven by order status changes.
- **Order Router** optimizes the fulfillment location for an order based on configurable business rules and geocoding.
- **Order Processor** enables retailers to create, update, review, deliver, and cancel orders.



IN-STORE SYSTEM

Enterprise Selling integrates to any Point-of-Sale (POS) system so stores can sell what they don't have in stock. From the POS or a mobile device, personnel can find products, arrange delivery to the customer's preferred location, take payment when the order is taken, and view orders that are to be fulfilled by their store, either through customer pickup or shipping to another location.

CUSTOMER SERVICE APPLICATION

This tool helps customer service representatives and administrators locate orders in the system, allowing them to view everything they need to know about an order and to answer any related questions. The order search function allows call center agents to search for orders by division, order number, customer name, fulfilling or selling store, and more.

CASE STUDY: SPORT CHALET

Cross-Channel Solution Scores Points with Sporting Goods Retailer



Among Sport Chalet’s core values is creating ease of shopping. While each location strives to have the equipment, expert advice, repair, and value-added services customers want all under one roof, having products out of stock from time to time is a retail reality. To combat lost sales and maintain its stellar customer service, Sport Chalet implemented an enterprise selling solution to ensure shoppers’ needs can be met from every store location. The retailer chose Epicor Retail Enterprise Selling for its enterprise view of inventory and unified view of the customer.

Combining a real-time inventory locator and configurable order manager to integrate inventory and transaction processing of multiple sales channels, the cross-channel order management software allows Sport Chalet to sell merchandise and satisfy customer demand from anywhere within the enterprise.

“Prior to implementing the Enterprise Selling solution, our sales associates would have to call around to multiple stores to locate product,” says Ted Jackson, CIO, Sport Chalet. “It was a cumbersome task, and if customer patience grew thin, we risked losing the sale.”

Soon after the 2007 rollout, Sport Chalet opted to make its distribution center a key fulfillment site, and it integrated Enterprise Selling with the DC’s warehouse management system to pull inventory from there first. The organization soon began experiencing new efficiencies as the DC became the starting point for the Enterprise Selling process. If items can’t be fulfilled from there, the request is routed to the store with the closest proximity to the customer.

Once this was complete, Sport Chalet decided to use Enterprise Selling to optimize yet another channel—its website. Until March 2009, the e-commerce site

had been managed by a third party. When Sport Chalet decided to bring the site in-house, they also needed to support inventory and order fulfillment. Folding e-commerce into the Enterprise Selling process was a seamless effort for the IT team, as Enterprise Selling was already integrated to the warehouse and stores for fulfillment processes. The process was similar to adding an additional store, albeit one that had many more orders.

DC and two-thirds directly from the store, which is significant. And while there are now more channels, products, and logistics to manage, we haven’t had to increase staff due to the efficiencies Epicor’s system provides.”

Since introducing “save the sale” functionality, Sport Chalet has experienced improved employee productivity,

“Enterprise Selling has been a saving grace for us. We’re saving sales and tapping inventories that might not otherwise move as fast and showing our customers we’ll go the extra mile to ensure they get exactly what they want.”

— TED JACKSON, CIO, SPORT CHALET

“We applied the process to our website in late March, and we’re thrilled with how we can service our online shoppers utilizing the same applications our store personnel were already using for improved in-store customer service,” says Renée Hansen, Manager of Store Systems at Sport Chalet. “Right now, we fulfill a third of our Web orders from the

and improved margins by addressing demand and maximizing inventory turns. “Enterprise Selling has been a saving grace for us,” says Jackson. “We’re saving sales and tapping inventories that might not otherwise move as fast and showing our customers we’ll go the extra mile to ensure they get exactly what they want.”

AT A GLANCE

COMPANY DESCRIPTION: Sport Chalet, based in La Canada, CA, operates 55 locations throughout Arizona, California, Nevada, and Utah. The chain offers traditional sporting goods merchandise, including footwear, apparel, and general athletic products, as well as specialty merchandise and services for sports enthusiasts.

BUSINESS CHALLENGE: To enhance their customers’ shopping experience, improve efficiencies in the store and support its growing e-commerce channel.

SOLUTION: Epicor Retail Enterprise Selling

BUSINESS BENEFITS:

- Improved ability to sell merchandise from anywhere within the enterprise
- Increased efficiency at distribution center
- Upgraded system supports company growth without adding head count

How to Maximize the Benefits of Sales Audit Automation



As retailers seek to reduce overhead costs while simultaneously improving productivity, efficiency, and the customer experience, a solution that is too often overlooked is automated sales auditing.

By improving the integrity, security, accessibility, and flow of transaction data, today's sophisticated auditing tools can not only free retailers from the burden of spreadsheets and manual cash analysis, but also enrich and streamline operations throughout the enterprise.

Automation transforms auditing from an essentially reactive process into a proactive one. When errors are detected, they can be corrected up front, eliminating costs, time, and risks. System data can be updated in near real time, so staff and customers can work with correct information and make correct decisions.

Getting the Most from Auditing Automation

To achieve these types of positive results, retailers should seek an automated sales audit solution, such as Epicor Retail Audit and Operations Management, that incorporates the following features and functions:

- **A centralized transaction repository** from all retail channels, able to integrate with third-party applications.

- **Auditing by exception** by filtering and presenting problematic transactions on a user-friendly screen.
- **Analysis capabilities** for integrated media reconciliation, over-short trending, sales tax analysis and sub-ledger reporting.
- **Extensive reports** covering all common issues including store balance, transaction list and sub-ledger.
- **Store performance analysis tools** using easy-to-read charts and graphs.
- **Transaction reporting for loss prevention** to investigate potential fraudulent activity related to cash and credit transactions, over- and short-trending and employee purchases.
- **Centralized management of customer liabilities** such as on-and off-line voucher authorization and centralized management of gift card/certificate balances and inventories.
- **Multi-country, multi-currency, channel and banner support** to support global retailers.
- **Potential to grow with the business** as store count increases, as channels diversify, and as companies expand globally. Depending on the hardware used, leading automated audit systems can be expected to process up to 40 million transaction lines per hour.

CASE STUDY: NAVY EXCHANGE

Sales Audit Solution Helps Retailer Get Shipshape

COMPANY DESCRIPTION: Navy Exchange (NEX) is a general merchandise retailer for U.S. Navy personnel and their families, with more than 400 stores located worldwide, 15,000 employees and annual revenues in excess of \$2.5 billion.

BUSINESS CHALLENGES: The Navy Exchange was hindered by a decentralized, manual auditing system that was too slow and inconsistent. It did not give a full, current view of operations, and could not settle Credit/Debit transactions within 24 hours or reconcile depository accounts daily. Up to four data auditors were employed at each store, processes varied by loca-

tion, and stores took three weeks to "close" after month's end.

SOLUTION: Epicor Retail Sales Audit, the core component of Epicor Retail Audit and Operations Management, enabled NEX to centralize, streamline, and accelerate its auditing operations, including Credit/Debit Settlement and funds transfers from local depositories to headquarters, while reducing errors, risks, and labor. Designed for multi-channel retailers, Epicor Retail Sales Audit receives and cleanses transactional information coming from any point of sale, over any sales channel, and sends

the cleansed data on to other Head Office systems.

BUSINESS BENEFITS:

- ROI in less than one year, with a reduction of 168 in-store auditing positions and 30% of cash office staff
- Faster funding
- Reduced credit/debit downgrade fees
- Reduced risk due to late reporting and discovery
- Better, more proactive business decisions based on the availability of more timely, accurate information
- Improved security and fraud control



Mobile Technology: Moving into Retail's Fast Lane

Mobility's moment may finally have arrived in retail—just in time to start serving young shoppers, the first generations that have grown up with instant communication and a world of information in the palms of their hands.

Mobile commerce is already a small but fast-growing segment of retailing. It's being fed not only by the growth in all mobile devices but by the rapid acceptance of advanced mobile technology, such as smartphones and sophisticated PDAs.

But it's not just consumer devices that have grown more powerful. Advanced mobile store technology can markedly improve the in-store experience. New mobile solutions have the ability to connect employees, databases, and POS functionality on one device handling a wide range of applications. Solutions are being developed to support retail functions including store management, assisted sales, converged data and voice communications, and workforce management. When these devices are effectively integrated with key systems such as POS, inventory, order management, and CRM, they have the capacity to create true shopper-centricity in the retail environment.

The *RIS News/IHL Group's* 2010 Store Systems Study confirms retailers' growing interest in mobile technology. Nearly one-quarter (24%) of respondents already use mobile devices to provide shoppers with product information, and another 16% plan to add this functionality within 12 months. Mobile ordering capabilities are currently offered by 20% of respondents, with another 14% planning to add it in the coming year, and a total of 36% use mobile technology to provide coupons (18% now, 18% within 12 months).

Key Technology Considerations

For retailers to get the most value from their mobility investment, industry experts suggest that all mobile applications should be:

- **Easy to integrate with enterprise applications:** To prevent the mobile system from being seen as an incompatible "foreign" device by store employees, it should integrate smoothly with the incumbent POS system, CRM databases, and the retailer's current network standards.
- **Resilient:** The system should be retail-hardened and ready to stand the rigors of the sales floor. If a mobile system is too fragile for the retail climate, it will likely result in downtime and be counterproductive for associates and store managers.
- **Highly configurable:** If the mobile system is easy to configure, employees typically have a shorter learning curve. This is also key in factoring the frequent changes required to POS systems and in preparing for future system upgrades.
- **Easy to upgrade:** Retailers should not invest in a mobile system with built-in obsolescence. Logical client upgrades may be necessary as new applications are developed.
- **Secure:** The wireless network that powers mobile devices must be PCI compliant to enable the secure extension of data throughout the retail operation. This is especially critical for mobile POS applications as retailers need to protect sensitive transaction and customer data. Following the recent rash of wireless





security breaches that have occurred with major retail brands, security at all access points needs to be a priority before mobile applications are rolled out to the stores.

- **Properly planned, developed, and supported:** Retailers need to consider both the wireless infrastructure and the mobile devices themselves when enabling a mobility solution. Technology providers that understand the retail business, offer a set of solutions broad enough to meet a range of needs and provide strong connections with leading business partners can help ensure the success of any mobility solution.

New Levels of Customer Personalization

In terms of improving customer service, “Technology providers have a nearly endless list of possibilities for this technology,” according to the 11th Annual POS Benchmarking Survey from Boston Retail Partners. The January 2010 report adds: “Retailers could offer real-time CRM and personalize the shopping experience far beyond what customers currently expect. Retailers could push analyzed and summarized customer data collected back to the customer through a mobile phone application triggered when the customer walks in the door.”

Increasingly, customers will be looking for a variety of real-time shopping assistance, whether it’s extended product information, assisted selling solutions or a guide to the retail store. According to the Boston Retail Partners report, “Generation X and Y customers will expect this level of service as they become an increasingly significant portion of overall retail spending.” •

Epicor Retail Mobile Store Expands Customer Service and Marketing Capabilities

Epicor Retail Mobile Store, part of the Epicor Retail Store application suite, offers multiple functionalities to meet the needs of a variety of retail environments and situations. Whether mobile devices are used to quickly locate an item’s whereabouts as part of a “save the sale” program; as portable points of sale to shorten lines during a busy holiday season; or as powerful clienteling tools that provide store associates with relevant CRM data during customer interactions, Epicor Retail Mobile Store lets retailers extend their key store system functionalities beyond the cash-wrap and manager’s workstation. Both managers and associates can remain fully engaged with customers to enhance service and sales.

LINE BUSTING

Line Busting enhances the customer’s experience and decreases wait time at the register by allowing associates to start the customer’s transaction either on the sales floor or while the customer is waiting in line. Associates can scan in items, change the price and quantity, and save the transaction for payment at the fixed POS register.

ITEM LOOKUP

The Item Lookup functionality provides store personnel with the ability to help customers verify information about on-hand merchandise. Associates can display on-hand, Product Look-Up (PLU) price, current price, item descriptions, and more.

STOCK LOCATE

Stock Locate identifies merchandise in other stores or sales channels, facilitating save-the-sale solutions when the item a customer wants is not on the shelf. Once the merchandise is located, the customer purchases it at the POS and Epicor Retail Enterprise Selling routes the order for fulfillment and shipment to the customer’s desired location.

INVENTORY MANAGEMENT

Inventory Management functions such as receiving, shipping, ordering, price changes, inventory adjustments, and physical inventory processing can all be performed using Mobile Store.

MARKETING

Epicor Retail Mobile Store also provides easy access to retailers’ CRM and loyalty programs, providing store associates with data ranging from customer names to purchase histories. With this information literally at their fingertips, associates can provide a richer experience for shoppers while boosting profitability and incremental sales through targeted cross-selling and upselling suggestions.

In addition, Epicor Retail Mobile Store can be used to engage participating shoppers on their own mobile devices with coupons and special offers.



ASSORTMENT PLANNING

Top 10 Benefits of Integrated Assortment Planning

The recession forced retailers to focus with laser-like intensity on both their inventory levels and product assortments. Their goals were two-fold: cutting costs by reducing inventory levels wherever possible, and sharpening their merchandise mix to improve sales of the inventory they did stock.

However, many retailers are discovering that tactics adopted during a crisis can be successfully adapted when conditions improve. Industry experts believe that an enduring way to increase revenue and profits in today's marketplace is through greater efficiency and intelligence around assortment planning and inventory control.

The key to such growth will be offering merchandise assortments that are tailored and optimized for each type of market and customer. Optimized merchandise assortments start with the ability to accurately predict and plan which items to stock to achieve optimum sales in each location. For most fashion-sensitive specialty retailers, this means managing and analyzing thousands of SKUs and variables to understand demand patterns at a local level, and in rich detail.

Industry experts argue that the solution is to employ assortment planning tools that are not only sophisticated enough to

capture and analyze all the data needed at a granular level, but are also seamlessly integrated with Allocation, Replenishment, Purchasing, Merchandising, and related systems. And the most efficient way to integrate those systems is with one complete solution rather than a patchwork of siloed components.

10 Key Benefits of Automated Planning

Fully integrated, advanced automated planning solutions offer retailers at least 10 key benefits:

- 1) **Sales data management:** Data flows freely and there is no history to import since it's already resident within the solution.
- 2) **Seamless data exchange:** All solutions are designed from the ground up to speak the same language.
- 3) **Minimized integration costs** with the rest of the enterprise because third-party applications do not have to be configured to fit—the necessary applications already reside within the system.
- 4) **Clustering** to enable the right merchandise at the right store or online. Each cluster's assortment can be customized to local demand. Clusters can be created using location attributes and historical data, which could include performance metrics.

- 5) **Expanded assortment** breadth and depth. Retailers can define parameters to determine the correct assortment for each store.
- 6) **Automatic updates** of financial targets provide the ability to make timely decisions on assortment changes.
- 7) **Direct links** to purchase orders and **automatic creation of purchase orders and pre-allocation** promotes efficient and effective order processing.
- 8) **Ability to send information directly to sourcing** eliminates a slower, manual process.
- 9) **Graphic views** of styles and assortments appeal to buyers and planners who prefer visual cues. The tool provides a visual overview of the selected assortment and users can add or remove images to adjust the assortment as necessary.
- 10) **Consistent support from a single vendor.** Retailers will benefit from having one source for upgrades and enhancements as well as customer service and support.

Roadmap to Automated, Integrated Planning

For many retailers, the move from traditional assortment plan-

ning tools to integrated, automated solutions represents a major change. For optimum results, industry experts say the process should include three phases:

Address resistance to giving up spreadsheets: Users often believe new automated tools will make their jobs more difficult. Help them see that the automated tools are similar to using spreadsheets, while reminding them of the previous system's limitations.

Automation before integration: Automation speeds planning processes and creates efficiencies to help improve the bottom line. Stress automated solutions' ability to help users more effectively meet customer needs.

Automated and fully integrated: Move to integrate assortment planning with merchandising, allocation, replenishment, and other business practices. The most efficient way to achieve this is with one complete solution rather than a patchwork of siloed components. Look for solutions that integrate business processes to facilitate quick and efficient data exchange, and move to integrate essential data into the planning process to achieve significant business benefits. •

CASE STUDY: SIMPLY FASHION

Automated Planning Solution Matches Merchandise to Stores and Shoppers

COMPANY DESCRIPTION: Simply Fashion, a 300-store women's apparel chain based in Birmingham, AL, offers quality casual wear and accessories in all sizes, junior through plus, affordably—generally for less than \$30. Under the Simply Fashion and Fashion Trend banners, the chain that began as Bargain Town in 1957 now has stores in numerous large cities, including Houston, Chicago, St. Louis, Miami, and Washington, DC.

BUSINESS CHALLENGE: With its growth—the chain has doubled in size in the past 20 years—Simply Fashion outgrew its capacity to effectively plan on spreadsheets. The retailer needed an automated, integrated planning solution that could handle more variables, analyze data richly, and process information enterprise-wide.

SOLUTION: Epicor Retail Planning, which combines Merchandise Planning and Assortment Planning to link financial, assortment, buying, and store plans. Simply Fashion also implemented Epicor Retail Merchandising, which includes tools to analyze, order, price, and distribute merchandise. These tools integrate with Planning to ensure consistent data, efficient processing, and enterprise-wide access to information.

BUSINESS BENEFITS:

Epicor Retail Assortment Planning enables Simply Fashion to:

- Consistently order and place the right merchandise in the right stores at the right times, to maximize profitability.
- Keep product offerings in step with customers' changing needs.
- Determine and manage merchandise



according to store profiles.

- Create assortment plans in synch with store subclass numbers, and monitor performance and report at the subclass level.
- Leverage easy-to-use visual assortment planning tools, linked to financials, to visually compare products, colors, and styles. Consolidating pictures of products and assortments makes it easier for Simply Fashion to analyze what sold, what did not, and why.
- Improve efficiency and profitability to meet retailer's 10% annual growth target.

Retailer Realizes Healthy Gains with Loss Prevention Solution

In addition to focusing on the wellness of its customers, Vitamin Shoppe is squarely focused on maintaining the health of its business, which has been challenged by retail shrink—a problem made worse by difficult economic conditions, when revenue often declines just as theft rates rise.



Most of Vitamin Shoppe’s shrink is caused by transaction fraud and cash theft, according to Dan Patasnik, the retailer’s Corporate Loss Prevention Manager. “Most of our products are specialized consumables with relatively low unit values, so we don’t have the same level of exposure to merchandise theft that a high-end apparel retailer has,” Patasnik explains. “At Vitamin Shoppe, our main issues involve associates doing a lot of cash refunds, unauthorized discounts, under-ringing, and cash post voids, where customers pay cash and employees do immediate voids, then just pocket the money.”

To crack down on this criminal activity, Patasnik began to fully leverage the Epicor Retail Loss Prevention solution. This integrated suite of transaction analysis, reporting, and case management tools is designed to continually monitor store-level transactions, automatically detect violations of procedural rules, and then enable quick investigation of suspicious activity. The solution also compiles and documents all transaction information to clearly support case development, follow-up interviews, and corrective training or prosecutions.

“The LP system lets us define rules that distinguish normal or acceptable transaction processes from irregular activity,” says

Patasnik. “We can select from more than 60 pre-defined exceptions or create rules and thresholds—either as monetary amounts and/or numbers of occurrences—that are specific to our business and specific to individual stores. And when a rule hits, we’ll send that report right out to the District Manager, who will contact the store and undertake a review.”

Fast Wins, Ongoing Successes

“As soon as we began using the Epicor system, we had some great, fast wins,” says Patasnik. His loss prevention team of five then began to battle losses of all sizes, analyzing more factors and variables and creating system rules specific to the chain’s retail environments to uncover additional theft.

“Following our initial success, the exception reporting, analytics and other LP tools allowed us to gain further insights and to identify a broader range of problem situations,” says Patasnik. “We shifted to processing many more cases under a thousand dollars, and though the average dollar value of each case dropped, the collective value of our efforts remained high.”

The LP system also helped Vitamin Shoppe flag stores that were especially problematic. For example, the company maintains certain budgets for legitimate discounts. Using LP’s analytics tools, the team now identifies stores that are severely out of variance with respect to those budgets.

Easy Access to Detailed Data

Patasnik likes the system’s design and ease of use. “Epicor’s LP solution incorporates dashboards that centralize our access to information and lets us drill into the details, so we can quickly look at all our transactions and run reports,” he says. “Everything we need to find is logically and intuitively named, including terminology for things such as refunds, voids, coupons, price overrides and



AT A GLANCE

COMPANY DESCRIPTION: The Vitamin Shoppe has focused on fulfilling consumers’ health and wellness needs for more than 30 years. The 414-store chain, based in North Bergen, NJ, operates stores nationwide and

employs approximately 3,300 people. Vitamin Shoppe’s products include dietary supplements, vitamins, minerals, herbal and homeopathic formulas, advanced sports nutrition supplements and personal care products.

BUSINESS CHALLENGE: To reduce shrink, deter theft and increase overall profitability, Vitamin Shoppe sought to shore up loss prevention efforts.

SOLUTION: Epicor Retail Loss Prevention

- BUSINESS BENEFITS:**
- Improved bottom-line profitability
 - Ability to identify more cases of theft more quickly
 - Improved deterrence of fraudulent activity



“As soon as we began using the Epicor system, we had some great, fast wins.”

**DAN PATASNIK, CORPORATE LOSS PREVENTION
MANAGER, VITAMIN SHOPPE.**

employee rings. There are so many reports and drill-downs that we can fairly easily determine whether a given incident involves actual fraud or whether it’s just the result of errors. And where fraud is involved, the evidence we get is reliable and clear.”

Automation Brings Healthy Returns

Epicor Retail Loss Prevention has given Vitamin Shoppe important advantages in its battle against theft. “We’re doing what simply cannot be done with manual auditing alone,” says Patasnik. “The system works behind the scenes to constantly track transactions and report activities in a way that makes it easy to see and investigate irregularities. It gives us the evidence we need to respond appropriately and confidently. It allows us to stop problems quickly before they escalate or become entrenched. And it serves as an effective deterrent to other employees who may be tempted to steal.”

Together, these benefits have enabled Vitamin Shoppe to substantially reduce its losses from theft and increase profitability chain-wide in just a little over two years’ time. “Right now our shrink figures are around 0.5% of retail, which is incredible,” says Patasnik. “Our ROI has also been very good. The system paid for itself quickly, well within the first year, and it continues to save us tens of thousands of dollars each year.” •

Epicor Retail Loss Prevention: Effective yet Employee-Friendly

The Epicor Loss Prevention (LP) system addresses one of the most troublesome issues in retailing today—how to identify and deter employee theft while keeping the store an employee-friendly workplace. LP automatically detects patterns of fraud and procedural violations according to a retailer’s business rules, flagging suspicious activity for loss prevention personnel to respond to.

Key features include:

- System-defined exceptions
- User-defined exceptions
- Prioritized issues
- Flexible rule definition
- Web-accessible events
- Centralized case management tools
- Restitution schedule
- Multiple investigation tools
- Automated e-mail notification
- Multiple reporting options

LP’s flexible, KPI-based reporting features improve the productivity of loss prevention analysts, allowing them to focus on the worst cases, identify more cases, and reduce the time and effort needed to develop cases of internal theft. It’s a highly effective way to reduce shrink and increase overall profitability, providing retailers with a fast and substantial ROI.



Epicor: Best-in-Class Solutions for Best-in-Class Retailers

Epicor develops, delivers, and supports a complete range of advanced solutions for apparel, specialty, general merchandise and department store retailers. Our solutions are designed and proven in use to meet the evolving merchandise and service expectations of today's cross-channel shoppers, and the business requirements of the most demanding retail environments, with low TCO and high ROI.

Epicor Retail solutions are available best-of-breed, in fast-track packages, and through software as a service (SaaS) offerings. Our suite includes:

Planning and Assortment Planning: Know what's actually going to sell in each market, then get the right products into the right stores at the right times to maximize your turns, margins and bottom-line results. This solution effectively links your financial, assortment, buying, and individual store plans, and includes rich visual tools to help you plan and see your assortments by cluster and grade of store.

Sourcing and Product Lifecycle Management: Connect and communicate clearly with suppliers worldwide, to design and produce products efficiently and accelerate your supply chain. You'll centralize workflow management via the Web to control vendor negotiations, production, and logistics tracking, and much more.

Merchandising: Easily manage inventory across channels, enterprise wide, while automating every function and synchronizing all processes, including Allocation and Replenishment. This powerful solution lets you navigate seamlessly between analysis and business documents and actions; provides rich, consumer-centric details in its size management tools; and fea-

tures a centralized transactional database to help you make and execute better decisions based on accurate, current, and shared information.

Store and Mobile Store: Manage sales, returns, and orders seamlessly; execute fast transactions; engage customers efficiently with full mobility; and optimize the in-store experience. Built on the .NET architecture for unmatched scalability and extensibility, Epicor Retail Store also includes a full suite of back-office applications and configuration tools.

CRM: Understand your customers in depth; deliver highly personalized service; create, execute and manage effective, targeted campaigns for every segment; increase loyalty and repeat business; and help turn customers into ambassadors for your brand. Epicor Retail CRM provides integrated capabilities for customer analysis and segmentation, campaign management, and loyalty points program management, with real-time targeted communications to POS or other sales channels.

Enterprise Selling: Integrate inventory and fulfill orders from anywhere in the enterprise, to elevate the customer experience and "save the sale." This cross-channel order management solution combines a real-time inventory manager and a configurable order manager to process transactions across multiple sales channels.

Commerce: Leverage a full suite of eCommerce software solutions to provide an intuitive eCommerce shopping environment for your consumers. This solution equips you to streamline and maximize your online business by automating everything from marketing, promotions, and customer service to back-office and shipping integration.

Audit and Operations Management: Ensure data integrity

FEATURED SOLUTION: Epicor Secure Data Manager Streamlines PCI Compliance

Enterprises accepting card payments have invested heavily in compliance technologies and programs, both to protect their customers' interests and to avoid potentially crippling fines imposed by card issuers for data breaches linked to non-compliant systems. The cost of these compliance initiatives has been amplified by retailers' need to establish and verify data security within each separate enterprise system that interfaces with critical customer data used to process payments. And because the payment card issuers' requirements have been subject to change, compliance initiatives have required an ongoing allocation of resources.

To address these challenges, Epicor has designed and developed a single, cornerstone application called Secure Data Manager (SDM) that consolidates payment cardholder data, manages it securely using tokens, and integrates with multiple applications. SDM's architecture took into account the current payment card industry definitions and requirements for data security, as well as the need to support both store systems and enterprise applications, whether they are from Epicor or from other vendors. As a result, Secure Data Manager streamlines the process of securing sensitive cardholder data wherever it may reside in a retail organization, while lowering costs and accommodating change.



throughout the enterprise by consolidating, validating, and securing data from all sales channels into one location and to one standard—faultless—while mapping it consistently and directly to downstream applications. Integrated applications also verify and track vouchers, and track and reward employee performance.

Loss Prevention: Quickly identify, document and stop employee theft with comprehensive exception-based reporting that automatically flags violations of defined transaction rules. Epicor Retail LP includes extensive system- and user-defined KPIs, plus complete investigation and case management tools.

Business Intelligence: Centrally access and creatively analyze and report data from across the enterprise—even external systems—to reveal fresh insights, obtain fast answers to complex queries, and apply decisions directly for quick results. Its data warehouse and cube store and summarize data in an optimized-for-queries structure, while dashboards make it easy to monitor critical business metrics.

Secure Data Manager: Streamline data security and simplify PCI compliance by consolidating, securing and managing payment cardholder data in one application. By using tokens as a reference for interfaced applications, SDM substantially reduces the time, effort and costs associated with establishing, verifying and maintaining compliance on multiple solutions.

Financials: Streamline and monitor financial processes while supporting complex legislative requirements. This comprehensive suite equips you to post general ledger and accounts payable and receivable invoices; update accounts, customers, and vendors; operate more efficiently; and underpin strong corporate governance.

Professional and Support Services: Optimize performance and reduce your total cost of ownership to maximize the return on your technology investment. Epicor's services include "just-as-planned" implementation and configuration, software customization, managed services, database monitoring, learning solutions, 24/7 international support, and much more. •

Look for Epicor at these upcoming events...

CRMC

Marriott Michigan Avenue, Chicago, IL
June 2-4, 2010

NRF Loss Prevention Convention and Expo

Booth #706, Georgia World Congress Center,
Atlanta, GA
June 14-15, 2010

Retail World Australia

Stand 42, Melbourne Convention Center,
Melbourne, Australia
June 16-17, 2010

RIS Retail Executive Summit

The Grand Del Mar, Del Mar, CA
June 16-18, 2010

Aberdeen Retail Summit

Westin Times Square, New York City, NY
June 17-18, 2010

Retail Asia Expo

Stand H42, Hong Kong Convention Center,
Hong Kong
June 22-24, 2010

RIS Cross-Channel Retail Executive Summit

Scottsdale, AZ
Sept. 14-16, 2010

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