

Duncan Angove, *General Manager and Senior Vice President, Oracle Retail*



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Each year Oracle hosts a retail user conference to provide a forum for retailers to exchange information. Retailers typically discuss how to create value for their business, operate competitively in the current environment, and use next generation technologies to connect with customers. As Oracle's retail team prepares for the gathering, we spoke with Oracle Retail General Manager Duncan Angove about some of the issues facing retailers today.

Retail TouchPoints: What is your perspective around what is happening in retail today?

Angove: It is pretty obvious that retail is in a watershed period globally. However, challenge breeds opportunity and we believe that the smartest retailers will emerge stronger and have the opportunity to leave weaker retailers years behind when the market inevitably recovers. Business cycles come and go, but ultimately it is a retailer's long-term value proposition for the customer that matters the most.

RTP: What is the mindset of today's consumer and how is that different than what retailers have seen in the past?

Angove: There was a quote recently from J.C. Penney CEO Mike Ullman that I thought was telling. What Mike basically said is that he expects the consumer in 2009 will act rationally, shop only for what she needs and not what she wants, and that she won't need much.

It is critical that retailers do not underestimate the changes we have seen in the consumer in recent years. Today's consumers are more empowered than ever before. They are mixing online shopping with store visits and they expect the retailer to know immediately who they are and what they are likely to need. Retailers no longer get points alone for the hygiene factors of price, quality, selection, service and convenience. Consumers are looking for fun, value and a personalized experience.

RTP: : What are the implications of these changes in today's consumer on the future of retailing? As retail looks to redefine itself, what is the role of technology?

Angove: The clearest implication is that retailers must put the customer at the center of the organization. If, as an industry, we think that customer centricity is our idea, we are mistaken. Customers have already put themselves at center stage and it is up to the retailer to get with the program. This happens over time and should be accomplished by starting first with those business processes that have the most immediate impact on financial performance and the customer experience. Most retailers have talked about putting the customer in the center of the organization, and some are further along than others. The key is to start, and to be smart about where to begin.

The second thing is that customers are looking at innovation and freshness in the proposition that retailers bring to them. This means introducing new services, new solutions and new formats that cater to customer preferences. At a macro level, this requires retailers to move away from a mass markets centralized framework to managing by clusters and targeted segments before eventually getting to personalization. Ultimately, the most successful retailers will co-create innovation with their customers and we are already starting to see some of that today.

Finally, retailers are being held responsible for delivering value to consumers – that is, they must continue to strive to look for that new wave in efficiency gains as well as productivity and effectiveness whether it's revisiting the supply chain or merchandising or marketing.

RTP: As retail looks to redefine itself, what is the role of technology?

Angove: Technology has a vital role to play in supporting retailers' efforts to

seek opportunities for creating short-term value while also focusing on long-term competitive advantage. In many ways, retailers have a greater chance today than ever before to leverage customer knowledge, agility and intelligence to drive growth and create value.



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- Duncan Angove
GM, Senior VP, Oracle Retail

We are seeing retailers employ short-term strategies such as controlling inventory, driving near-term revenue growth and reducing costs in order to create value for long-term investments in customer centricity, innovation and operational excellence. We believe retailers that maximize these opportunities will be much better positioned to succeed and thrive when the economy turns around.

Whether in fashion, grocery or hardlines, it is increasingly important in today's environment to connect retailers, category managers, buyers and merchants with customers. Now more than ever, retailers need better insight into what

their customers want on a location-by-location basis and the capabilities to tailor every step of that experience. Technology is a key enabler for not only connecting the merchant with the right information about the customer, but also allowing them to do it quickly.

RTP: What changes have you seen in the role of today's retail CIO?

Angove: It is pretty clear that the CIO's world has changed significantly due to today's operating environment. In virtually all cases, the retail CIO is being asked to do more to support the business with fewer resources. Also, pending expenditures are under review and everything is accountable to the company's Board of Directors. This isn't necessarily a bad thing, however, and it can provide CIOs with an opportunity to play a more strategic role within their businesses.

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Likewise, today's new reality also provides an opportunity for strategic technology partners that understand retail and can support the CIO in building internal consensus and rallying business leads to jointly own projects. Technology partners should help retailers tie projects to value delivery and measurable outcomes while also helping to articulate the business case in ways that will resonate with the Board and align to their priorities.

Retailers that make fast-payback investments in technology that enable them to more effectively sell to the new consumer will emerge as leaders in the post-recession environment and help maintain balance sheet health in short-term.

RTP: In your conversations with retailers, how do they believe that technology can deliver real benefit to their businesses?

Angove: There are three retail imperatives that consistently come up in my conversations with retailers. The first is around generating cash. Retailers believe that there is an opportunity to leverage technology to help increase sales and improve gross margins through everything from driving traffic to stores with promotions to aggressively managing prices and clearance processes to maximizing up-sell opportunities in their stores.

Second, retailers believe technology can help them take out inventory in order to reduce inventory-carrying costs. This can be done by matching supply to demand as closely as possible, narrowing assortment and focus on low risk items and closely managing store-specific inventory needs.

Finally, technology can help retailers cut operating costs by identifying high and low value business processes and uncovering opportunities for automation and the elimination of redundancies across processes. Technology also has proven effective in revamping sourcing and procurement as well as in reorganizing labor to be more efficient.



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