

Getting retail organised

From the quintessential charm of Chandni Chowk & Zaveri Bazaar to the swanking luxury of the biggest malls, technology is changing the way India shops. In spite of this visible progress, we have not yet hit the acme; the future holds far more exciting prospects for the Indian consumers.

The daily chores of buying essentials for an average Indian has now transformed into an indulging experience. A visit to a nearby mall is good enough to feel the magic of this change. While world-class infrastructure and superior service orientation are apparent attributes of the expanding footprint of organized retail, technology is the real secret ingredient.

Right from a secure entry & stay at these swanky stores to swift and hassle-free billing, technology from companies like Cisco, is redefining the shopping experience for In-

dian consumers. Parakh Dave, Chief Information Officer and CTO, Future Group says, "Technology is absolutely critical to modern retail business today. Right from managing the complex supply chain to serving the customer in the best possible manner, technology is our real enabler."

■ The massive opportunity: still untapped

There is little doubt about the increasing penetration of organized retail in India, but as experts put it, we have not even scratched the surface as yet. Just to put

things in perspective, as per India Brand Equity Foundation, "India's retail market is expected to grow at 7 per cent over the next few years, reaching a size of USD 850 billion by 2020." Several global and Indian companies are getting ready to secure the largest share of this expanding pie but surprisingly, competition is not their biggest worry. Parakh Dave from Future Group says, "India is a great opportunity and our biggest challenge is to scale up and do that fast."

As per experts, Indian organized retail is expected to grow at a scorching pace of over 25 per cent vis-à-vis 7 per cent growth projected for retail sector as a whole in the next few years. This prediction is testament to the aggressive scale-up plans of the existing and expected organized retail players in the Indian market.

■ Scaling up: challenges

It's alright to draw-up aggressive growth plans with respect to growing number of stores and points of sale but bringing it to life is a stiff challenge in a market like India. When you have customers at the forefront of everything that you do, replicating world-class retail environment in store after store is an imperative. Right from solving the daily supply chain riddles to training your manpower for a delightful customer interface, scaling up is a massive task. And, when you combine all this with the need to have presence in different retailing models like e-tailing and franchises etc, it's hard to get the jigsaw right. Nailing down the key challenges for a retail scale-up, Bejoy Thekkekara, Vice President, Sales, Emerging Vertical, Cisco, India says, "Managing the supply chain, superior customer interface and reducing shrinkage in the form of theft and pilferage are the three biggest challenges affronting the Indian organized retail."

■ Technology to the rescue

Stories of retail success globally have clearly outlined the important role of technology in the whole value chain. Indian retail is no different and the business models of Indian retailers have technology transcending all the challenges listed above. *Lets take a look:*

■ Managing the supply chain

Big organized retailers like Future Group deal with several thousand suppliers and face over 300 million footfalls in their stores in an year, all across India. The sheer scale demands efficient decision making backed by credible and comprehensive operational data picked up at every end of the value chain. This is a tedious task and demands comprehensive technology solutions like Cisco's Intelligent Network Solution for the retail industry.

It is through advanced statistical models using point of sale data that retailers today efficiently predict demand across product categories. Video feeds determine the basis of what gets stored where in the store in order to maximize sales. Stores can be rolled out faster as IT applications take absolutely no time to get provisioned through centralized data centers, saving precious real estate consumed by dispersed IT as-

Bejoy Thekkekara, Vice President, Sales, Emerging Vertical, Cisco, India, talks about the technology driven transformation of the Indian retail industry.

Which aspects of the Indian organized retail industry are undergoing change because of advances in networking technology?

Retail is a very operations oriented business and has several important components in its operational model. The last few years have seen technology impacting several of these components including supply chain, employee development, security, MIS generation, customer data protection, payment options etc. India, being on the radar of almost all global giants, has been fortunate to get exposed to global best practices in all these segments. To answer your question in a succinct fashion, technology is impacting almost every aspect of modern retail business in India.

Why do you think Cisco is a preferred choice of retailers around the world as far as technology solutions are concerned?

Well, the fact that the top three organisations of virtually any industry around the world are Cisco clients is a testament to our business impact. With respect to retail, we offer an end-to-end solution, which in itself is a unique proposition. Also, the fact that we have a long history of working with global leaders through their business journey gives us an edge over others with respect to knowledge and experience. Cisco today can offer retailers a comprehensive yet focused solution at any stage or scale of

sets. Bejoy Thekkekara says, "Technology is the real backbone of the modern day retail supply chain and as India moves ahead, technology will bring global best practices like vendor managed inventory, RFID tracking etc. to Indian retail."

■ Superior customer interface

Customer indeed is the king when it comes to retail. Given India's integrated social fabric and the sheer volume of customers, even a single unsatisfied customer could have detrimental implications for a store. Therefore enhanced customer satisfaction is top of the agenda for all retailers. Parakh Dave from Future Group says, "Customer experience is what we are driven by at Future Group. Everything we do is designed to serve the customer better and technology plays a big role in doing that."

Whether it is providing the customer with multiple secure payment options like credit card, online, cash on delivery etc. or keeping them posted on periodic discounts and sales, technology is a great enabler.

Another area that advances in networking technology are revolutionizing is employee development. With virtual classrooms and dedicated training portals, companies have reduced the onboarding time for new employees considerably and are delivering functional training at a fraction of a cost and time compared to before. Bejoy Thekkekara says, "Employee development is the key to superior customer service and hence not only a critical business parameter but also a source of competitive advantage in the retail sector. This is why you see successful retailers paying considerable attention to this aspect of their business."



Bejoy Thekkekara,
Vice President, Sales, Emerging Vertical,
Cisco, India

their evolution and deliver value for their money and time.

What is your opinion about the adoption of technology driven solutions in the unorganized retail sector of India?

I think this is inevitable and we can already witness the change. Today, small departmental stores, restaurants, jewelers, even sports goods shops feature some simple yet important technological solutions. CCTV cameras, billing software, RFID tags are all products that can be clubbed together in the first layer of technology adoption. As we move forward, cloud based hardware and software solutions have the potential to revolutionize the unorganized retail industry in India. With the rising level of literacy and technology awareness, small entrepreneurs are almost certain to adopt advanced technology solutions for making their business more efficient and lucrative in the near future.

■ Minimizing shrinkage

Globally, retail companies lose over two percent of their inventory to shoplifting, theft and pilferage. This is a staggering and critical number at the same time, given the thin margins attributable to the industry as a whole. The last decade has seen networking driven surveillance and security solutions restrict shrinkage to a large extent. Retail companies today boast of an elaborate IP powered CCTV network, across all their stores, thereby enabling real time access to shrinkage incidents. This gives the store managers a chance to prevent or apprehend incidents that could lead to potential loss for the company. Bejoy Thekkekara says, "Shrinkage is a big threat to the industry as a whole and we at Cisco understand this from our global experience. We not only have developed a set of specific products and solutions to address this issue but also integrated them with our broad retail offering. This enables our customers to seamlessly integrate shrinkage reduction to their operational model and hence save a lot of money."

There are several other aspects of retail that technological advances are steadily changing. The advent of mobile oriented payment systems like Near Field Communication (NFC) and the growth of e-commerce are posing compelling questions to the traditional models of organized retail. But as experts believe, a strong vision of customer service coupled with a strategy to embrace new innovative solutions will go a long way in bringing some order to this chaotic Indian marketplace.

Bejoy Thekkekara says, "Cisco is committed to bringing globally established best practices driven by technology to the country."

CASE STUDY

Redefining Indian retail industry

Future Group is one of India's leading business houses with multiple businesses spanning across the retail consumption space. Through its over 17 million square feet of retail space, it serves customers in more than 93 cities and over 60 rural locations across India. As one of India's retail pioneers



Parakh Dave,
Chief Information Officer and CTO, Future Group

with multiple retail formats, Future group has revolutionized the Indian retail industry. Getting over 300 million customer footfalls a year, working with thousands of suppliers and service partners, Future group today is a model of operational excellence powered by technology. Parakh Dave, Chief Information Officer and CTO, Future Group says, "Technology forms the very backbone of our operations all around the country and is playing a cardinal role in serving our customers better." But what we see today is a result of a visionary company addressing massive operational challenges on the operational front.

The challenges

With aggressive growth projections for the next 3 – 5 years, the IT team had to adopt a strategy that would allow them to rapidly scale the network from 100 outlets to 3000 outlets. Reliability, security and availability were very important considerations, as the business would rely heavily on its IT infrastructure to focus on delighting its customers and remain the trend-setters in the industry. The existing distributed data center allowed limited scalability and it was never going to be enough for supporting this massive scale-up. The group needed consolidation of its IT assets on an

architecture that could enable rapid scale-up for the company.

Solution

In 2007, Future Group consolidated its distributed IT infrastructure across India to one centralized data center in Mumbai. Future Group implemented Cisco's Service Oriented Network Architecture (SONA) as the backbone of its network – creating an open framework that allows Future Group to quickly implement network-based services, such as mobility, real-time communications, and virtualization. With the implementation of Cisco's Intelligent Network solution, the group no longer has to maintain multiple IT assets per store. The advanced architecture from Cisco, assures the group of reliability, security and high availability for its IT assets thereby ensuring a robust technological backbone. Future Group has recently deployed Application Control Engine (ACE) to maximize availability, acceleration, and security of data center applications. Cisco ACE offered a range of capabilities, including load balancing, SSL offload, application Security and virtualization – all from a single Cisco ACE module that was integrated with their existing core network switch – the Cisco Catalyst® 6500 Series.

Results

After implementing Cisco's service oriented network architecture, Future Group was able to easily integrate access to information for every user, including employees, customers, and suppliers. Better security, management, rich connectivity, video, media, mobility, voice, and identity services today gives users access to the information and people that they need, at any time and with any device. ACE on the other hand has enabled the retail giant to execute new retail strategies and implement new applications far more rapidly, securely, and cost-effectively than ever before. Parakh Dave, Chief Information Officer and CTO, Future Group says, "We are a customer driven organization and our association with Cisco has enabled us to improve the customer experience at our stores considerably."