

Headache busting

Deciding whether to go for a packaged software solution or one developed in-house can be a real headache for retailers. Duncan Jefferies reports

Many best of breed solutions are developed for other sectors, such as finance or manufacturing, and then applied to the retail sector. A degree of tailoring is often necessary in order to adapt the system to each retailer's business processes. "There's often an 80 or 90 per cent fit, but it's that ten per cent of tailoring that really makes the difference between adoption and non-adoption," says Alan Smalley, head of retail at SAS UK.

CODA supplies its financial management software to a number of retail organisations. "As a consequence it's incredibly tailorable," says David Turner, group marketing director at CODA. "Without changing code, you can set up and change the software very easily to accommodate lots of different business models."

The latest best of breed solutions incorporate years of experience and upgrades. "The best of breed market is pretty mature," comments Mark Croxton, managing director at Aldata. "Ten years ago you would have found lots of people who had applications that didn't work or were half built, but I think that's changed now."



He believes the vast majority of retail business process can now be supported by proven best of breed applications. "The combination of systems put in place to support business processes can all be different and also the way you link them together, especially in terms of business information and analytics. You get a lot more tailoring at that level."

Taking advantage

In an increasingly competitive market, a bespoke application is an enticing prospect – if your peers are all using best of breed packages, wouldn't a bespoke solution, tuned to your business needs, offer an advantage? "It's important that they consider what they're trying to do, and what they're trying to put in place," says Smalley. "If they try and design something around what they have already, then they could end-up with a system which is basically unusable."

Developing a tailored solution requires a significant time investment by the retailer. Sourcing and funding an in-house development team is quite an undertaking. Maintenance and upgrades post implementation requires a team with specialist knowledge of the system. "If you're developing something yourself, or you've taken something from an old package and adapted it, you've got that ongoing headache of maintaining it," says Turner. "You have to pay for an expensive in-house programmer, or contract maintenance out to a big systems integrator who is going to charge you every time you want to change a button on the interface."

In a market where consolidations and mergers are rife, a bespoke package could also cause problems down the line. "It's quite easy to specify the requirements of a business today and then build a system around that," says Turner. "The trouble is that next week when you take over another

company, you suddenly find you've hard coded things which you now have to go back and change."

Tesco utilises a set of best of breed software systems covering supply chain management, warehouse management, product price management and PoS across their international business. Known as 'Tesco-in-a-Box', the approach allows them to transfer best practice from their UK operations to developing markets. "Tesco-in-a-Box is underpinned by what is now an Oracle application set and technology stack," says Sarah Taylor, retail industry director at Oracle. "It allows Tesco to quickly role-out the best and most efficient operating models to their new businesses."

The Oracle retail warehouse management system supports the retailer's standard supply chain practices. "They may well be tailored to local requirements or specific brand or format requirements," says Taylor. "But the underpinning applications, and the underpinning technologies are standardised, simplified and used in a very efficient way."

Traditional best of breed software is often focused on an individual function within an organisation. "This requires each department to find their own best of breed solution to meet their needs," says Craig Sullivan, NetSuite's vice president of international products. "This piecemeal software deployment approach requires the integration of those separate solutions and this is often where the biggest headaches and costs exist."

A successful retail operation needs to know what is in stock at every location, submit requests for stock replenishment to their central warehouse and process sales transactions to update their accounting records. "Tying together multiple systems to achieve this requires a high level of technical expertise and a lot of time and money – often more than the best of breed solutions themselves. The business can end up with a complicated IT implementation that restricts their ability to upgrade their software, evolve and improve their business workflows for fear of breaking things," says Sullivan.

Rapid developments in multi-channel retailing, gift cards, EMV and self-service checkouts can leave retailers trailing the

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competition unless their systems are adaptable and easily upgraded. Aldata's Croxton argues that best of breed systems offer the flexibility to adapt to changing requirements. "Although it can look attractive to build something specifically for your business, and you can get some flexibility from doing that to begin with, it becomes inflexible over time. How do you maintain it, move it on and build in extra functionality without a large amount of internal resources?" he asks.

Croxton also believes that many retailers only use a small proportion on their best of breed software's functionality. "If they've still got the energy for it later, they can go back and unlock a lot more," he says. "With a tailored solution you only build those bits you specifically need at that moment in time, so I think you lose the opportunity for future development."

For retailers torn between implementing a best of breed or tailored solution, NetSuite's hosted online business software may offer an alternative. "The integrated business suite approach avoids the costly integration associated with both best-of breed and bespoke applications," says Sullivan. "Further, choosing a hosted business suite, delivered over the internet, also means that maintenance and any upgrades to the software will be handled automatically by the service provider."

With best of breed solutions often adapted to suit individual retailer's needs, the difference between them and a completely tailored solution has shrunk. Before deciding which route to go down, retailers need a clear understanding of their business needs, both now and in the future.