



Oracle Rolls Out Retail Merchandising Standard Edition, Hopes Retailers SE Benefits

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Oracle is putting midsize retailers squarely in its sights with the introduction of Oracle Retail Merchandising Standard Edition (SE), a repackaging of the company's merchandise management functionality into what the company is touting as an easier-to-implement version.

SE is being delivered as a patch to Oracle Retail version 12 customers. The functional footprint consists of functionality from Oracle's merchandising, price management, trade management, sales audit, invoice matching, allocations, and retail intelligence applications, with additional functionality available as options. Retailers can grow into a larger functional footprint over time—SE has the same code base as the full-featured merchandise suite, but without the switches flipped on certain capabilities, and with menu options removed.

Ease of implementation and lower total cost of ownership (TCO) is the main benefit touted. The goal is to reduce the time to implementation for the traditional, full-footprint merchandising systems of approximately 18 to 24 months to a more manageable 10 to 12 months. To following are the main means to reaching these goals:

- Merchandising accelerators, including preconfigured business process maps, batch integration templates, and data conversion tools
- The use of the Linux operating system to lower hardware costs
- Lowering the costs of implementation and consulting by as much as 40%, by using templates to keep implementations fairly vanilla

In the near term, Oracle plans to target midsize North American retailers, including high-growth retailers and retailers with annual revenue of \$450M and up. Soft goods and hard goods retailers using older versions of Retek have expressed early interest in evaluating SE.

Oracle will face a variety of challenges in entering the midmarket, including the following:

- **Tier 2 competition**—The company will face a somewhat different set of competitors than it does in Tier 1, including companies like **Epicor/CRS**, **Escalate Retail**, and **NSB Group**, and smaller-footprint providers such as **IT Resources** and **Maple Lake**.
- **Other retail ERP providers fighting for market share**—SAP has clearly stated its intention to tackle the midmarket, and has had some attention-grabbing wins with retailers such as **Chico's** and **Kenneth Cole**. **JDA Software**, with its recent successful quarter and stated objective of owning the midmarket, will also put up a formidable fight against Oracle and SAP in this ripe target market.
- **Executing this time**—Several years ago, well before the Oracle acquisition, Retek put forth the idea of "Retek-in-a-box," a more packaged and preconfigured set of functionality designed to ease implementations. While the concept worked to a degree, some retailers felt that the savings in implementation time and effort were not enough to justify implementing the subset of functionality. Oracle needs to show that it learned from the mistakes Retek made the first time around, and reassure retailers that SE is a lot more than just a repackaging exercise, but rather is designed from the ground up to deliver implementation and total cost of ownership benefits.

With the game of technology musical chairs slowing among large retailers, which in many cases have made their choices, the real market opportunity lies with retailers with revenue under \$5B. Early wins for SE should come from current customers of Oracle's retail applications, but Oracle's sales execution for its multiple retail products has been slow to take hold, which may hamper the rollout of this new offering.

Longer term success will need to come from signing retailers new to Oracle's ecosystem. Retailers should be the winners in the long run, as competition among the software vendors fosters innovation, embedded best practices, and improved ease of implementation by the software providers looking to earn the increasingly crucial midsize retail business.