Oracle Industry Connect 2017
For Retailers. By Retailers.

Introduction

Oracle Industry Connect is a special event for Oracle Retail. It’s our premiere opportunity to bring the entire Oracle Retail ecosystem together to make meaningful connections. Time and again when asked why our customers come to OIC retailers consistently point to the opportunity to network and share strategies for overcoming business challenges, executive to executive.

#OIC17 was our best event to date:

Access this year’s complete proceedings from customers and solution experts in the RACK:
https://www.oracle.com/goto/RACK/OIC17

Mark your calendar:
April 9-11, 2018
#OracleIC18 in New York City

Sign up to receive advance notice of 2018 registration event details.

#ORACLEIC17 BY THE NUMBERS:

- 98% of retail participants agree that OIC is a valuable use of their time
- 86% of retail participants indicate that they are very likely to recommend OIC to a colleague
- 97% of retail participants found their attendance was enhanced by attending with a colleague

Event presentations are available in the RACK by clicking on the cover images seen throughout this report.
“The best days in global retailing are ahead of us, and Oracle will help retailers harness the power of what’s ahead.”

- Mike Webster, Senior Vice President and General Manager of Oracle Retail and Oracle Hospitality

Anticipating Consumer Preferences for Innovative Retail Technology

During the Oracle Retail keynote at OracleIC17 Mike Webster, Senior Vice President and General Manager of Oracle Retail and Oracle Hospitality, provided a look at Retail 2025, a recent Oracle Retail survey of consumer attitudes toward disruptive technologies and their impact on future retail experiences. The findings, said Webster, offer three overarching messages for retailers:

1. **Fast fashion becomes fluid fashion,** aka “fast becomes fierce.” The speed at which consumer preferences and desires change will accelerate drastically.

2. **My home becomes your store.** You must be able to provide everything, in a hyper-customizable way, online and on the spot.

3. **We’re in a war for talent.** There is and will continue to be a shortage of the technical and managerial skills needed to deliver a great retail experience at this pace.

Webster emphasized that a good solution—for many retailers, perhaps the only solution—is to outsource these capabilities. Oracle Retail’s mission is to enable retailers to change and grow, by breadth of portfolio, depth of capability, stability of platform, and interactive community of users.

“Ultimately,” said Webster, “our obligation is to help you harness the power of what’s ahead. While there’s all this draconian talk about struggle and change, this is an industry that has thrived and survived since its very origin, centuries ago. The best days in global retailing are not behind us. They’re in front of us with the right preparations.”

Empowering Retailers to Simplify Operations and Deliver Inspired Customer Experiences

Retailers face a future in which the ability to adapt and change efficiently, cost-effectively, and in a planned manner will be increasingly important to maintaining a competitive edge and keeping new generations engaged.

In Oracle’s view, the key cornerstones for achieving a steady state of change are a cloud first strategy, a commitment to mobile everywhere, modern retailing, selecting technology that is purpose built to work better together, and partnering with a strategic technology team to leverage retail expertise, world-class technology, and ability to scale.

“‘We empower retailers to deliver the experience their associates expect and that customers demand,’” said Ray Carlin, Senior Vice President and General Manager of Oracle Retail, while addressing over 240 retailers from around the world at the 2017 Oracle Industry Connect event.

While recognizing that hybrid IT systems are the norm and will be for some time, Carlin noted that cloud first—in which capabilities are developed for cloud-based systems and adapted to legacy onsite systems as needed—offers maximum agility and simplicity, along with an increased ability for retailers to shift the burden of IT management from their own organizations to their suppliers.
“We empower retailers to deliver the experience their associates expect and customers demand.”

- Ray Carlin, Senior Vice President and General Manager of Oracle Retail

The Blueprint to Cloud

Jeff Warren, Head of Global Strategy for Oracle Retail, followed with an emphasis on how retailers can accommodate the rapid pace of innovation required to succeed. Given traditional upgrade speeds—and the need for acceleration—how does a retailer become able to consume innovation at the rate at which Oracle delivers it?

A key ingredient in this ability, said Warren, is integrated thinking: Empowered Commerce involves connecting business objectives, financial objectives, and IT in every initiative. And with this, he emphasized, comes a greater need for conscious change management. “From an HR perspective, you are going to have to invest in adaptable talent and change, because change will be coming at you constantly.”

During Oracle Industry Connect, 36 retailers shared their success stories around all aspects of Empowered Commerce. Sessions were led by retail executives from global brands including 7-11 Mexico, Argos, Best Buy, Gander Mountain, Gap Inc., Hibbetts, Inbrands Lenox, Lojas Marisa, Lojas Renner, Payless ShoeSource, Kirkland’s, Michael Kors, Stage Stores, Swarovski, The Kroger Company, ULTA Beauty, Walt Disney Parks & Resorts, Wiggle, and World Kitchen.

Wiggle Disrupts Retail with Winning Model

Online sporting goods retailer, Wiggle, who specializes in equipment and apparel for triathletes, embodies all of the trends at the forefront of retailing, including disrupting markets, driving rapid growth, maintaining a tight focus on objectives, and quickly absorbing a technology platform to enable success.

Beginning in 1999 as a modest online outlet for a bicycle shop, Wiggle rapidly grew to revenues of about £30 million before Bridgepoint venture capitalists grew it to what is now a £200 million global online retailer, with 50% of business in Europe and 50% from around the world. About 30% of sales are bikes and componentry; the rest is fashion, soft lines.

“We’re changing the market. We deal in relatively large order volumes and we’re passing those savings over to our customers,” says Jeff Wollen, Wiggle’s CIO.

Wiggle set out to become a world-class company that could grow quickly, and in an efficient and scalable way. To grow revenues while containing costs, Wiggle turned to Oracle to help them get it done.

“Every single decision we make is about speed,” said Wollen. Beginning with master data management and the reporting suite, Wiggle moved to back office and full finance in the cloud, all the way to general ledger, in six months. The middle office, the full suite of Oracle Retail Merchandising Operations Management and Oracle Retail Merchandise Financial Planning, took a year. Total payback time was just under two and a half years.

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Wiggle Disrupts Retail with Winning Model

KEY TAKEAWAYS

As it forges its own path to growth, Wiggle exemplifies key rules for success:

1. Start with foundational systems: “We started at the bottom, with master data management and the reporting suite.”
2. More disruption is coming: “SaaS products are very accessible and relatively cheap. What’s to stop new competitors from coming along?”
3. Keep it simple: “Retail should be a relatively simple business model. Resist the organizational pull to overcomplicate things,” said Wollen.

ULTA Beauty Improves Customer Experience and In-Stocks With a Unified Commerce Approach

Ask women across the U.S. where they shop for beauty products, and ULTA will often top the list. The retailer has absolutely redefined the beauty market with a unique, full-service mix of products, services, promotions, and its Ultimate Rewards loyalty program with more than 23 million members.

ULTA combines the power of IT, promotions, inventory, and customer-facing experience. In less than six months, ULTA moved its commerce operations to an unlimited Oracle Commerce Stack that enables flexible deployments and reduces operational time and expenses related to a transactional model.

The Oracle solution quickly demonstrated its value:

- Over 60 percent of ULTA’s holiday traffic came in via mobile device, so response time was critical
- 22 percent of ULTA’s Black Friday orders were received in the first two hours
- The site’s order-per-minute rate was 742% higher than the average order-per-minute for the entire Black Friday event, and over 4,000% higher than non-holiday weeks

KEY TAKEAWAYS

1. Take a holistic approach: ULTA was able to re-architect both hardware and software and upgrade its operating system, web tier, application server, database, and its complete Oracle Commerce environment.
2. Get out of the hardware business: The Oracle Stack replaced more than 45 dedicated servers, four Hypervisors, more than 25 virtual machines in less than six months.
3. Invest in sustained growth: The Oracle foundation will handle spikes and sustain the retailer’s year-over-year growth.
Brazilian Fashion Retailer Marisa Deploys Oracle Retail to Support Growth

Brazilian clothing retailer Marisa has implemented Oracle Retail solutions to balance real-time customer demand with seasonal trends to increase margins and improve performance across the entire offering. Brazil is a highly competitive fashion market. With more than 400 women's clothing stores spread across all regions of Brazil, the fashion retailer leverages Oracle Retail solutions to simplify collaboration across planning, merchandising, and supply chain groups and to drive improved margins.

Jefferson Nogueira, Innovation and Business Relationship Manager, Lojas Marisa, spoke at Oracle Industry Connect about their transformation, implementation, lessons learned, and benefits achieved.

With the help of Logic Information Systems, Marisa was able to target assortments based on market opportunities and customer preferences. Within seven months, Marisa implemented Oracle Retail's Clearance Optimization Engine and Retail Demand Forecasting solutions. Marisa gained control of margins by implementing eight pricing zones, defining pricing rules, and establishing regular communications with the stores across Brazil. Simultaneously, Oracle Retail’s Merchandise Financial Planning, Assortment Planning, Allocation, and Size Profile Optimization solutions were deployed within 15 months.

KEY TAKEAWAYS

1. Executive sponsorship: Ensure strong top management sponsorship
2. Clarity: Clearly define roles and responsibilities for team, partner
3. Commitment: Full participation of business and IT areas
4. Vanilla implementation: Only simple and really necessary enhancements
5. Teamwork: Strong integration among teams; consider people, processes, and schedule
6. Change management: Constant communication within the organization for alignment, issue resolution, and goal attainment

Kirkland’s Protects Investment and Sustains Upgrade Path

Home décor and gift retailer Kirkland’s takes advantage of the full capabilities of its Oracle Retail applications by maintaining steady upgrades—an approach that ensures the retailer gets maximum value from its retail operations.

The $594 million retailer operates much like a fashion business, with between 9,000 and 12,000 active products and an average product shelf life of 12 to 20 weeks. It’s a model that requires best practices throughout its retail operations and fast, efficient processes.

“"We don’t have the staff to do customizations. We do, however, plan to upgrade every two years.”

- Bob Kagenski, Director of Business Applications, Kirkland’s

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Kirkland’s Protects Investment and Sustains Upgrade Path (continued)

Kirkland’s implemented the Oracle Retail Merchandise Operations Management suite and planning and optimization solutions, taking a disciplined approach and implementing vanilla versions. This rigor allowed Kirkland’s to upgrade within six months of the initial install and take advantage of new features and functionality.

Bob Kagenski and his lean staff, along with support from Oracle and Quickborn Consulting, are responsible for implementing and maintaining the Oracle footprint. By using an integrated suite of Oracle solutions, the company leverages the complete support and a “one-stop” approach to solving problems.

**KEY TAKEAWAYS**

Kagenski advocates for “de-customization” of retail systems:

1. Explain the concept of plain vanilla to management, and make sure they’re on board with it.
2. Define the financial advantages (such as the low-cost upgrade path) vis-à-vis the lack of customizations.
3. Emphasize your understanding that IT investments must drive sales.
5. Simplify vendors: “Because we use all Oracle solutions, Oracle is able to give us complete support when we have a problem,” said Kagenski.

Best Buy Customers Know, It’s in Stock

*Best Buy makes sure customers find what they need, and optimizes inventory turn, with Oracle Retail planning and forecasting solutions*

Roughly 70% of all U.S. consumers live within 15 minutes of a Best Buy store—which means that if they want something, they often hop in the car and go get it. So it’s critical that the item is in stock when they get there.

Consumer electronics is a very large category, and it would be impossible for even the largest Best Buy outlet to maintain a hundred-percent reserve stock in every SKU in the catalog.

To ensure customers find what they need, and to optimize the movement of its inventory, the $40 Billion retailer implemented Oracle Retail Advanced Inventory Planning to serve as a whole new foundation for improving demand forecast and inventory management.

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Best Buy Customers Know, It’s in Stock (continued)

The Oracle solution lent greater simplicity to a complex problem, and has helped the Best Buy business teams to anticipate inventory requirements in each store location.

“The compelling case for change is the connected, demand-driven supply chain,” said Cara Graham, Demand Planning Director, Operations for Best Buy.

KEY TAKEAWAYS

1. Math rules: As business teams become more familiar with the process and trust the math behind it, Best Buy is improving inventory movement and expanding the scope of planning.

2. Efficiencies extend to DC operations: “We looked at things like pick frequency,” says Oswald. “How often are we going to a certain pick module within a DC for the same unit of inventory? By compressing or extending that using some features within AIP, we saw a 250% improvement in labor overhead with some of our top volume SKUs.”

3. Inventory goes beyond the sale: “We realized that inventory goes way beyond making a sale. Inventory movement dictates the movement of your whole network,” said Oswald.

Lenox Modernizes the Customer Experience with Cloud

Leading tableware and glassware retailer Lenox implemented Oracle to deliver a personalized, innovative shopping experience to maximize customer engagement and drive sales.

Buoyed by customer response and knowing more growth lay ahead, Lenox moved its most critical customer-facing and back office commerce operations to Oracle Cloud before Black Friday 2016. The entire commerce transformation was completed in six months, with a full go live in October.

Ultimately, the Oracle Cloud platform enabled Lenox to upgrade its customer experience and deliver a steady stream of new products and features at its namesake Lenox and Reed & Barton brands. Lenox conducted a detailed review of multiple solutions and deployment options before deciding on Oracle Commerce Cloud. In less than 6 months, the digital teams were empowered to personalize the shopping experience to drive better conversion, execute a robust yet flexible promotion strategy at the SKU level and manage margins by category.

These changes allowed Lenox to drive 40 percent more traffic in 2016, increase conversion rates and improve margins by category. Lenox also saw a sharp increase in mobile usage when it switched to the new Oracle Cloud platform.

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Stage Stores operates over 820 stores in 38 states across the United States, providing a wide value and style assortment to serve the customer in every stage of life. They leverage multiple Oracle solutions including Oracle Commerce and the Oracle Retail Merchandise Operations Management suite to drive optimal product findability, and to provide a single source of truth for the whole organization and its customers.

Stage Stores recently launched an Oracle Commerce upgrade, and with it a new attribution system to support the online user experience.

Stage Stores implemented the solution in six months, going live with key improvements before the holiday shopping season. The new system allowed customers to search and select using lower-level attributes like heel height and sleeve length, and promotional attributes like click-and-collect.

With just that much change, Stage Stores reduced customer bounce rate by 40%, and sales conversions increased a full point.

Next, Stage Stores is working on projects that will bring the enhanced web experience to the point of sale, including sharing images, copy, and other online content with a customer when she walks into the store.

**KEY TAKEAWAYS**

1. Engage internal business partners: “We developed a new business process based on delivery schedules as well as advertising and promotional calendars. With that visibility across teams, we were able to shorten the time it takes to get a product online,” said Balasubramanian.

2. Fulfill from everywhere: When online demand grew faster than anticipated, Stage Stores fulfilled out of stores first, then the DCs, and ultimately added dropship vendors.
World Kitchen Takes a Holistic Approach to Oracle Retail Xstore Upgrade With BTM Global

When World Kitchen upgraded its aging MICROS point-of-sale system with Oracle Retail Xstore, the retailer acquired what it needed to deliver a seamless customer experience and grow the business. This was true down the line, including the ability to manage promotions.

Chicago-based World Kitchen is known worldwide as the maker of such popular kitchenware brands as Pyrex, Corningware, Chicago Cutlery, Ekco, and Corelle. In addition to distributing through high-end retailers in North America, Europe, and Asia, the company sells through its own stores in the U.S. and Canada – and it is these stores that were overdue for a systems upgrade.

Ultimately, World Kitchen is using Oracle Retail Xstore to:

- Leverage new technologies as they come to the market;
- Increase profitability, by providing the flexibility to offer promotions and incentives without manual intervention at the POS terminal level;
- Secure payments, including end-to-end tokenization and encryption;
- See other-store inventory returns;
- Mobilize personnel, with current and future platforms;
- Handle customer loyalty programs; and
- Keep the solution “plain vanilla!”

KEY TAKEAWAYS

In looking back at the planning and implementation of the new Xstore system, Briggs points to some key lessons learned:

1. Be realistic. The team knew from the beginning that they needed to partner up with their system integrators and payment partners. For a period of about four months, they conducted a weekly call with all parties to make sure everything was on track.
2. Avoid silos. Get all areas of the business involved and engaged in change.
3. Be in constant communication with business and finance. “If there were things that we weren’t sure the business wanted to do,” we asked.
4. Minimize the customization. With Oracle Retail Xstore now in place, World Kitchen has less than a handful of custom modifications to handle U.S. and Canada operations.
Retail Panel Charts Journey to Cloud

In a panel discussion entitled "The Journey and Insights of Cloud Services," retail experts agreed that the most important elements of a successful cloud transition are clear objectives and careful attention to change management.

Moderated by Jeff Warren, Head of Global Strategy for Oracle Retail, the panel included Connie Santilli, Vice President Enterprise System and Strategy, The Gap, Inc.; Bob Krohn, Director Merchandising and Info Systems, Walt Disney Company; and Michael Abela, Director, Oracle Commerce Consulting, Retail.

Here are some of the guidelines shared:

1. **Know what you want**
The panelists agreed unanimously that an essential component of a successful transition is agreement among all key stakeholders—IT, business strategy, and finance—as to the basic objectives of the move from on-premises solutions to the cloud.

   "I have three tenets," said one of the retailers, "that apply to any solution I present my users. One is technical currency, which is central to the cloud. It will address security issues, redundancy issues, backup issues—and the ability to leverage change on a timely basis, which is my second tenet. I don't want the traditional models of upgrades. I want it to happen quickly. The third tenet is total cost of ownership. On a cash-out basis, over time, I believe cloud will be a much better scenario for the company."

   Santilli seconded those concerns, noting that The Gap had, for historical reasons, developed very different retail systems for its three major markets: Asia, Europe, and North America. The impetus for moving to the cloud was the need to upgrade all three systems.

   "It drove us to take a look at what's available on the market. We needed something that would help us scale, sustain, and run a global business with the functionality we need."

2. **Understand the business case**
Noting that Abela works closely with retailers, Warren asked how his clients are building the business case for change. A useful tactic, said Abela, is to look forward by looking back. "A lot of it is about looking historically at what costs would have been avoided if they'd started at this point ten years ago. We help our customers imagine the benefits they would have achieved, which provides a clear business case going forward."

   One thing that helps with building the business case, added Santilli, is that her business users use a lot of third-party cloud solutions for ancillary work they do. They're already familiar with the basic concepts, and are willing to move, if not immediately into software as a service, at least into platform or infrastructure as a service. "Our CIO said, 'Let's try to move these systems in a way that simplifies."

3. **Prepare the organization for change**
Which, she said, all by itself facilitates change. "Just not being tied down to what we are running on-premises in our centers today opens up a whole new world. Besides working with our Oracle partners, we also engage with partners like Gartner and Forrester to talk about what they're seeing in the marketplace."

   As to how organizations should best prepare for change, Abela commented, "It's still the old adage: measure three times and cut once. Where we've seen challenges is when people think because the cloud can move so much faster, you can skip thinking all the way through your requirements. You can't; you still need to go through the entire process."

4. **Have a definition for success**
The final question dealt with by the panel had to do with how retailers are defining success in their transitions to the cloud. "It's always the payback period of an implementation that defines success in our world," said Abela. "That, and the ability to reach new markets or new opportunities, or to run new stores."

   Santilli noted that for The Gap, the criteria are greater flexibility, total cost of ownership, and the ability to offer new capabilities to the organization. For Disney, "it's simple: a scalable solution that's effective and efficient with a lower cost."

We can scale, take cost out of our infrastructure, and reduce our footprint in our own data centers. I just don't want to be in the server farm business any longer."
Retailers gathered at Oracle Industry Connect 2017 to exchange insights and success stories, answer questions, and learn from their colleagues. An overriding theme among retailers was the steady move to cloud services to achieve a core list of benefits, including:

- Speed to market;
- Immediate access to new features and functionality;
- Ability to handle spikes characteristic of retail traffic;
- Ability to scale with business growth;
- Flexibility to add new technology; and
- Freedom to focus on retailing, rather than building out hardware platforms.

Retail speakers throughout the conference were optimistic about various opportunities for growth, and emphasized greater efficiencies achieved across their most critical retail operations including inventory management, store operations, and ecommerce.

As Mike Webster, Senior Vice President and General Manager of Oracle Retail and Oracle Hospitality, said at the opening keynote, “The best days in global retailing are ahead of us.” To enable that future, Webster says, Oracle is positioned to be retailers’ cloud partner. “This allows you to focus on innovation. Oracle cloud services enable you to move from a responsive state to an innovative state, and do so safely and securely.”

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