



Volume 25 No. 1
January, 2009

Message from the President



Well, 2008 finally passed...and, in talking with other retailers, I believe it's safe to say that everyone was eager to see it come to a close. **WELCOME 2009!**

We're excited that 2009 is here and are pulling out all stops to make the 2009 IRUG conference the best ever! Keep in mind that the theme for the upcoming conference is...

***"Share. Learn. Succeed.
Turn challenges into Wins"***

The theme reflects who we are as a **User Group** – where you can attend and network with other retailers and associate members to share ideas, learn about new technologies and solutions, and then leverage that information to drive positive results.

And to help with that, we are working to expand the IRUG conference experience by providing additional coverage on topics such as **PCI Data Security** and **New Generation POS** – additional topics will also be offered. Stay tuned on our website for more information as we further develop this.

You'll also hear from IBM's **John Gaydac** on how IBM is adjusting its priorities to align with retailers more closely in this challenging economy. **Steve Ladwig** will also share IBM's perspectives on how the multiple changes in the retail space are shaping IBM's strategy. These messages are critical as they will provide important insight on how retailers are leveraging technology solutions to achieve

their goals in an ever-increasing competitive environment.

We're also delighted to have **Jon Stetson** back again in 2009! He'll provide his unique insight on how you can develop a personal branding strategy that works—powerfully, strategically, and most importantly, simply. Jon was a tremendous hit last year at our banquet.

We are also planning to have approximately 12 to 16 elective sessions of 45 minutes each. Based on your feedback, fewer sessions were recommended and we're adjusting accordingly. These sessions will be selected based on the research analysis and membership feedback.

Remember to visit our website at: **<http://www.ibmretailug.org/>**. We will continue to update the latest on the conference as speakers and topics are confirmed.

The economy will rebound and we need to be ready to take advantage when it does! So please, make your plans **NOW** to attend the 2009 conference. With the conference offerings that we are planning along with the backdrop of Vegas, this is one conference you won't want to miss! See you there...

**32nd IRUG Annual Conference
May 17-20, 2009
JW Marriott Las Vegas Resort
Las Vegas, Nevada**

Warm regards,
Kelly Hewitt
President

Guest Speaker

***"Mastering the Art of the
4-Wall Experience"***

Jon Stetson

**Monday - May 18, 2009
9:00 am - 9:45 am**



Mastering the Art of the 4-Wall Experience is an interactive, experiential-based program designed to provide you with a personal branding strategy that works—powerfully, strategically, and most importantly, simply.

Traditionally, personal branding was reserved for those sales types. But the 4-Wall game has changed, and mastering the art of the 4-Wall experience applies to everyone—the CEO who enters the shareholder’s meeting, the CIO whose role in the organization now requires presentation skills and strategy rollouts, the manager who has just been called in to a team meeting with an upset customer, the trade show staffer who has 30 seconds to enhance the brand...the 4-Wall game has certainly changed. Do you know how to 4-Wall?

Mastering the Art of the 4-Wall Experience will help you discover and show you how to use key 4-Wall strategies—mastering the art of knowing yourself, your environment, and the dynamics that are taking place when you showcase your brand.

Banquet Entertainment

Jon Stetson

**Monday - May 18, 2009
8:00 pm - 9:00 pm**

Jon Stetson Knows what you’re thinking.

Wow...Jon was the best ever ...making our conference and evening a truly unforgettable experience. Jon was able to connect with everyone in attendance he was astounding. His style is so calm and engaging with attendees interacting with him one-on-one. His style on stage is energetic, exciting, enthralling, spellbinding, funny and just all around unbelievably great. He was a perfect fit for the conference, so much so that, we are bringing him back again – what a great start to the IBM Retail User Group conference in 2009.

The mind, mirth and mystery of Jon Stetson have made him a Most Valuable Player at thousands of world-class events. Jon is a third-generation entertainer whose intelligent, interactive approach to entertaining places him on an exclusive list of corporate America’s most sought-after performers.

If he looks familiar, it may be from one of his many Television appearances. He has performed in 23 countries. Has been invited to the “White House” on five occasions. This internationally acclaimed mind reading comedian will make you laugh, make you think, make you feel like an awe-struck kid.

The “Stetson Experience” explores the real mysteries of the human mind. You can call Jon an “intuitionist.” He observes people’s patterns and steps inside their heads. He amazes them with information they didn’t even know about themselves.

The result is powerful, provocative, thrilling and new. Better still, it’s funny. Jon’s stand-up comedy covers a core of mystery in an uproarious wrapper of fun.

The Partner Pavilion

Returns Management: A further case for Digital Receipts.

by Andrew Jacobs
MATRA Systems, Inc.

Return Fraud is a problem and the problem continues to grow. According to the National Retail Federation, an estimated 9% of returns are fraudulent, costing US retailers \$11bn per year. Return fraud appeals to thieves because it is viewed as low-risk and high-reward. The problem is that a return is a normal part of the shopping process. Surely in these days of lightning fast communications and massive databases there should not be a problem cracking down on the fraudsters. So with the forthcoming season of giving fast approaching, which of course also means the post season of returning (about 9% of gifts are returned), it's time to examine both the challenge and the state of the art for fraud avoidance.

Return Fraud: The Problem

Few stores have the luxury of a very strict return policy. Shoppers need to be able to return goods. Two examples from my own life: a fairly typical one except that I have 73% more than the average number of young children. When I get time to do some home fix-it projects on the weekend, which I love to do, I certainly don't have the time for an extra trip back to the hardware store because I bought one too few washers/screws/anything. I'll buy plenty and return later. The child factor similarly encourages my wife to pick up both dress sizes because she certainly can't try it on there, as my youngest is peaking at 120 decibels. But we are valuable customers: our net spend is significant. Our example is not atypical, albeit the child factor maybe: for a plethora of varying reasons most customers will at some point find it compelling to purchase items in the full knowledge that some of the purchase may later be returned.

The answer is to know your customer and to establish a trust relationship. That works for a 1950's corner store or high-end specialty boutique but hardly for large scale retail. "Trust but verify" is a bit Reaganesque in this election year, but it's a useful maxim. Is the receipt the token in place of trust? Of course, and it's a useful stand-in if it's genuine. How much fraud is there in false receipts? Receipts are the linchpin of most fraudulent returns. Easily accessible home PC technology makes production a snap and the Internet has enabled a huge underground market for them which has flourished over recent years.

Isn't it an anachronism that in this high speed digital world we still feel the need to rely on a piece of paper with all its inherent flaws?

The answer is the electronic receipt. We should all be thinking of digital receipts. Printing paper receipts is archaic, wasteful, insecure and increasingly unpopular. Approximately 600,000 tons of thermal receipt paper is used by stores each year. It takes 15 trees, 19,000 gallons of water and 390 gallons of oil to make a ton of paper. Multiply those by 600,000 and the numbers are staggering. That's 9 million trees per year!

Return Fraud Avoidance: The state of the Art

It's not as if nothing has been done to counteract the issue; it's a technology race with retailers pitted against fraudsters. In the best equipped retailers the return validation process looks like this:

- 1 A customer returns an item with a paper receipt. The receipt identifier is scanned; the original transaction details are returned to the POS register; the item is returned to inventory and the "open to return" is reduced. This in itself significantly decreases the fraud rate. The fake receipts simply do not work as easily if the original transaction can be retrieved and the item verified.
- 2 With no receipt, two technology solutions are available. The simplest is to use a velocity check to monitor how many times this customer has been a non-receipted returner. Of course this is flawed – remember the weekend warrior do-it-yourselfer who returns items every week. Sometimes those customers with the highest number of returns are indeed among your best customers.

A much better way is to convert non-receipted returns into receipted returns using original receipt lookup (digital receipt by any other name). We use some search and identification parameters to find the original transaction from the database. Those search parameters are potentially some transaction date/time information and also an ID. Ironically in the age of PA-DSS that ID is often a credit card number (albeit a hashed one). The search parameters index a digital receipt ID, the item is returned and the return can securely be authorized.

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Out of the Blue

Shopper Advocacy: Consumers rely on their trusted retailers in the new economic environment

by John Gaydac, VP Sales, IBM Retail Store Solutions



In September and November 2008, IBM's Institute for Business Value conducted a survey of 30,000 US consumers to understand what is driving consumer behavior and spending across several product categories: Grocery, Apparel, Home Merchandise, and Pharmacy, Health & Beauty Care (Pharmacy & HBC).

I want to share with you the results from this survey that may provide insights into how shoppers are reacting to the current economic climate.

The survey revealed that consumers under stress from economic conditions are relying on retailers they trust, leading to two attractive and valuable segments: advocates to existing retailers and shifters seeking new relationships. Retailers that execute on the requisite strategies to attract and retain these addressable markets will be positioned to emerge as winners.

Highlights from our survey include findings regarding consumer behavior, the value of loyal and discerning shoppers, and the most important operational capabilities.

Consumers have fundamentally changed shopping behavior: Market conditions have forced consumers to make tradeoffs and alter spending habits.

- 1 92% of consumers are sacrificing in some spending areas and 59% have less discretionary budget than last year.
- 2 A small but important percentage of consumers (12%) are increasing spending despite economic conditions.
- 3 Top three ways that consumers deal with market conditions are: buying fewer items/ delaying purchases, buying more promoted items, or changing to lower-priced products.
- 4 Consumers will change allegiances to a particular retailer after an average of 3.1 negative experiences.

Advocacy has radically grown: Consumers are feeling stress from uncertain times and relying on retailers they trust – contributing to the nearly double advocacy increase year-over-year.

- 1 38% of respondents are now Advocates, compared to 21% last year.
- 2 25% of respondents are Apathetics compared to 19% last year, and 37% of respondents are Antagonists in contrast to 59% last year.
- 3 31% of Advocates have increased spend at their primary retailer over the past two years.
- 4 Advocates are more valuable than Antagonists and Apathetics because they spend 10% more on average per month, 6% more during each shopping trip, and 15% more of their total dollars at their primary retailer.

Shifters are a valuable consumer segment is motivated to seek new relationships: Another attractive segment of shoppers who have chosen to shift purchases to new retailers emerges (either seek alternative retailers or abandoned current retailers).

- 1 30% of consumers are shifting purchases to new retailers.
- 2 17% of Shifters state they have more discretionary income this year versus last, compared to only 10% of non-Shifters.
- 3 Segment spends 32% more per trip and 37% more per month than those consumers who do not shift purchases to other retailers.

Eight operational pillars build trust: Retailer success requires building competencies in eight operational pillars, prioritized based on product category, financial health, market outlook, customer expectations, and business strategy.

- 1 Attributes appealing to Advocates: Quality, Store Experience, and Convenience are top attributes for building advocacy.

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Shopper Advocacy: Consumers rely on their trusted retailers in the new economic environment

(continued from page 4)

- 2 Attributes appealing to Shifters: Price/Promotion and Convenience are the key reasons respondents shift purchases to new retailers.
- 3 Four foundational capabilities required to maintain shopper trust: Product Availability, Assortment, Customer Service, and Multi-Channel.

Defining initiatives and solutions to drive change and increase maturity in eight operational pillars

Operational Pillars	Key Initiatives	IBM Solutions
Quality	Local and global sourcing	Merchandising & Supply Chain
	Corporate Social Responsibility	Merchandising & Supply Chain, Total Store
Store Experience	Customer Interaction	Total Store, Multi-Channel Retailing
	Experiential Shopping	Total Store, Multi-Channel Retailing
Convenience	Store and Space Planning	Total Store
	Customer and Traffic Analysis	Retail Performance Analytics, Total Store
	Real Estate Management	Retail Strategy & Change (ROSS)
Product Availability	Inventory Optimization	Merchandising & Supply Chain
	Multi-Tier Replenishment	Merchandising & Supply Chain
Assortment	Integrated Merchandise Management	Merchandising & Supply Chain
	Merchandise and SC Performance	Retail Performance Analytics
Price/Promotion	Price and revenue optimization	Merchandising & Supply Chain
	Customer Analytics and Promo Execution	Retail Performance Analytics
Customer Service	Worldforce and Task Management	Total Store
	Training and Knowledge Management	Human Capital Management
	Customer-Focused Culture	Retail Strategy & Change
Multi-Channel	Online and Mobile Strategy	Multi-Channel Retailing
	Integrated Cross-Channel Operations	Multi-Channel Retailing

World-class retailers are using this new economic environment as an opportunity to deliver capabilities that both retain loyal consumers and attract shifting consumers. Whether organizations approach the current economic climate to exploit the changing conditions to grow, make disciplined investments to maintain share, or reengineering operations for efficiency, capital should focus on the eight operational pillars and corresponding initiatives that matter most to consumers.

Decisions and investments made during this time will separate winners from the pack. Building trust and advocacy with new and existing consumers will position retailers to dominate the market as the economy recovers.

IBM's focus on delivering value-based solutions can help turn shoppers into advocates. IBM retail solutions provide compelling reasons for consumers to shop in their stores, with solutions that help improve the shopping experience, enhance employee effectiveness and drive customer satisfaction. IBM's retail solutions are designed to give retailers maximum flexibility to build a "store of the future" today, and turn shoppers into advocates.

Returns Management: A further case for Digital Receipts.

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So why not make that lookup tag more secure and more useful, i.e. an email address? Sure, we'll preserve the account number lookup for the non-digital but for the rest of the email-capable world (including those of us so enamored with the connected world that we are prepared to name our digital lifelines after sweet summer fruits), why not provide a more useful, very commonplace and far less sensitive token? And here lies the tie-in to true digital receipting.

Digital Receipts: Bridging the Gap.

Now if we can collect an email address as the ID token to enable returns we've enabled a key for original receipt lookup and a more cost effective and environmentally friendly delivery mechanism for that receipt. Initial surveys indicate that the majority of customers would sign up for an emailed digital receipt, if retailers would offer it, citing convenience and environmental benefits as their reasons. For the retailers there are a number of reasons to provide this service: improved customer service, increased environmental initiatives, significant reduction in receipt paper cost, and reduced printer usage leading to lower maintenance costs and a longer life for the printer. Not only are there a number of benefits to the retailer by using digital receipts, but this also enables the retailer to better manage and prevent fraudulent returns. If the receipts are available in a digital format, they will be available for recall on demand by the sales associates in the stores, allowing them to verify the items being returned.

Summary

It is clearly in both the retailers' and the customers' best interest to enable the returns process and make it as fraud-resistant as possible. The receipt is the linchpin in today's returns authorization processes. At the same time customers are already well disposed to the idea of receiving receipts electronically both for convenience and better environmental stewardship. Such a transition for retailers, where legally possible, is a win in terms of customer satisfaction and cost reduction. Now marry that electronic receipt availability to the returns process and both customer and retailer win again.

Attempting to stay ahead of fraudsters is a game of leap-frog. Centrally managed, near real-time transaction data is our ally in this challenge. In the end, using that to deliver receipts electronically to consumers significantly closes the window on fraud, pleases the customer and thus improves a retailer's operation.

The Super Session

New for 2009 IBM Retail User
Group Conference

The board listens – you asked for fewer sessions so you could attend more of them, for more quality time one on one with industry experts, for more time on key industry challenging topics, and open discussion with the experts and your peers. At the 2009 conference, the IBM Retail User Group is adding to the agenda the Super Sessions. Four Sessions, one and a half hour in length and each presented twice.

The Super Sessions will be a process combination of an elective session, panel discussion, round table, birds of a feather and demonstrations. Short presentation will be made (10 to 15 minutes) by the selected panel members, other IRUG associate members, with a topic focus - from a different perspective. The panel will also feature retailers and an outside expert.

A large portion of the time will be used for discussion. Each of the four super sessions will be scheduled to give attendees a better opportunity to catch all four and more elective sessions too.

Super Sessions Overview:

Title: PCI and Retail Data Security

Description: Congratulations, you've passed your PCI audit. Now what are you going to do to keep your data secure?

Host: Motorola

Title: Implementing Virtualization

Description: Understanding, and strategy for implementing virtualization

Host: 4690 World

Title: Next Generation POS

Description: Introducing the new IBM Sure Operating Environment: An IBM POS operating systems update, SurePOS Hardware Update, IBM's Enhanced SurePOS 300. Save the planet. Save your Budget.

Host: IBM

Title: More For Less

Description: Getting a greater return and protecting your IT investment.

Host: Pier 1

Keep up-to-date and current on the Super Sessions on the IRUG web site!

Store Systems Behind-the-Scenes

*by Hollis Posey
Next Retail Group, LLC*

IT Progress and Challenge

Remember the good old days when a retailer could buy a few simple systems that met his store IT needs and easily roll them out? The systems weren't that simple, managing them wasn't that easy, and the old days weren't all that good, you say? Well, wait 'til you've experienced the latest crop of offerings before you have your final say. While you were busy running your business, your systems and software supplier shops have been busy, too – changing their business and offering practices as significantly as the products they're offering. Something you should know is that these behind-the-scenes and relatively invisible practices can leave some unexpected and sizable gaps for a retail CIO/IT professional to fill. For all our advances, IT life hasn't gotten any easier – just different.

Truth be told, it was challenging enough when POS was fresh and delivered as a (mostly) complete solution from a few large suppliers. As challenging as earlier POS efforts were, they don't hold a candle to today's situation. Today's information systems are intellectually larger, more capable, more complex, more numerous, more diverse, and more pervasive with more users, more suppliers, and more change being introduced more rapidly than ever. The tasks of selecting, vetting, integrating, and managing contemporary IT systems and their life cycles are an order of magnitude more challenging than with past generations. Retailer IS shops must adjust their practices to match current systems and supplier realities if order is to be maintained.

Beginning in 1989 and for the following five years, the IBM Retail User Group (IRUG) held brainstorming sessions for generating new concepts for retail at its annual conferences. Segment work groups were asked to focus on retail requirements looking ten years into the future. Out of the 600+ ideas that were generated in these sessions, over 96% of them have been implemented. That progress is no surprise to anyone from our present vantage point.

But, remember that in 1989 there was no commercial use of the internet, e-mail was mainframe and large company only, cell phones were a future promise, and PCs were 286/DOS/modem based and hardly pervasive. Some of the most "way out" IRUG brainstorming ideas have been realized by general IT with the web and broadband communications. Some retail specific concepts – kiosks and self-check out - were envisioned and are commonplace today. Some constant and underlying themes - open systems, mobile operation, and improved data intel-

ligence – are facts of everyday life. Ask, and you shall receive. The last twenty years has seen an explosion in systems and their usage with commensurate benefits. However, it remains true that there is no free lunch and all that progress has brought a fresh set of challenges.

The State of Contemporary Information Systems

Information Systems (ISs) are diverse, numerous, and pervasive. Are they misnamed? Today's Information Systems are not just information systems. They go far beyond the data crunching tasks of yesteryear when digital systems first got their name. A closer naming today might incorporate the acronym TRACE for Transactional, Relational, Automation, Communication, and Entertainment systems. Transactional functions are embodied by POS and Web Commerce systems. Gift Registry and informational kiosks are relational systems. POS and photo processing kiosks automate store tasks. Communication is the province of e-mail and mobile phone systems. And video, music and games are about entertainment and ambiance. Each of these systems has a different role, makes a different contribution to a retailer's business, and has its own set of usage, care and feeding requirements.

Today's ISs operate on massive scales – with huge available resources (processor speeds, storage, and bandwidth) and equally massive human efforts going into getting use out of them. Individual machines bring tremendous capacity for relatively few dollars – making them affordable for the most mundane of tasks. They come in many shapes and sizes from blade servers to pocket PCs. They are configured in myriad ways with all manner of IO devices and communications features. They are physically distributed and interconnected for cooperative work flow. Their individual and collective content may be consolidated somewhere or distributed in lots of places. Users are distributed and may be mobile. And system scales continue to grow.

Contemporary ISs are increasingly complex. In the early days of computing, relatively complete systems (labeled "proprietary") were available from a single supplier. Today's systems (labeled "open") have been decomposed and componentized with multiple suppliers and offerings generally available for every component – a data base engine from here, a POS printer and driver from there, and so on. Lots of choices and lots of flexibility are the welcome outcome of open systems. However, along with choice

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Store Systems Behind-the-Scenes

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and flexibility comes complexity. Every machine and every component in it incorporates a number of internal and external interfaces – each one enabling choice but also inherently bringing opportunities for defects. The componentization also brings the ancillary complexity of having multiple players operating in independent ways and time frames. Each supplier has his own business interests at heart and a variety of business models and practices exist among them. Each supplier also operates at his own pace – many disjoint cycles are the result. As with scale, complexity is also trending upward. The question is “who sees the complexity?” The answer is, “whoever integrates and maintains the overall system”. More and more, the responsibility and work load/cost is falling to the end operator – the retail CIO and his merry band of IT professionals.

Fitting Systems to Stores

Retail stores are a demanding environment. They are no place for fragile and demanding technology. Store personnel are there to see after customers and run a business - not to look after a stable of complex, misbehaving equipment. This is well understood, and it's common practice for store systems to be assessed against a set of well-developed operational and life cycle requirements. The need and methodologies for matching systems against changing supply and support environments is less well-understood.

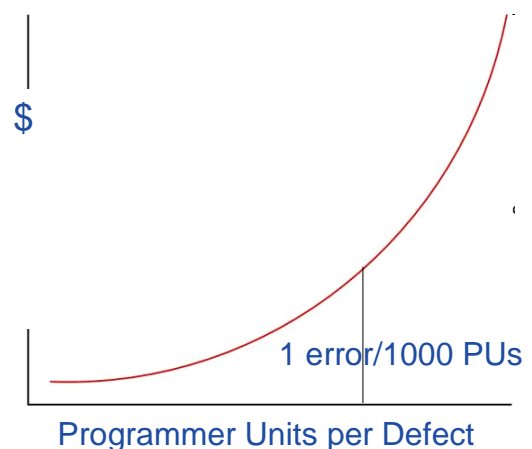
An IS is generally first assessed for its business function and value. Beyond the functional requirements – the business uses that systems are to perform – are a number of non-functional requirements. These characterize the unavoidable behaviors and care requirements that come along with systems - often as hidden elements. Systems being considered for purchase should be assessed on these non-functional lines with the same attention and weight as the functional assessment. We are suggesting that it's time for a third equally important area be examined - that systems be vetted against the practices of its network of suppliers. Rationale for this step should be apparent from what follows.

Behind the Scenes

Unfortunately all ISs are “buggy”. The best of them will likely fall short on some of its functional and non-functional attributes at times. A bug is an undesirable result generated by a defective code path. Defects characterize software quality and have a definable and quantifiable life cycle. New software/ISs are the most “buggy” of all simply because they are mostly/all new code.

New code quality is constrained by programmer/technology capability and development time and cost. Typical commercial software ships with about 1 defect per 1000 new/changed programmer units because the knee of the cost/defect curve is around this value. See figure 1. The cost to remove defects rises exponentially with decreasing remaining defects. One of the primary factors behind this characteristic is the limit of effectiveness of lab testing.

Figure 1: Typical defect rate for commercial software



In-service usage is the most effective (and the most disruptive/expensive) way to expose defects and improve system quality. This is where the system meets the real world. Defects are uncovered at a rate that's proportional to the number of installations, number of users, number of business cycles/code cycles, and the loads placed on the system. At some point in time new usages/environmental encounters subside and the routine code paths are all theoretically run and repaired. This is a theoretical statement because, unfortunately, fixes and maintenance are not perfect. Even more importantly, it's not in the nature of computers to stay static - new function brings new releases which bring new bugs. There is an ongoing tug of war between defect removal and new code. Unlike hardware, the best software is that which has a lot of miles on it. This makes it important to understand the real usage on a like system to assess its maturity and likely effect on your operations. This is in the bailiwick of market information.

Change is an IS fact of life that introduces new code. It is unavoidable. The driver categories for retail software change are few – there are just a lot of them in each

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Daniel L. Hopping

President and CEO, Next Retail Group, LLC

"The Consumer of 2014"

Wednesday - May 20, 2009

10:45 am - 11:30 am

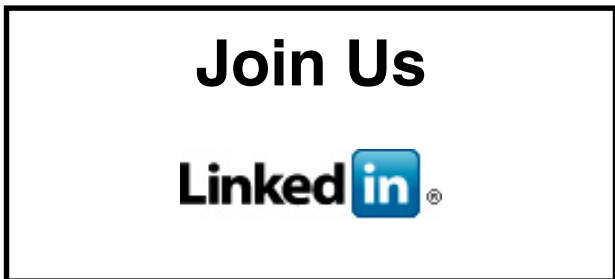


Many retail store projects being designed and decided upon in 2009 will not be fully implemented until 2014. These projects will, in some way, impact the consumer – retailer relationship. Most consumers will have significantly changed their lifestyle and buying behavior in the five years leading up to 2014. This discussion will share with you a vision of the

changing consumer based on research projects on paleoconsumer evolution and an examination of the rate of change in consumer buying behavior. We will try to put realistic predictions on how much the consumer will change and in what direction. We will then provide recommendations for retail planning.

Dan Hopping, President and CEO, Next Retail Group

Daniel Hopping is a global technology futurist, author, inventor, consultant and speaker. He has worked with hundreds of retail companies and has been involved with dozens of retail "store of the future" projects in almost every segment of Retail. His company, *Next Retail Group*, works with retailers to keep them abreast of the latest technologies and how their utilization of technology affects the enterprise's competitiveness. The consumer is now changing faster than retailers can change their systems, making planning for change a critical function.



The User Group to Continue "BLUE CHIP" Sponsorship Program in 2009



In 2005 the Board of Directors added the Partner Pavilion to the POST, a new standard feature in each issue highlighting an Associate member company. Also associate members, who paid an additional fee with their annual dues, were able to add their link to their web site in the associate directory.

The IBM Retail User Group expanded marketing opportunity in 2007 for Associate members to promote their company and services, and demonstrate their support. The program was well accepted in 2007 and will be repeated in 2009. Associate members can add their LOGO on the home page linking to their advertising page on the User Group site. The Ad on the IBM Retail User Group web will link to the associate member's web site. Also, their LOGO and link will be added to the associate directory page at no additional cost.

The ad can promote special events for the associate member, new products and services or encourage retail members to visit their booth at the annual conference. The "BLUE CHIP" sponsorships are limited to ten per month. For program information e-mail Deb Jones at issug@roadrunner.com or call the administration office 440-238-5880.

IBM Retail User Group 32nd Annual Conference

Tentative Agenda

“SHARE. LEARN. SUCCEED.”

Sunday - May 17, 2009

7:00 am - 3:00 pm Golf
Sponsor:

10:00 am - 3:00 pm Tour
Sponsor: SofTechnics

3:00 pm - 4:00 pm Associate Member Meeting

4:00 pm - 7:00 pm Registration

4:30 pm - 5:30 pm 1st Time Attendees

5:00 pm - 7:00 pm Opening Reception
Sponsor: Agilysys

Monday - May 18, 2009

7:30 am - 8:30 am Continental Breakfast in Exhibit Hall
Sponsor: Seamark

Registration and Exhibit Hall Open

8:30 am - 8:40 am Welcome
Kelly Hewitt, President

8:40 am - 9:00 am **IBM Executive Perspectives**
Steve Ladwig, IBM

9:00 am - 9:30 am **Keynote Address**

9:30 am - 10:15 am **Motivational Speaker**
"Mastering the Art of the 4-Wall Experience"
Jon Stetson

10:15 am - 10:45 am **IBM 2009 Retail Strategy**
John Gaydac, IBM

10:30 am - 1:15 pm Exhibit Hall Open
Refreshment Break in Exhibit Hall
Sponsor: 4690World

11:30 am - 1:00 pm Lunch
Sponsor: TYCO

1:15 pm - 4:30 pm Elective Sessions

1:15 pm - 4:30 pm SuperSessions

4:30 pm - 6:30 pm Exhibit Hall Open
Refreshment Break in Exhibit Hall
Sponsor: MATRA Systems

7:00 pm Banquet
Sponsor: IBM Corporation

Entertainment
Jon Stetson

Tuesday - May 19, 2009

7:30 am - 8:30 am Continental Breakfast in Exhibit Hall
Sponsor: ST&J Retail

Exhibit Hall Open

8:30 am - 9:00 am **Security in all Aspects**
Chris Schroeder, CISM, Lowe's

Tuesday - May 19, 2009

9:00 am - 9:30 am **Retail Speaker**

9:30 am - 9:45 am **2009 Innovation Award**

9:45 am - 10:30 am **Retail Speaker**

10:30 am - 11:30 am Refreshment Break in Exhibit Hall
Sponsor: ENS

10:30 am - 1:15 pm Exhibit Hall Open

11:30 am - 1:00 pm Lunch
Elective Sessions

1:15 pm - 4:30 pm SuperSessions

3:15 pm - 4:40 pm Birds of a Feather Sessions

4:30 pm - 7:00 pm Exhibit Hall Open

5:00 pm - 7:00 pm Reception in Exhibit Hall
Sponsor: Motorola

Exhibit Hall Open until 7:00 pm

Wednesday - May 20, 2009

8:00 am - 9:00 am Breakfast

9:00 am - 9:30 am Associate Meeting

9:00 am - 9:30 am User Group Business Meeting
Election of Directors 2008-2009
Prize Drawing - ThinkPad

9:30 am - 10:00 am **Retail Speaker**

10:00 am - 10:30 am **Retail Speaker**

10:30 am - 10:45 am Refreshment Break

10:45 am - 11:30 pm **The Consumer of 2014**
Dan Hopping, Next Retail Group

11:30 am Closing
Prize Drawing - ThinkPad

12:00 pm - 2:00 pm Board of Directors Meeting

12:00 pm - 12:30 pm Focus Group Working Lunch

12:00 pm - 5:30 pm IBM POS Application Focus Group

Thursday - May 21, 2009

7:30 am - 8:00 am Continental Breakfast

8:00 am - 5:00 pm IBM POS Application Focus Group

5:00 pm Adjourn

Exhibit Hall Hours:

Monday	7:30 am - 8:30 am
	10:45 am - 1:15 pm
	4:30 pm - 6:30 pm
Tuesday	7:30 am - 8:30 am
	10:45 am - 1:15 pm
	4:30 pm - 7:00 pm

Topics and times subject to change

IBM Retail User Group 32nd Annual Conference

Elective Session Topics

Cash Recycling in Self-Service Solutions – Lessons from other Industries

*Floyd Jones, Crane Payment Solutions
(Telequip)*

Convergence of IT and Loss Prevention Leads to Greater Shrink Reduction & Operational Improvements

Tony D'onofrio, Sensormatic Retail Solutions

Eliminating Cash Shrinkage with IBM POS Interface to Cash Management

*Ed Grondahl, Tidel Engineering, L. P.
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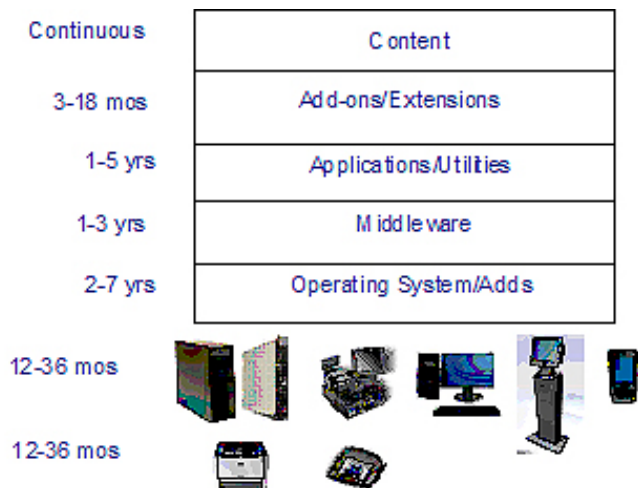
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Store Systems Behind-the-Scenes

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category. Change drivers are: 1) New function, 2) dependencies, 3) standards and regulatory requirements, 4) technology advances, and 5) defects. Business value is found only in the first category. Unfortunately, the other categories can and do force business-wise unwanted/unnecessary change. Change and variation introduces/uncovered new defects. Plans for every occasion of new/different hardware, new/updated software, or new/different configurations should include provision for new defect discovery. Supplier release cycles should be factored in here.

Another complicating IS management factor – supplier IS offering cycles vary considerably and are unsynchronized. See figure 2 for the IS stack and typical cycle rates. Managing these various cycles and aligning them with business needs is key to having well-behaved ISs today. It is wise to assume that the first time all the particular components of a new/updated system meet is under the retailer’s purview. Stated another way, under today’s “open systems” supplier practices, the retailer has the integration and assurance responsibility for the entire assemblage that makes up his system both initially and throughout its life cycle. This is a responsibility that “proprietary” systems suppliers assumed in the past and was part of the reason for their more limited offerings. Fortunately there are a number of companies that provide services for filling this gap. This is a major business area for IBM, for instance.



The discipline of managing IT change and synchronization is called “change management”. It addresses the following major areas which have different scopes and variable timings that must be tracked and managed:

- 1 Updates/maintenance
 - 2 Replacements/releases
 - 3 New arrivals: ECs, machines, programs/software
- Effective change management requires an ability to assess system maturity – the system running now and the next one coming/under consideration.
- Keys to effective change management are to:
- 4 Minimize the number of supported configurations.
 - 5 Manage change introductions/cycles in batches on schedules consistent with business needs.
 - 6 Understanding suppliers

Vetting Invisible Practices

Accounting for IS supplier practices and gaps is the frontier of solid contemporary IS management. Retail IT professionals need to be well informed about the business, development, and support practices and intentions of their major suppliers. A systematic examination of potential IS suppliers in these three areas will go a long way toward generating realistic project plans and avoiding unpleasant surprises.

A business assessment should cover both market and offering research. Development investigation should address sourcing, metrics and testing practices which can provide some insight into quality/defect levels and areas for attention. Support topics include scope of coverage, resources and skills, and service levels and cycle times.

Supplier business questions to answer are:

- 1 What are the markets served, what are their sizes, and what’s the penetration?
- 2 What is the offering range? Are low level components, top level solutions, something in between, and/or suites being offered?
- 3 What’s the offering style – open, proprietary, mixed?
- 4 What’s the delivery model – custom to commodity/executable to intellectual property?

Development areas to address are:

- 1 Is the investment model a product/funded program or a customer services pay-as-you-go one or mix?
- 2 If customer funded, is it a one-off or to be swept into a product base?
- 3 What are the technology and standards selections?
- 4 What are the technology sources – in-house,

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Store Systems Behind-the-Scenes

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purchased, customer supplied?

- 5 Supplier development testing practices that affect integration responsibilities/work load and that should be questioned are:
 - Testing scale relative to business interest
 - Testing to standards/defined interfaces
 - Testing to history

Support points of interest are:

- 1 Are components or platforms or solutions supported?
- 2 Is support product or services funded?
- 3 What are the service level agreements and fix/maintenance deliverables/cycles?

Answering questions along these lines helps define the system you have/intend and the environment it operates in – allowing you to determine any gaps that may need filling. Ferreting out these invisible forces that are driving contemporary IT systems leads to sound purchase decisions and more effective management.

Conclusion

IT marches on at a relentless pace – bringing increasing capabilities, flexibility, and benefits, but not without cost. Part of today's systems cost and the price of progress is that IT professionals in the user community must shoulder more of the burden of integrating and supporting systems than in past generations. Understanding the behind-the-scenes character of systems and the workings of their suppliers is a prerequisite for effective and efficient management of information (TRACE) systems.

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Although many directors come from our volunteer ranks, the main requirement to be a director is good business sense and relevant experience with the User Group or similar businesses or organizations. A director is responsible for strategic planning in the areas of policy and administration where it relates to IBM Retail User Group activities and organization.

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