

Unified Commerce

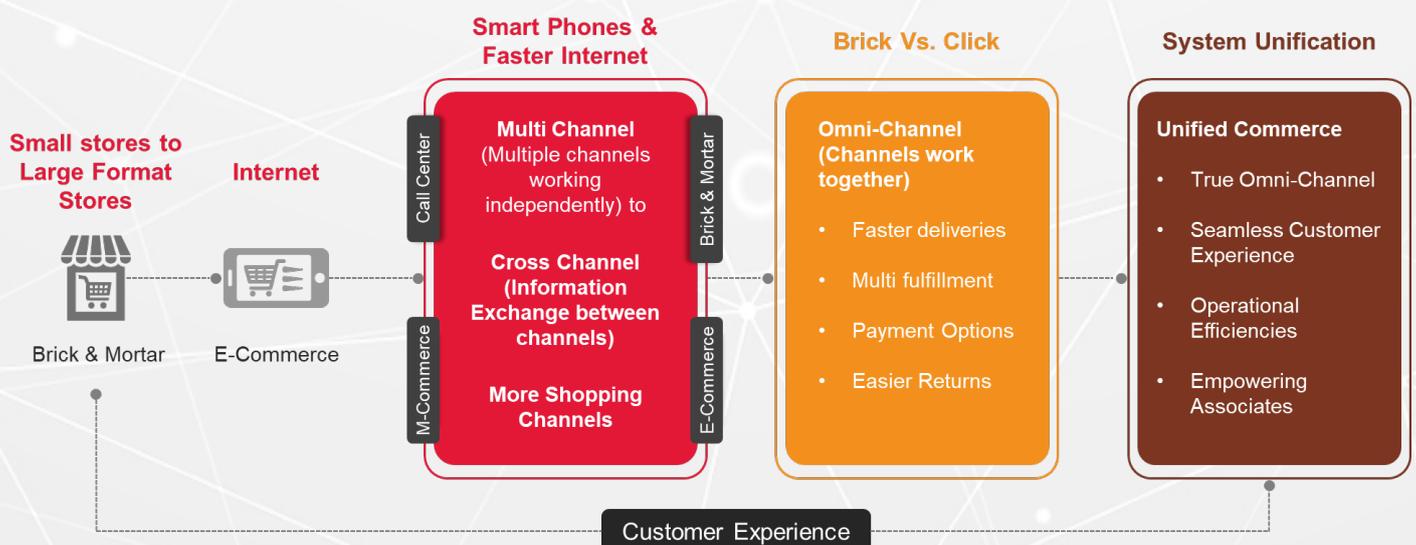
**NEED FOR ACCELERATION IN
THE POST COVID19 WORLD**

World has changed with the dawn of 2020. Retail Industry is at the forefront of this metamorphosis and is witnessing the perfect storm of changing consumer preferences and priorities almost overnight. Retailers are scrambling to survive and pivot to a new normal to serve their customers in a safe and efficient manner. As we battle through the toughest time of our lives, retailers are looking to adapt to the 'New Normal'. While everyone is grappling with defining and adapting to the 'New Normal', we believe that there are some aspects that all retailers need to focus on irrespective of the segment, geography and demography that they serve. Some key aspects that are at the top of the mind of Retail executives are:

- Accelerating **Unified Commerce** experience
- Enable **Contactless Buying** experience
- Provide safe and hygiene environment for customers and associates
- Do more with less – Efficiently operate with **reduced manpower**

Unified Commerce isn't new. Retailers started the journey several years ago, initially as cross-channel, then multi-channel and then as omnichannel experience. Unified Commerce is the ultimate convergence of channels to deliver seamless experience.

The journey so far:



The Challenges faced by Retailers: As depicted above the challenge that retailers face is, to maintain consistent information and continuity of journey, across the channels. Some of them also bear the cost burden to deliver the Omni channel experience. So what should one do to create the seamless customer experience without adding extra costs? This is where Unified Commerce comes into play. Although it is an ideal state but with right choice of architecture and products, it is possible. However, where should a retailer begin? How is Unified Commerce even possible if other key systems are legacy? This paper tries to address the Unified Commerce considerations, if a retailer is due to transform POS.

What is Unified Commerce: "Unified Commerce in simplest form of means getting all channels on common platform, to drive consistency for customer experience and easier operations on retailer's end".



Most of the renowned POS products have already been re-architected to micro-services architecture to fit in as Unified Commerce platform.

Key considerations for any Unified Commerce transformation:

Platform: The leading POS product vendors provide the unified commerce platform, which is one of **the most** critical architecture decision if retailer is considering POS transformation. The unified commerce platform has immense potential.

It reduces the maintenance of redundant systems and opens up multiple other avenues like consistent customer experience, new channels like customer checkout app and above all ease of enablement of true Omni Channel experience.

Leading POS Vendor's are already offering Unified Commerce Platform:

aptos

GK SOFTWARE

flooid

FUJITSU

TOSHIBA

Some Key Facts:

- 73% of Customers Want Order Tracking across all Touch points but only 7% of Retailers Currently Offer "Start Anywhere, Finish Anywhere" Order Capabilities.
- 85% of retailers consider unified commerce a top priority, according to BRP's "17th Annual POS/Customer Engagement Benchmarking Survey".
- 37% retailers report that their POS software is more than five years old and are working to integrate or replace disparate backend systems.

Legacy systems integration: Unified platform is great but how compatible is it with other system like legacy OMS. ? Well practically everything cannot be changed in one go especially with the current situation at hand. What the platform will do is, help to set the standards and allow each system upgrades can easily be plugged in.

Most retailers struggle with OMS, which in many cases is a homegrown application. OMS is one of the key module to enable true Omni-Channel as it not only tracks the order but also calculates the optimum shipping path (From store or Warehouse). If there are no plans to replace OMS now, then architects can help create a services layer to expose the current features of legacy or homegrown OMS.

The way to go is to work around these systems and keep plugging in as and when they migrate to this platform. The Platform will help baseline the standards which can be leveraged for all transformations henceforth.

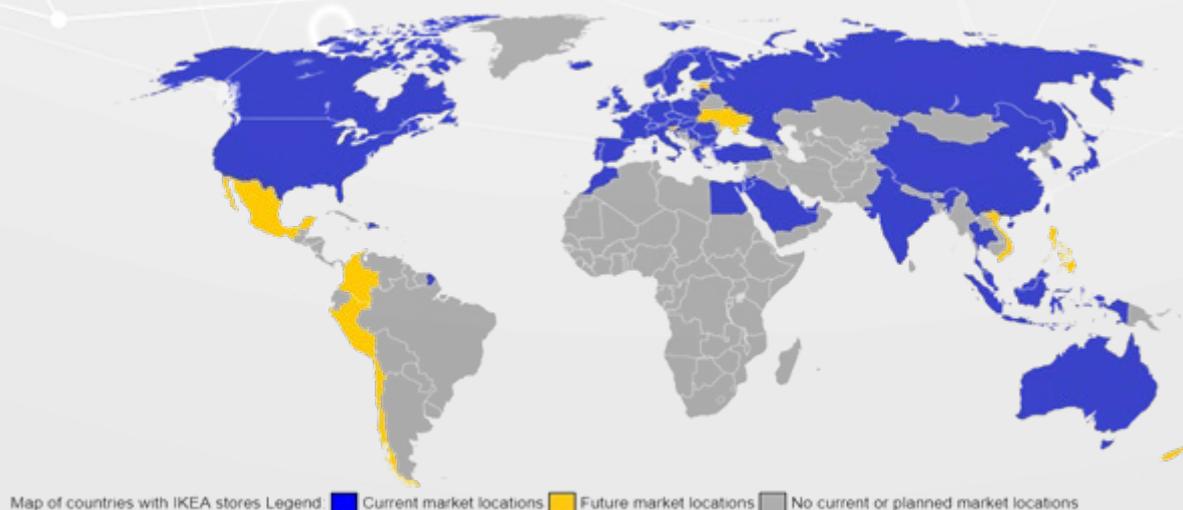
Cloud: Bypassing the Store and central servers overhead POS on cloud is already a reality., bypassing the Store and central servers overhead. As 5G kicks in, the cloud solutions for critical applications like POS would become a norm. This makes the central server architecture another must have which should

be upgradable to cloud now or in near future. As with this model the POS would be thin clients POS device sharing can be a reality too. Reducing a few printers or PEDs per store can significantly bring down the cost across the chain.

According to 2018 point of sale (POS) Software Trends Report, 61% of merchants said they want their next POS system to be cloud-based.

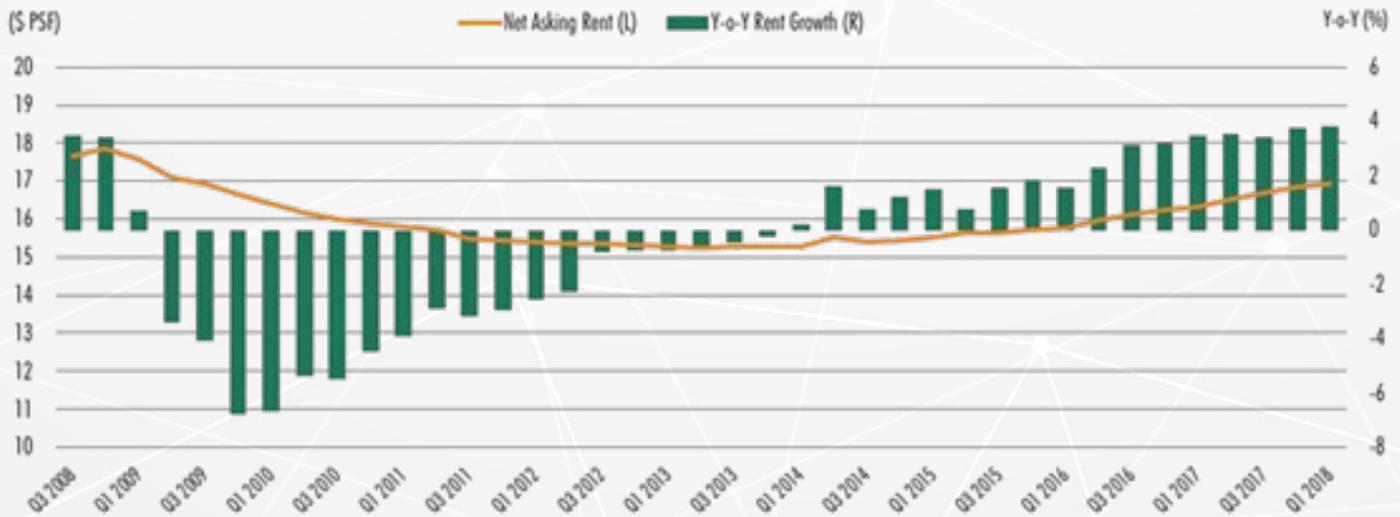
Corporatizations: Most of the retailers already are Multinational corporations and the ones who are headed towards being one would soon be moving in a multi country format. The fiscal and legal (Internationalization) compliance would have to be met for each country but, does the solution have a template, which is same across the chain irrespective of which country. It's a crucial aspect as it becomes a nightmare managing multiple architectures, software and hardware across different regions and so does consolidated reporting.

The figure below depicts the global presence of Ikea. Global presence has been key strategy for most of the retailers since long. To name a few, Amazon, Walmart, H&M, Walgreens Boots Alliance etc.. It is imperative to align the systems as much as possible and an essential part is to start defining templates with transformations like Unified Commerce.



Fixed vs Mobile: Retail space is a costly affair and gets costly every year. With COVID, the cost pressure on stores have increased further. Mobile POS comes with its own set of advantages like closing sales in aisle, Clienteling, curbside pickup and more. MPOS not only empowers the store associates but also helps customer checkout faster. Hybrid options of dock able MPOS, are also available in case one wants the best of both worlds.

Total Retail Net Asking Rent Continues to Rise



Source: CBRE Econometric Advisors, Q1 2018.



Some of the dock-able options are listed below:

HP Engage: https://www8.hp.com/us/en/retail-solutions/engage.html?jumpid=in_r12129_us/en/psg/pos_systems_-_retail_solutions/all-in-one-engage-one-learn-more#engageone

Touchless Self-Checkout: As a hygiene minimal or no touch becomes a new norm, the touchless kiosks will gain traction after stores open up. Although world is moving to Amazon Go kind of solution, but it will take a while for the world and retailers to be there. On the other hand, customer checkout app enables them to scan products as they shop and use digital modes of payment to checkout. This is already a reality with some retailers. So, if a Unified Commerce solution is available at the central or cloud, it can render the services to the customer's app, giving a delightful shopping experience.

Some POS vendors like Flooid are already providing the same. Self-Checkout's market size is expected to exceed USD 4 billion by 2024.

Other trends on self-checkout:

Carrefour and Tencent launch facial recognition with –

WeChat <https://www.retaildetail.eu/en/news/food/carrefour-and-tencent-launch-high-tech-store-shanghai>

Tap to go at Albert Heijn

<https://dutchreview.com/news/tap-and-go-albert-heijns-new-smart-store-has-no-checkouts/>

Paytm testing facial recognition for payment with the blink of an eye

<https://inc42.com/buzz/paytm-looks-for-next-revolution-in-digital-payments-with-face-recognition/>

Way Forward: Although most of these transformation programs consider POS replacement as phase 1 and Omni-Channels journeys in phase 2, it is advisable to consider 1-2 Omni-Channel journeys in phase 1 if possible. It will not only help to prove that the platform works but can also help justify part cost of transformation. If for any reasons it is not possible to have these journeys in phase one, one should consider designing the same along with phase 1 and build in phase 2. Journey like endless aisle are noteworthy of such considerations.

Some big Retailers across the globe have already made investments in this direction. Since every retailer is different there is no prescriptive way of progressing on the Unified Commerce journey, but below mentioned steps may be a good place to start with:

Reference Architecture: Creating a reference architecture, should usually be an ideal state based on success stories of other retailers plus the best practices.

Design Principles: Baseline the design principles to follow the architecture as well as business decisions. These could be things like “UI would be dumb and orchestration layer to be intelligent”, which translates to having no logic at all on UI. These can also be things like “Trust your employees more” which helps translate to a leaner cash management and multiple other features like manager overrides which create friction in customer experience in stores.

Agile Development: Although most of the organizations are agile these days and do follow agile guidelines. With a transformation like this there would be multiple scrum teams in different time zones. So it is prudent to agree on certain principles like sprint periods, sprint meetings, story guidelines, tools and tagging guidelines.

Workshops: Business and Architecture workshops could really help get all stakeholders on the same page and set the objectives, strategy and design principles.

Internal branding and marketing: The real customers of such transformations are always the internal teams like store associates and moving them to a new system & process is always a challenge area.

Creating an internal awareness and marketing the change definitely helps excite them and warm up to the change. Also with agile development these days, it is best to do show & tells with end users as well on a regular basis. It not only validates but also helps make them aware of the change which enables them to be the change agents.

In today's post-Covid world the winners and losers will be differentiated by their ability to rapidly scale this Unified Experience so that the customers can engage with them across channels during this rapidly evolving environment. It's all but known that the demand for non-essentials will remain drastically low for an extended period so there's bound to be erosion of the over-crowded retail space. Hence sooner the retailers adopt a rapidly scalable and evolving Unified Commerce model, the more relevant they'll be for their consumers and will be equipped to survive and thrive during these unprecedented times.

Source:

<https://www.retaildive.com/news/81-of-retailers-will-use-unified-commerce-platforms-by-2020/516481/>

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