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From back room to boardroom

How the digital revolution has
transformed the role of the CIO

RETAIL WEEK FOREWORD



KATIE BARKER
CREATIVE LEAD, RETAIL WEEK CONNECT

Technology is driving the pace of change in retail, which puts CIOs at the very forefront of the exciting developments in the sector, but it also leaves them with some very difficult decisions. What really is the next big thing? Where should the business be investing? How secure are our data systems? What does a truly multichannel business look like? These are just some of the many questions that the CIOs we spoke to for this report were grappling with.

The role of the CIO has expanded hugely in recent years as those in the job have moved from back room to boardroom. Many of these changes are reflected in how the customer journey has evolved too, as customers look to brands rather than shops and adopt an always on, digital first mindset. The change is not complete either; it is a constantly evolving sector, which is what makes it so exciting to work in.

For this report we talked to CIOs, CTOs and heads of technology at some of the UK's largest retailers. They gave us a unique insight into the challenges they are facing, the opportunities

they are pursuing, their plans and investment priorities and their ideas for the future.

One striking theme that came up again and again is the pressure to make smart investment decisions when it comes to identifying new technology. But it is incredibly difficult, if not impossible, to predict which technology will succeed. Instead of trying to predict the future, the savvy CIOs we spoke to said they are keeping a close eye on the success of newly implemented technology and, crucially, are able to make fast changes if they see something isn't working.

That is perhaps the most important takeaway from the report. Keep innovating, keep trying new things, keep investing in new technology, but keep monitoring those innovations and be prepared to make changes to ensure they succeed.

The CIOs of the future will need to be adept at all of this and more, working seamlessly across functions to bring together many aspects of the business. The role is now unrecognisable from someone in a similar function even five years ago, just imagine what the next five years will bring.



Savvy CIOs are keeping a close eye on the success of newly implemented technology



RETAIL WEEK CONNECT: FROM BACK ROOM TO BOARDROOM

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PARTNER VIEWPOINT



PHIL JONES MBE
MANAGING DIRECTOR, BROTHER UK

Atending an annual conference for CIOs in London recently it struck me just how the narrative had changed this year.

A huge emphasis is now being placed around how the CIO needs to be a commercially savvy, board-present, strategic enabler who works across the business to deliver end-to-end customer experiences using digital platforms.

It's a long way from the 'do more with less' rallying cry of a few years back. Now it's about cultural awareness, profile and people networks. They need to be engaged across their whole stakeholder community with a route one connection into the key lines of business.

All this sits among a landscape where chief executives are demanding more innovation, even tighter security and customer focus at the heart of the business. It takes a pretty open

mind, can-do attitude and appetite for change to deliver this strategy. It's more about reinvention than buying something bigger and better as part of the normal upgrade pathway.

Yet many c-suite boards are also lacking 'd' (digital) skills as a core competency. This can make investment progress slow, as it requires as much cultural transformation as technology transformation – which of course comes with its own challenges.

CIOs can play a huge role in shaping the narrative, the horizon and the direction of businesses in all areas, across all departments and particularly at the boardroom table.

It will mean a move away from the 'business as usual' to business as 'unusual' for the teams they lead, the technology they specify and how they spend their time.



CIOs can play a huge role in shaping the narrative, the horizon and the direction of business in all areas



INTRODUCTION

THE EVOLVING CHIEF INFORMATION OFFICER

THE FIVE MAJOR CHALLENGES OF A



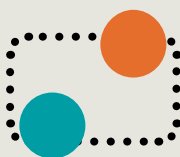
ONE

Embed **tech** required to manage the shift to **multichannel** retailing while keeping **control of costs**



TWO

Persuade the board of the **need to invest in IT** in spite of budgetary pressures



THREE

Facilitate **collaboration** between the **IT department** and customer-facing teams, such as **product** and **marketing**



FOUR

Exploit **customer data** to deliver a more **personal** shopping experience while also **protecting that data** from getting into the wrong hands



FIVE

Design **IT systems** that will still be contemporary **in five years'** time

“The most valuable decisions are the difficult ones that generally involve saying no or changing direction”

Head of technology at a grocery retailer

“A big priority for us is to step into a more modern approach to running IT, which is a little less of a small IT function with generalists running around and doing good stuff, to a more structured approach”

Head of IT and service management at a hardware and homeware retailer

CIO



More than **one in 10** shoppers are concerned about the **security of their personal data**, citing it as a factor that affects their decision to buy things on their phones



“The main costs are people costs in our sector and the cost of employing good engineers, managing them well and giving them good support”

Technical director at an electronics retailer

There was a time when a retailer’s IT department was considered little more than an annex of the wider organisation – there to serve the technological needs of the company but ultimately detached from the day-to-day business of selling goods for profit.

In the retail sector, all of that changed with the digital revolution. Technology is now driving the pace of change in retail, and the overall success of businesses rests to a large extent on the successful adoption and integration of the latest software and systems.

The shift to multichannel shopping has placed IT at the heart of the organisation. At the same time, the job of the IT director or CIO has evolved from a predominantly functional role to a position of key strategic importance within the business, a shift exemplified by the experience of an executive responsible for strategy, product and technology at a specialist retailer.

“I think the business has certainly had the attitude historically that IT delivers some services to the business but doesn’t have its place on the board,” says the executive. “But over the past three or four months, I’ve spent much of my time in the boardroom; that demonstrates that IT has to be a core participant at the strategic table, particularly in retail.”

The CIO is now a linchpin in the transition to a multichannel business model, a journey that requires significant cultural, as well as operational, change.

The move to a digital mindset has brought a number of challenges around the cost of implementing new technology, how to leverage its potential and how to ensure that the adoption of new technology is not to the detriment of data security.

Indeed, there remains a sense that some retailers still fear the march of new technology, rather than embrace its potential to deliver an outstanding customer experience.

This report demonstrates that retailers who invest sensibly and leverage new technologies effectively can thrive in a landscape in which consumers not only expect but demand a seamless multichannel retail experience.

Through a series of in-depth interviews with CIOs, heads of technology and IT directors, it gives a unique insight into the challenges and opportunities faced by retail CIOs. It analyses their plans and investment priorities, and seeks to understand how the role will develop in the future. And it outlines how, far from being a back office function, IT is rapidly moving out of the shadows and into the boardroom limelight.

CHAPTER ONE

HOW HAS THE ROLE OF THE CIO CHANGED?



Rewind 10, or even five, years and the job of IT director was largely seen as a reactive, back-office support role, whose task was to effectively meet the technology needs of the business at the lowest cost. In recent years, though, the shift to multichannel shopping has seen a definite change in the strategic importance placed on IT functions.

Not only is there a growing need for all board directors to be IT literate, but in a digital world where many shoppers no longer distinguish between online and offline channels, more and more CIOs or their equivalents are taking their place at the boardroom table when strategy is being discussed.

DRIVING DIGITAL INNOVATION

CIOs are often best placed among all executives to predict and understand consumer adoption of new technologies, and they are stepping up to drive digital innovation throughout the business.

One chief technology officer interviewed for this report notes that they now have 250 people working for them, a situation unthinkable just a few years ago. This serves to emphasise the scale and

importance of IT functions in today's retail businesses.

The modern CIO acts as the fulcrum that supports diverse functions such as supply chain, marketing and store operations. The responsibilities held by the head of technology at a grocery retailer provides an example of just how diverse the role has become: "I lead the product management teams in our technology division and I have responsibility for three areas. The first is commercial and supply chain, so getting products from the field or out of the factory onto the shelf. The second is all the retailing systems, so everything a customer or colleague would touch to buy products in store or to have them delivered or by click-and-collect. The third is collaboration tools, so the systems we use within our business to enable colleagues to work productively."

Another shift has been the move from a reactive way of working to a proactive approach that sees IT heads involved in strategic decision-making. "A big priority for us is to step into a more modern approach to running IT, which is less of a small IT function with generalists running around, and more of a structured approach," says the head of IT and service management at a hardware and homeware retailer.

COLLABORATION

One word that crops up again and again is collaboration. One interviewee notes that “the days of IT coming in and saying ‘This is what you’re getting’ should be well and truly over”.

In particular, effective collaboration between the IT department and customer-facing teams, such as product and marketing, is becoming ever more crucial in guiding decisions about where to invest for the benefit of the customer.

“It’s team collaboration and then it’s about prioritising what we do in a sensible way,” says the chief technical officer of an online retailer. “It’s [about] making sure the architecture of the systems we operate and the methods we use to develop them are all steadily improved so that our ability to innovate accelerates.”



CIOs are best placed to understand consumer adoption of new technologies

A SEAT ON THE BOARD

Not all retailers are as far ahead on this journey. The head of technology at the grocery retailer notes: “In our organisation, we still live in an era where the rest of the business sees technology as a support function that just needs to do its own thing. They haven’t necessarily bought into the fact that, actually, if you want technology to become a strategic enabler of your business and a source of competitive advantage, then how we deliver things, including how we advertise things, needs to be a corporate-wide approach – not just something that’s done in the bowels of IT.”

Often new CIOs face a situation where a business has not invested in new IT systems for decades, leaving the back-office infrastructure out of date and with poor capability in core areas. In such cases, the cultural shift needed for the organisation to place a proper value on IT functions is just as important as the physical step-change required.

One clothing retailer hired a business change director to lead a six-month project to identify what the brand should look like and the capabilities it would need to achieve this aim. The same retailer brought in a new head of IT responsible for the design of the change programme from a technical perspective, and the implementation and operation of new systems. Their job, in essence, is to manage the transition from old technology to new.

MANAGING COSTS

Arguably the biggest challenge facing CIOs is to embed the technology required to manage the shift to multichannel retailing while keeping control of costs.

“There’s a big rush and a huge investment required to cope with those new channels and the new capability,” says the technical director at an electronics retailer. “At the same time, the competition is increasing and putting more pressure on margins, so while the IT cost base goes up, the complexity of delivery also goes up.

250

STAFF WORK FOR ONE CHIEF TECHNOLOGY OFFICER INTERVIEWED

But actually the available funds to do it stay about the same or, if anything, go down slightly.”

Faced with this scenario, CIOs must persuade the board of the need to invest in IT in spite of budgetary pressures. The CIO of a high street clothing retailer says: “What we managed to do, particularly in the past year, is help the board to understand that if we invest in new technologies it can simplify the landscape, simplify the business and drive costs down. So I think they all understand that now, which allows us to bring forward investments to do that.”

BROTHER ACTION POINTS

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- When it comes to introducing new customer-facing technology, retailers need to tread carefully. The user interface is critical; complicated or slow systems will not only provide a sub-optimal experience but could risk sitting unused or even negatively impacting your reputation.
- Get the most from your technology by taking the time to understand the requirements of staff and by providing the right training and support.
- A good retail technology partner should be able to work closely with you to build a service or solution around your specific needs at shop-floor level.

CHAPTER TWO

CIO PRIORITIES AND INVESTMENT AREAS



Retailers at different stages of their IT journeys will have different priorities for IT investment. But one point on which almost all interviewees are agreed is that, rather than IT working in a vacuum, the overarching priority of CIOs must be to ensure the retailer's approach to technology is aligned with the business's broader aims.

As the director of IT strategy and planning at a department store retailer puts it: "Number one [priority] is getting really clear on the IT response to the organisational strategy."

The technical director of an electronics retailer describes how their department prioritises investment areas: "You typically have a look at how well the current estate matches what the business is trying to achieve, and usually that's not too far out, and if it is you find out very quickly where the pressure points

are. Where there are pressure points, typically you would then do projects to try to replace and modernise those parts."

Outward-looking retailers are starting with the question 'what does the customer want?' and working backwards to understand what this means from an IT and technology perspective.

"It's a very rounded process," says the chief technical officer of an online retailer. "So the first thing we look at is our business needs and that's usually articulated in terms of customer need."

"It may be an immediate direct customer need in order to meet customer expectations and convenience. Any decisions we take start with the customer in mind."

MIND THE GAP

It may seem like a statement of the obvious, but before businesses can respond to the technology demands of the market it's vital for them to know their existing IT capabilities and where there are currently gaps. Only then can they properly assess what the business's IT requirements are and how these can best be acquired.

For many retailers, the move away from expensive legacy systems to more efficient, dynamic IT

"IT'S A VERY ROUNDED PROCESS.
WE LOOK AT OUR BUSINESS NEEDS
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IN TERMS OF CUSTOMER NEED"

CHIEF TECHNICAL OFFICER, ONLINE RETAILER

STAYING RELEVANT

A number of interviewees say that one of the greatest challenges of working in a more digital world is that it is hard to design something now that will still be contemporary in five years time, because the pace of change in the sector is so rapid.

This challenge is amplified for fast-growing retailers, as the head of IT operations at an online fashion retailer explains: "You buy an IT system when you're a £200m business and maybe it's going to last you until you're a £700m business. So, if every year you grow by 10%, then it will take you quite a long time to get to that point."

"Because we're growing so fast, that process of systems running out of steam or getting to that natural point whereby they need to become replaced becomes quite a big challenge."



solutions is one of the greatest challenges that they face.

"A lot of the stuff is on very old hardware and infrastructure, and a lot of the software has been bespoke-built by internal staff rather than by using packages," says the technical director of an electronics retailer.

"Then you have a heritage of people simply not wanting to spend the money to keep [technology] current. I guess, in summary, it's the challenge of dealing with a legacy of under-investment in the IT estate, which again is not unusual in retail."

It takes time to move away from a legacy landscape. The CIO of a high street fashion retailer that has gone through a period of significant investment over the past five years admits that the business still has a considerable legacy landscape in some areas.

Another challenge lies in the future-proofing of IT investments so that they do not quickly become obsolete.

"Some of our systems that were bought to be strategic ongoing systems have been mothballed and are quickly becoming legacy systems as well," says the head of IT at a fashion retailer.

"We thought we'd made a selection for the future, but because of the acquisition [by another company], and things that are going on in technology, it's meant that the system that we chose is now outdated."

INVESTMENT DECISIONS

CIOs grappling with large strategic IT investments must balance this task with determining which specialist technologies the business should be investing in.

Responses from interviewees suggest that new store technologies that make the job of staff easier are currently a key business priority.

"We've been putting handheld mobile phone type devices in the hands of thousands of in-store colleagues so that they've got the same technology that our customers have got. That's a real focus for us," says the CIO of a high street clothing retailer.

Such is the speed of consumer adoption of the best

"SOME OF OUR SYSTEMS THAT WERE THOUGHT TO BE STRATEGIC ONGOING SYSTEMS HAVE BEEN MOTHBALLED AND ARE QUICKLY BECOMING LEGACY SYSTEMS AS WELL"

HEAD OF IT, FASHION RETAILER

new technologies that retailers who don't react with agility risk being left behind.

The business change director at a clothing brand gives click-and-collect as an example of one technology that has quickly moved from being a point of difference to a must-have in the space of just a few years.

"Now every single high street retailer needs to have click-and-collect because it is a hygiene factor for whoever is on the high street. It's those disruptive retail processes that we as a business need to adopt and, from an IT and change point of view, need to enable."

"The challenge is in not being able to predict them and then having to turn them around fast so you don't become yesterday's loser."

BROTHER ACTION POINTS

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- A good technology partner will work collaboratively with you to understand your priorities and what you need from a technology solution.
- Print technology solutions should balance elements like security, print policies, user productivity and utilisation to ensure shop-floor employees operate efficiently.
- Time-poor consumers may abandon purchases if there are long queues in store. Mobile POS systems, including Brother's mobile print devices, enable shop assistants to handle the purchasing process without the need for customers to queue.

CHAPTER THREE

SECURING THE CUSTOMER JOURNEY



Among the two most cited investment priorities for CIOs are technologies that help the business to move towards a seamless customer journey and those that improve cyber-security.

These priorities reflect the demands of the modern consumer, who wants a journey with no friction between channels, while simultaneously requiring assurance that their personal data is being properly protected. This presents a challenge for IT personnel in so far as the customer data they must generate to offer an outstanding multichannel experience is the same data they must keep secure or risk both systemic and reputational damage.

The evolution of the shopper journey from a predominantly store-based experience to a fluid process that can involve browsing online, looking in store, comparing prices online, having the product delivered and even returning it, means the IT function must be more outward-looking than ever before.

The director of IT strategy and planning at a department store retailer says: "We now need to know our customer, we need to recognise our customer and all of those different sections of the brand... We need

to stitch it all together in a way that is seamless and is all part of the same brand experience... The technology that has to support that is quite complex."

BRANDS, NOT CHANNELS

Most early online platforms were operated as separate entities from physical stores, but retailers have increasingly come to realise that customers no longer see shops, online or mobile devices as discrete channels.

"Trying to provide an experience that straddles those channels is quite a challenge, especially when all of those things were built separately," says the CIO of a high street clothing retailer. "Trying to bring all that together in a frictionless way is something that we spend a lot of time working out."

Often the process is one of constant experimentation and acceptance that some things won't work but that those that do should be seized upon.

The head of technology at a grocery retailer explains: "We're constantly experimenting with the customer journey, whether it's staff, whether it's same-day click-and-collect, or whether it's one-hour deliveries. Essentially, no one can predict what the

£400K

AMOUNT TALKTALK WAS FINED FOR CUSTOMER DATA BREACH



MOVE TO MOBILE

Mobile is one channel for which consumer adoption of the technology has been rapid, and it is increasing incrementally year on year. For this reason, it is understandably a key investment priority for many CIOs. "Our first [priority] is to make all our offerings wonderfully usable on mobile phones as customers move increasingly away from the desktop," says the chief technical officer for an online retailer.

With mobile being a relatively new technology for the retail sector, one of the challenges for IT leads is recruiting people with the appropriate skillset.

"You can't just start building mobile [capabilities], so we've hired hundreds of developers, many of whom have mobile app experience," says the head of technology at a grocery retailer.

Another challenge with mobile, the same interviewee notes, is around the technological infrastructure needed to deliver a seamless experience.

"We've had to go and put broadband and Wi-Fi into 1,400 shops, including making sure that there are no dead spots in the store. Putting the entire infrastructure in

place where there's no direct payback has been quite a challenge."

Developments in mobile technology, including payment systems, location-based marketing and mobile apps, have given retailers the potential to generate a wealth of data on their customers and their shopping habits.

This has created a two-pronged challenge for IT teams: how can they create systems that exploit this data to deliver a more personal shopping experience, and how can they protect this data from getting into the wrong hands? Understandably, many retailers are investing significant resources in finding the answers to these two questions.

"We invest a lot in data management and we have a reasonably large number of people working in that area, whether it's customer data, whether it's transaction data or whether it's analysing what the customer has done on the website," says the chief technical officer of an online retailer.

"There are many fields of data management and across the company we probably have about 100 people involved in that, of which about 30 would be engineers.

customer's going to want, but you can stay very close to developments by continually experimenting and doubling down on things that seem to be working."

DELVING INTO THE DATA

One of the key priorities in the coming years for the business change director at a clothing brand and his IT colleagues is to make the leap from generating historical data to data that is able to predict future shopping habits.

"It's understanding patterns of behaviour and being able to predict what you should be doing and where things will be going," he says.

While exploiting 'big data' holds huge potential for retailers looking to grow sales and create loyal customers, demonstrating they can hold this information in a secure way will be just as, if not more, important, as awareness of cyber-crime and the damage it can cause increases.

A recent survey from Connexity revealed that more than one in 10 shoppers expressed concern about the security of their personal data, citing it as a factor that affected their decision to buy things on their phones.

The director of IT strategy and planning at a

CASE STUDY: GOING MOBILE WITH HILLARYS BLINDS

Challenge: To replace their mobile order-taking solution, originally introduced in 2005, with a more consumer-centric application to help their field-based advisors become more efficient and increase sales.

Solution: A new Android mobile application integrated with SAP's ERP and CRM systems using Samsung S2 and S3 devices and Brother's MW-140BT and MW-145BT mobile printers.

Benefit: Hillarys has seen a definite increase in sales as a result of implementing its mobile solution, with over £400 million orders placed using the system.

"By 2011 we were coming to terms with the fact that our mobile platform was no longer supported by the vendor," says Julian Bond, head of ICT at Hillarys Blinds. "But more importantly, with rapid advancements in mobile technology, we knew we could take our existing capability to a new level and deliver a more consumer-centric solution."



"Eighty-five per cent of our group turnover is generated through the mobile solution and it has revolutionised how we do business. It continues to improve the in-home experience for our customers, and is a critical part of our drive to continually improve customer service," explains Mr Bond.

"Brother's mobile printers were an integral part of the new solution, and ensuring we could continue to use them was the clinching factor in choosing an Android mobile operating system," he says.

department store retailer describes data security as the "number one priority of the organisation".

The head of IT at a clothing retailer, meanwhile, cites their top priorities for the year as "security, disaster recovery and business continuity".

It is clear from the responses of interviewees just how serious a responsibility they consider the safeguarding of customer data to be. "Probably the most important thing that we do is hold our customers' data," says the head of IT at a fashion retailer. "We've got a bunch of people who all they want to do is try and break into people's systems, so if people are making a career out of that we also have to combat it."

The case of TalkTalk, which was recently fined £400,000 for a customer data breach due to its own security failings, is cited by one interviewee as a cautionary tale. This helps to explain why many IT bosses are inclined to work with specialist third-party service providers to protect their customers' data.

"If you hold your data on your own site you have to make absolutely sure that you are securing your site," says the head of IT at a clothing brand. From my perspective, I would prefer to outsource my data and security to experts who host data centres as their profession... and allow experts to take care of things that I don't need to worry about.

"So the only thing I really need to worry about then is linking up all of my data sources from a networking point of view and making sure that's secure as well."

BROTHER ACTION POINTS brother at your side

- It's important to consider the security features of your printer fleet – if someone can walk up to a printer, pick up uncollected pages and walk away, then your data is at risk.
- An effective way to combat this issue is to delay printing until the authorised user is at the machine and the best way to do that is with a PIN or secure card reader.
- It's standard practice to expect tablets and laptops to require certificates, usernames and passwords when joining a secure network, and we should expect the same from printers – their point of connectivity can present just as much of a threat to the security of the overall network as other devices.

CHAPTER FOUR

COST SAVING AND PRODUCTIVITY



One of the greatest challenges facing CIOs is meeting the technological needs of the organisation while keeping a tight rein on spending. The fast pace of technological change means the temptation to pay big money for the latest 'shiny new thing' is ever-present.

For many retailers, especially those with legacy systems, the cost of moving to new technology can be extremely high. The CIO of a high street clothing retailer explains: "We still run a lot of systems on a mainframe, which I know lots of retailers do, but it's a very expensive and complex way of doing things. It also means that when you're building new applications it makes it very slow because you have to plug it into all that 'spaghetti' that exists in those old ones."

CLOUD TECHNOLOGY

Some retailers are looking to achieve longer-term cost savings by adopting a more flexible approach to investing in new technology.

The head of IT operations at an online fashion retailer explains: "We've taken a very modular approach and have tried to break stuff down into little systems so that, bearing in mind the changes that go on, if we want to get rid of that system in two years' time when something else has come around or it needs replacing, then we're in quite an agile place to do that."

Greater use of cloud technology – which uses remote servers hosted on the internet to store, manage and process data – is seen as another means of reducing overheads and building greater flexibility into IT functions.

The responses of interviewees show that most are already using cloud-based services. And, of those that do, almost all feel that they will use them more in the future. "I think it's likely that a large proportion [of IT applications] will move on to the cloud," says the director of IT strategy and planning for a department store retailer. "I think that we still need to answer security and resilience questions before we feel totally comfortable with the move, but it's definitely the direction that everything's going."

The CIO of a high street clothing retailer agrees and suggests that, while five years ago the cloud wasn't mature enough to answer the IT needs of a big retailer, it is rapidly becoming the default option for many businesses. And a number of retailers who have their own data centres say they are planning to eliminate these centres and relocate to the cloud in order to save costs and give the business greater flexibility.

Doing so is seen as one way to boost productivity in the IT department, but there are a number of other ways in which technology can be an enabler of productivity improvements in areas such as process automation,

ATTRACTING TALENT

Aside from upgrading systems and investing in new technologies, one of the primary costs cited by a number of CIOs is the cost of attracting the best talent to work in IT. “The main costs are people costs in our sector, and the cost of employing good engineers, managing them well and giving them good support,” says the technical director at an electronics retailer.

There is overall agreement among interviewees that there is a shortage of candidates for technology roles with the skillset required by a modern retail business, and for those candidates who possess these skills there is huge competition from other business sectors.

“I think the problem is that the way companies use technology is changing,” says the head of technology at a grocery retailer. “People are moving to a much more agile, visual way of working and people that have the necessary experience and skillsets are reasonably few and far between. Therefore, we effectively have to hire a lot of people without that experience and then train them up. Finding people who are going to hit the ground running is a challenge.”



as the director of IT strategy and planning for a department store retailer notes: “We don’t think about technology in isolation; we think about technology alongside process change... and in that context technology can be an enabler and really simplify the way people do things.”

Technology also has the potential to improve workforce productivity. “If you make the systems easy and engaging to use, the productivity of an individual naturally goes up because they feel like they’ve got the tools to do their job, rather than having to do their job despite the system,” says the head of IT and service management at a hardware and homeware retailer.

MAKING THE INVESTMENT CASE

In a retail environment where margins are tight and businesses are trying to reduce their cost bases, CIOs have to work doubly hard to justify outlay in new technologies. For this reason, the onus is on IT leaders to drill down into the likely return on investment when purchasing new technologies.

The head of technology at a grocery retailer says the big change his company has initiated over the last 18 months is to move away from a situation where people brought in technology simply because it was there towards making sure that technology is brought in because it solves a real problem.

Often the payback period will be several years down the line. CIOs therefore have to make the case in the boardroom that short-term expenditure will deliver long-term value for the whole organisation.

The executive responsible for strategy, product and technology at a specialist retailer highlights this: “I’ve managed to get our board to a place where they

do actually buy the principle that automating activity and generating better insight is going to drive higher sales, which then gives you the permission to increase your costs... So we’ve got them to a good place where they do understand that investment in IT is necessary to reduce overall costs.”

“IF YOU MAKE SYSTEMS EASY AND ENGAGING, THE PRODUCTIVITY OF AN INDIVIDUAL NATURALLY GOES UP BECAUSE THEY FEEL LIKE THEY’VE GOT THE TOOLS TO DO THEIR JOB”

HEAD OF IT AND SERVICE MANAGEMENT, HARDWARE AND HOMEWARES RETAILER

BROTHER ACTION POINTS

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at your side

- Consider a managed print service (MPS) to help provide more control over the costs of printing.
- Rolling out an MPS contract across a network of retail stores is no mean feat, as no store or back office is ever exactly the same. It’s important you find a technology partner that fully understands your needs and requirements.
- Choose a provider that offers a full print audit – you’re unlikely to have time to undertake this personally, but it’s necessary to get the most effective solution in place.

CHAPTER FIVE THE FUTURE

CIOs must identify the value of the next big technologies, such as virtual reality



The role of the CIO has evolved significantly in recent years, both in scope and influence. Yet this evolution is far from complete. CIOs and their equivalents are set to become an even more vital cog in the organisational machine, allowing retailers to reach out to customers wherever they may be.

The head of technology at a grocery retailer notes: “We are increasingly engaging customers elsewhere along the customer journey, other than in the shops. We’re starting to engage them in the kitchen, on the sofa and on the bus, and actually starting to embed ourselves in how the customers go about planning their life, rather than just at the transaction point.”

The onus will be on CIOs to identify the next big technologies and decide whether they will add long-term value to the business, or whether they are simply a short-term fad. With mobile technologies having largely established themselves as ‘must-have’ in the eyes of consumers, IT leaders must judge whether to invest early in the next wave of technologies, such as artificial intelligence and cognitive technology, or to adopt a ‘wait and see’ approach and risk falling behind their peers.

Investing in the wrong technology – or failing to invest in the right one – isn’t the only challenge facing CIOs. A number of interviewees, particularly those with legacy systems, warn that a cut-throat trading environment, coupled with economic uncertainty, means they must consistently make the case for the value IT can bring to the business or risk board members pulling back from modernisation plans.

“The threat is that the business goes back to its old ways,” says the business change director at a clothing brand. “We’re doing a 20-year step-change

programme, which isn’t going to finish with us saying ‘We’ve put a new tin on your desk; now we’re going to walk away’. The change programme will finish with the implementation of a learning organisation model, so that the bad old ways never get re-adopted.”

Given the sheer speed of technological development, the CIO role will also be increasingly about recognising when investments aren’t paying dividends and acting swiftly to cut losses.

“The most valuable decisions are the difficult ones that generally involve saying no or changing direction,” says the head of technology at a grocery retailer. “We had an example of a IT programme that clearly wasn’t going in the right direction, but we’d slept-walked into it and no one in the team felt empowered to stand up and say ‘It’s not going to work’ because they didn’t think they’d be listened to.”

And what of the CIOs themselves and their own career paths? The IT director at a specialist retailer believes the role increasingly requires a broad mix of business skills, rather than a narrow focus on software and systems.

“To do the role successfully you have to have that breadth of retail experience. If I was somebody 20 years younger, who was an IT director for the first time, I would say don’t expect to be an IT director in five or 10 years’ time. You need to broaden your experience and head up different functions and operations.”

The CIOs of the future will be retail chameleons able to work seamlessly across different functions and knit together the disparate strands of a multichannel business. No longer will they be consigned to the back office. Their new home is in the boardroom.

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- Invest in talent, bringing in new skills and people with a real hunger for experimenting.
- Never stop evolving and learning – the rate of change in technology will only continue to gather pace, and so we need to be agile enough to keep up and get ahead.
- Keep your customers front of mind – if a new technology solution doesn’t put them first, question what value it will really have for your organisation.
- Have an open mind and challenge yourself to look beyond the obvious choices of technology and partners.

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