IHL Group

A Retailer's Guide:

POS Software for Softgoods Retailers

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Who We Are

IHL Group is a global research and advisory firm specializing in technologies for the retail and hospitality industries. The company, based in Franklin, Tenn., generates timely data reports, offers advisory services and serves as the leading retail technology spokesperson for industry and vendor events.

What We Do

IHL provides customized business intelligence for retailers and retail technology vendors, with particular expertise in supply chain and store level systems. Our customers are retailers and retail technology providers who want to better understand what is going on in the overall technology market, or wish to identify specific equipment needs for the retail market.

When We Started

Greg Buzek served as Product Development Manager for two Fortune 500 retail technology suppliers for 6 years. Faced with making recommendations to senior management with spotty reports stuffed with technical jargon and unsubstantiated data, in 1996 he left to form IHL Group as an arms length consulting firm that delivers exacting research to corporate managers.

How We Work

Reliable market analysis is essential for corporations to accelerate revenue and expand their market share. Most research providers do not disclose data sources or statistically defend the validity of their assumptions. We do. We disclose in precise detail exactly how and why we reached our conclusions so that our customers can be comfortable with the data they are using.

What We Know

Our associates and advisors have over 100 years combined years of retail technology experience. Our associates have worked as product managers, sales representatives and executives in the retail market. We have the relationships, tools, and experience to meet your research and consulting needs.

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INTRODUCTION

Background and Objectives

This report addresses the specific aspects of POS software as applied to North American Specialty Softgoods retailers. First, we provide a summary of the background subject matter, which includes a discussion about the common core functionality of POS software packages and the report methodology. We then take a look at the key economic and technological trends that impact the retail landscape and competitive atmosphere. Following this, we provide a discussion of the market share for vendors in the Specialty Softgoods POS space, as well as a look at the rankings developed for the vendors in the top 250 Specialty Softgoods accounts. Finally, we include a summary description of the Top 5 POS software vendors and their applications as they pertain to Softgoods retailers.

Retailers in the early 21st century face many challenges, not the least of which is competition. Mass Merchants in general (and Walmart in particular) are responsible for the margin pressure every retailer feels. Walmart's supply chain system efficiency, coupled with their data warehousing capabilities and sheer size (economies of scale), has afforded them the ability to pressure their suppliers and their competitors with both margins and technology implementation. In an effort to not just grow but to compete with Walmart, retailers are responding in different ways based on their competitive position within the marketplace; some with mergers or divestitures, others with targeting key demographics and focusing on increased service, and still others using technology. This report attempts to bring a finer focus to this last point; that is, the use of technology to effectively compete.

Along with the retail business trends there are key technology trends that continue to impact retailers as we move forward. Customers are increasingly more informed on options and alternatives as their use of the Internet increases. Security has been boosted at physical locations as well as over the Internet due to terrorism, virus, and hacking fears. Finally, we see the continuing consolidation of the retail software market.

Core Functionality Seen in POS Software

As we surveyed the Top 5 vendors of POS software in the Specialty Softgoods space, we observed some unique functionality within the various applications. That said, there are also some core features that are generally standard within the leading POS software offerings. These core features include the following:

1. A user interface and architecture designed to maximize customer throughput

2. Integration with:

   a. Workforce Management (Labor Scheduling, Time & Attendance, and Task Management) applications

   b. (or incorporation of) Loss Prevention

   c. Multiple Sales Channels; "Save the sale" capability; tightly integrated with ecommerce channel

   d. Corporate enterprise systems including financial, supply chain, and merchandise planning

3. Support for company loyalty program initiatives

4. Full training mode

5. Interactive help menus to assist cashiers at each stage of the transaction process

6. Adherence to ARTS (Association for Retail Technology Standards) requirements

7. Ability to provide home store or other local store inventories by item

8. Perform Gift/Phone card activations

9. Returns management capability

10. Architected to be highly secure

11. Employee portal for accessing schedule, company email, etc.

Report Methodology

For the past twelve years, IHL has scoured public sources of information from trade shows, press releases, and customer lists to build our IHL Retail Technology Database, Sophia. For this report, our first step was to query this database to determine which vendors of POS software were installed in the leading 250 North American Softgoods Retailers. Using this information, we contacted the ten leading vendors to verify our data against their customer lists. We are very grateful to those vendors that were willing to assist in the customer verification effort for this report.

We then ran subsequent queries to determine the various POS Hardware, Loss Prevention, Merchandise Allocation, Merchandise Planning, and Inventory Management solutions to which each POS solution had been interfaced. One last query identified the retailers in which solutions are installed; this results in the Representative Customers section.

Using the verified customer lists, we then used three criteria to provide the final vendor rankings specific to the top 250 Specialty Softgoods retailers. These criteria are listed below.

- The total number of vendor accounts among the leading 250 Softgoods retailers
- The estimated number of POS systems running the vendor's software based on store count and lanes per store data
- The retail revenue represented by the vendor accounts

Within each of these three criteria, each of the software vendors was rank ordered. The rankings for each vendor for each of the three criteria were then summed, and the final vendor ranking arrived at by giving position number 1 to the vendor with the lowest sum, position number 2 to the next lowest sum, and so on.

For the top 5 POS software vendors as identified from the ranking details above, we wrote a vendor profile which includes a summary of the vendor company, their roots and their current business focus. Included is an overview of their specific POS software package(s), the functionality of which was obtained through vendor discussions, online sites, brochures and white papers. Finally, we include some of the key strengths (or specific insights highlighted by their customers) of both the company and the product that differentiate this solution from competitors, as well as a Representative Customer section.

Report Limitations

Publicly disclosed information is the source of all data contained in our Sophia Retail Technology Database. Since all rankings contained herein are solely based upon this publicly released information, we must cite as a limitation those installations about which vendors and/or retailers remain reticent. That said, experience shows that non-publicly-released information tends to have little effect on the rankings in this report.

SPECIALTY SOFT GOODS OVERVIEW

Generalized Overview of Segment Conditions

Specialty Softgoods retailers are the most vulnerable to shifting trends. An apparel store that is on top of the world one year can be totally out of the trend-setting position with one missed buying opportunity. For this reason, the key driver for technology innovation is anything that can help them predict and exploit emerging trends or help them quickly adjust if they seem to be missing the latest trend. Any new POS system must be highly integrated to and sufficiently drive the merchandise forecasting and management function of the business. This segment is interested in customer service, but they realize that it is having the right merchandise that brings their customers back more often. These systems also must integrate with Price Optimization software that predicts the best price for products as the season plays out. Price Optimization is one of the hottest software products in this segment, and those POS systems that integrate well with it will have a key advantage over those that do not.

Working in the favor of Specialty Softgoods retailers is their tendency to have stores that are smaller than those of Specialty Hardgoods retailers; not just in overall footprint, but in the number of lanes per store. This enables these retailers to be early adopters of new technology, since store pilots tend to cost less and can be implemented and tested more rapidly. This also allows for more frequent remodels that are driven more by constantly changing fashion trends rather than purely technological reasons.

This segment is experiencing increased competition from more upscale clothing offerings from Mass Merchandisers like Walmart, Kmart and Target. This is in addition to their traditional competition from Department Stores, and it further indicates the need for innovative uses of technology to help stay ahead of the fashion curves. These retailers must make sure that they are the quickest in terms of anticipating and taking advantage of quickly changing fashion trends; if not, apparel retailers run the risk of becoming the next toy retailer horror story.

The final word we have on the subject of competition has to do with the partnerships that are being established between some mobile phone providers and the likes of Google Product Search for Mobile and Amazon's TextBuyIt service. Simply, a consumer with a properly-equipped mobile phone can capture the image of a barcode and access a shopping-engine website that will return the best price and location for that particular SKU. The end result is that the bricks-and-mortar retailer is at a distinct disadvantage; he spends overhead dollars so that consumers can walk in the door and see-taste-touch the product they want, and then walk out the door to their competitor down the block who has the identical item for less money.

In the future we expect to see large chains in this segment be the first to begin integrating RFID technologies at the POS. In fact, we know of a couple of not-yet-public installations of item level RFID (inventory purposes only, no POS yet in North America, but ongoing pilots of RFID-enabled POS in Europe). Because of the high margins, typical lack of interfering components (few liquids, metals, or frozen items) and mixed carton shipments (many SKUs in the same container), RFID is perfect for this segment. While the technology is being driven by the Mass Merchants right now, the Specialty/Apparel retailers will be able to reap the benefits at the store level first.

Key Players

This segment is perhaps the most diverse and most accommodating to new vendors entering. There are hundreds of retailers in this space and each is looking for a technical advantage or system that allows them to react quickly. The key store systems vendors that are successful in this space have strong multi-channel and/or multi-discipline offerings. Retailers in this segment look to partner with vendors that can help them grow, often buying several applications from the same vendor rather than integrating a best-of-breed approach. It is this segment that has driven many of the acquisitions among vendors and where Oracle and SAP have focused their attention. Other vendors that have significant software share include IBM, NCR, MICROS Retail, Epicor, Escalate, Island Pacific, JDA, Manhattan Associates, RedPrairie and Teradata.

Tier 1 Summary

The retailers in the Tier 1 part of the Specialty Softgoods segment are heavily entrenched with many brands, both in terms of products and in terms of POS systems. That said, many struggle with their IT strategy and their ability to quickly react to trends. This segment clearly is dealing with the effects of internet time and globalization. While the rise of China as a manufacturing power for clothing has lowered costs, that fact alone has not helped speed the reaction time of the fickle customer. Most specialty apparel chains have a lead time of 6 weeks for a new line, which means if they make a mistake they can lose an entire fashion season. Yet some retailers, by using a mixture of domestic manufacturing, quick re-routing of product among stores, and shrewd marketing and markdowns have lowered the lead time turnaround to about 3 weeks. Oracle and SAP have focused heavily on core ERP offerings, merchandising, and in recent years markdown technology and POS. Forecasting and trade management are also areas of focus for many of the Tier 1 retailers.

Tier 2 Summary

In Tier 2, the focus is more on synergies at this point as their growth has often gone beyond their systems. While they have needs similar to Tier 1, they are far more likely to accept an ERP type of approach now if the price is right. When we say ERP, we are not referring to all components, but core operations of financials, HR, and some supply chain from a single vendor. Often POS and core merchandising components come from the same vendor as well. This is quickly becoming a major battle ground as many of these retailers will grow to Tier 1. Vendors that excel in this tier are JDA, MICROS Retail, Epicor, Escalate, Island Pacific, and Fujitsu. Oracle and SAP are focusing their attention on this segment and tier but their licensing costs have been 2-3 times the cost of others to date. Our research has indicated these retailers want a more integrated systems approach because they neither have the time nor the staff to do a best-of-breed approach; however, SAP and Oracle have yet to capitalize on this desire.

Tier 3 Summary

Because of the rapid growth of the retailers and concepts in Tier 3, this is perhaps the most hotly contested market in all of retail. Every vendor wants to grab hold of a rising star. To assist, yes, but also to claim some of the credit. These retailers tend to be so hot and catch a wave of the market that their growth is like a rocket ship. A good example today is Steve and Barry's who went from 50 to 250 stores in a year, and now are no longer in business. Due solely to the number of malls in North America, it is easy for a retailer with a hot concept to grow to more than 500 locations. That's a lot of hardware and software licenses. Most all of the major vendors have direct sales reps focused on the chains that have surpassed 100 stores as this seems to be a magical figure for rapid expansion. Key vendors that play in this space include MICROS Retail, Epicor, IBM, Island Pacific, JDA, Oracle, Microsoft and SAP. A second major reason that many vendors love this group of retailers is that these retailers will grow so fast they will outgrow their systems quickly. As they mature, there will be a need to create a more well-defined IT environment and likely will need much more hardware, software and services to reach maturity without flaming out. These vendors also realize that these rapidly expanding concepts are also ripe for acquisition by larger, more established retailers. There is an opportunity to be the incumbent vendor in the faster moving subsidiary that can parlay itself into the Tier 1 parent. For all of these reasons, the retailers from $100 Million in revenue or higher are a key target for many vendors. That being said, this segment remains sort of the Wild, Wild West of retail as no single vendor dominates a large portion of the market.

KEY ECONOMIC TRENDS AFFECTING RETAILERS

General Economic Conditions

Last year we wrote in detail about the causes and potential effects of the downward direction of the North American economy. Since that time, we have seen double-digit unemployment in the US, record foreclosures, raised debt ceilings, record stimulus spending passed and so much more. One's economic outlook for 2010 really depends upon who one wants to believe. One camp believes that a recovery is right around the corner in mid-2010. Another camp believes that, in the words of Richard Hastings (Consumer Strategist, Global Hunter Securities LLC), "…we do not expect a recovery in any traditional form during 2010." For ourselves, we'll reserve judgment for the time being.

Regardless of which way one chooses to view the current economic situation, retailers, in general, have chosen to move forward. A recent survey by IHL reveals that store-level IT spend is anticipated to be up 3.2% from 2009. For the rest of the enterprise, IT spend is expected to be up 3.9%. This is great news for vendors, especially since 37% of those retailers responding indicated that they would be making a POS hardware decision (and 28% indicated a POS software decision) during 2010.

The impact of these economic issues on retail has been very clear. Walmart was among the very first to recognize the tough times ahead, slowing their domestic expansion back in early 2008 and instead focusing upon their international markets. Other retailers weren't quite so prepared, as the only course of action left to them was to either go out of business or begin closing stores and laying off workers thus exacerbating the problem. Retailers who have vanished forever include Circuit City, Gottschalks, Mervyns, Wickes, Whitehall and J.Jill. More recent store closures belong to the likes of Borders (200 stores), Blockbuster (439, with another 250 in 2010), Starbucks (676), Ann Taylor (33), Charming Shoppes (86), Dillards (3), Foot Locker (26), and even Home Depot (33).

On the flip side, there are some retailers who have shown a penchant for store count growth during these tough times. Among them are Walmart (144 new Supercenters, offsetting the closing of 102 discount format stores), Dollar General (374 stores opened, with another 600 scheduled for 2010), Walgreen (513 stores opened, with another 570 in 2010), Subway (385), Dollar Tree (231), Family Dollar (94), CVS (611), and Publix (17), to name a few.

Overall, the effect this has on POS shipments is interesting. Store closings place some POS in the secondary market, which are therefore available to retailers who need POS to support either expansion or POS replacement. Those POS that make their way into the secondary market and on to another retailer cannibalize sales of new POS. This in turn reduces overall hardware shipments from vendors, but it has the potential for increased service revenues for those vendors. We have seen POS shipments decline the past two years, but the rumblings we have heard lately indicate the potential for positive shipment growth in 2010. Retailers have done the same thing that we have seen consumers do with their automobiles; hold onto them longer and wring every bit of use out of them they can.

Price Pressure

Softgoods retailers, especially apparel retailers, face fierce competition from both inside and outside the segment, most notably from the likes of Walmart and Target. Granted, the competition in this area is not yet to the same extent as that experienced by the toy or grocery industries. That said, Target and Walmart are both continuing to enhance their apparel options. Softgoods retailers will readily admit that those who once shopped regularly at the mall and specialty stores are now buying apparel and footwear at the same time they are purchasing toys, food, homegoods and electronics. This is helping to drive the expected price that shoppers are willing to pay. Certainly, there will always be a luxury segment that is not sensitive to price, but generally there are downward pricing pressures on all of the retailers in this segment caused in large part to the increasing quality and branding of discounters.

Rising Labor Costs

Labor costs, primarily driven by increases in employee benefits, are rising at a much faster rate than revenue and gross margin. Given the resulting significant wage pressure (for labor costs to remain stable with rising benefits costs, wages must decline), the retailer is driven to make hard decisions: “Do I cut benefits?”, “Do I suspend raises?”, “Do I reduce employees and cut service, potentially alienating customers?”, or “Do I try to trim out waste from the operation to maintain margin, or use some other technique?” Obviously, labor is needed to keep the operation going, but more importantly to create that human relationship and interaction that so many customers desire. It is necessary to create a positive shopping experience whereby the customer wants to return. Given the growing number of shopping alternatives, any negative experience can quickly lead to lost customers.

Union vs. Non-Union Labor

According to June 2010 data from the Bureau of Labor Statistics, there is a significant disparity between average salaries of union versus non-union employees. For 2009, union members had median hourly earnings (salary) of $22.90 (down $2.57 from 2008), compared with a median of $19.21 (up $0.15 from 2008) for workers who were not represented by unions[1]. This trend can be carried further when reviewing benefits. By those same statistics when looking at total compensation (including paid leave, supplemental pay, insurance, retirement, etc.) the difference is even more striking at the numbers jump to $37.16 for union, and $26.67 for non-union, a difference of 39%. It is noteworthy that while hourly wages for union members decreased, total compensation increased. The retirement and health benefits that unions provide are continuing to cost companies more and more money, while take home pay for those union members is declining. As the cost of benefits continues to add to the total cost of labor, there is a disparity in the benefits enjoyed by the non-unionized population. For the retailer, the obvious preference is to minimize the costs of labor and use non-unionized employees. Comparison of union versus non-union can be viewed across market segments, highlighting the obvious conclusion that the playing field is not level if you have a unionized workforce competing against retailers who are non-unionized. When you are the largest retailer, like Walmart, it is quite easy to understand why you do not want a unionized workforce.

Figure 1 – Union vs. Non-Union Benefit Comparison

Union vs. Non-Union Benefit Comparison[2]
Percent of workers participating in selected benefits, by worker and establishment characteristics, private industry, National Compensation Survey, March 2010 (Participation data used, not Take-Up Rate)

	General Benefits			Medical		
	Retirement	Life Insurance	Paid Leave	Medical	Employer share of premium[3]	Employee Share of Premium
All workers	50%	56%	37%	51%	80%	20%
Union	82%	81%	48%	77%	89%	11%
Nonunion	46%	54%	36%	48%	79%	21%

Lack of Available Workforce

Tied closely to rising labor costs is the fact that at the retail level in North America we are facing a labor crisis in many regions. Although there are opportunities to grow the number of stores and outlets due to consumer purchases, the number of people available to staff these positions from legal US and Canadian citizens is very finite. Even in the highly-charged immigration atmosphere of the last three years there have been plenty of

[1] http://www.bls.gov/news.release/ecec.t05.htm
[2] http://www.bls.gov/news.release/pdf/ebs2.pdf
[3] This is for single coverage, not family coverage

positions available at the retail stores in nearly every region. General population changes have led to these challenges, as couples are generally choosing smaller families. This lack of available workforce limits the speed and effectiveness of a retailer's growth plans. .

Lack of Workforce Loyalty

Tied to the lack of available workforce is also a lack of loyalty to the retailer. Although in some European countries it is common to have store level personnel (non-management) stay with the same retailer for years, this has become a rarity in the North American retail market. Turnover in some segments among front-end employees now approaches 200-300% a year. It is very common for these employees to simply work until something happens in the workplace that they don't like and they simply go across the mall or across the street. The plentiful options make it very difficult for retailers to retain workers, particularly at the store level. The generation entering the workforce today has never known an environment where employees work for a company for life. The concept of a pension has never been a part of their nomenclature. As such, the career option of starting low and working your way up in an organization is simply not something they consider. Retailers really have their work cut out for them in trying to recruit, motivate and maintain employees as they grow. The selection of POS software (with easy-to-use interfaces, training modules, etc) then becomes a critical component of the retailer's success.

Customer Loyalty/Wallet Share is King

Softgoods retailers realize that profitable growth is more a factor of getting a larger share of their existing customers' wallets than necessarily getting more customers. Not only is the cost of acquisition for these additional margin dollars far less, but the rewards in loyalty are much greater.

A key component of the customer loyalty/wallet share is the ability of customers to purchase from the retailer through multiple channels. Studies are now being released that show that customers that buy through more than one shopping channel will spend on average 40-100% more per year than customers that only shop through one channel. The more retailers can integrate catalogue and web operations to their stores the higher margins they can achieve.

Terrorism Concerns

Surprisingly tied to the Customer Loyalty issue is fear of a terrorist attack on a shopping mall. We often challenge retailers with the following questions: Do you know your top 10-20% of your customers by name? If the mall was shut down, do you have a way to reach your customers? Do they have a way of reaching you and buying from you? Many retailers have not thought through this scenario but it is a very real risk to their business.

ROI and POS Software

In days of old, the purchase of POS software was viewed differently than today. Much like the POS unit, POS software was a business necessity or a cost of doing business just like the building or the lighting may be viewed. With advancements in technology, hardware interconnectivity and enterprise software, the purchase of POS software can be viewed through an ROI perspective. Due to the high employee turnover that we have outlined, training is a significant aspect. Issues such as average training time and the availability of a training mode impact the ROI calculation. Additional considerations such as the speed of calculation, and enhanced functionality (such as the processing of gift cards, employee scheduling, email, cross channel integration, speed of changes, architecture, employee communication, voids, return processing, and loss prevention integration, to name a few) impact the payback time for the investment. A general business requirement for capital purchases suggests payback should be achieved in 3 years, though the current economic conditions and feedback from the vendor community suggest this number is getting smaller. The leading vendors will generally be able to achieve ROI in 3 years or less.

Store System Priorities

Each year, IHL Group partners with RIS News to publish the *Store Systems Study*. This is typically published in January of each year to coincide with NRF. With this year's study we queried our respondents to determine where store level software spending would be targeted over the coming year. We have asked this question before, and this year's study saw a new leader as Advanced CRM/Loyalty (displacing PCI) was cited by 75% of respondents identifying it as a priority. Contrary to the number of "loyalty" cards one tends to carry for grocery stores, Specialty Softgoods retailers continue to lead the way in looking at Advanced CRM/Loyalty solutions. Inventory visibility is a key area of investments, primarily for Specialty Softgoods retailers where proper inventory levels, forecasting, and replenishment are all keys to survival. Rounding out the top 3 priorities is Provide Associates with Better Tools.

Figure 2 – Top Store System Priorities for 2010

Top Store Systems Priorities for 2010	Advanced CRM / Loyalty	PCI Compliance	Speed Through Checkout	Provide Associates with Better Tools	Inventory Visibility	Reduce Out –of-Stocks	Workforce Management	Cross Channel Integration	Fresh Item Management	Country of Origin Labeling
Overall - 2010	60%	49%	42%	40%	38%	26%	26%	25%	17%	5%
Overall - 2009	38%	58%	36%	58%	39%	36%	30%	24%	N/A	N/A
Specialty Soft	**75%**	**33%**	**33%**	**50%**	**67%**	**33%**	**17%**	**17%**	**17%**	**0%**

The fact that PCI Compliance continues to show a significant number of respondents, since most every retailer in the survey was already supposed to be PCI compliant, shows that a significant share of the budget and focus will remain on PCI for quite some time. A big reason for this is that PCI compliance is a moving target. Standards and best practices are changing all the time, and it seems that a month doesn’t go by without us hearing about a new and ingenious way the bad guys have broken into a retailer’s systems. What makes the entire exercise even more troubling for retailers is that we have heard reports of retailers that were certified PCI compliant yet were still compromised. This is a bit disheartening as PCI on its own is inadequate for overall security, and the heavy focus here precludes spending on more innovative technologies that can make the retailer both more secure and more efficient.

Providing associates with better tools as a key priority brings up an important observation that should not go without comment. The retail IT community clearly recognizes that a successful store experience goes beyond having great tools. There is a critical relationship between the tools themselves and the ability for them to be both accessed and utilized properly. Databases full of information can be great, but they are absolutely useless without the correct insight into how to make the information contained within them actionable.

Software Leads Hardware

A few years ago we could argue that the POS hardware decision typically determined the software that was going to be deployed in a retailer. This is no longer true. Today our research indicates that in over 80% of the cases for new POS installations (where hardware and software are purchased at the same time), it is the software decision that is made first which then determines the hardware choice. As vendors have moved to open standards, this trend to a software first choice has further accelerated.

Key POS Functions Under Consideration

Figure 3 – POS Functions for the Next POS Upgrade

POS Functions for the next POS Upgrade	Inventory visibility (stock inquiry)	Save the sale-ship another store or online ship	Returns / refunds management	Training	Employee Portal (Labor mgt, time/att, etc.)	CRM, coupon and loyalty management	Loss prevention	Authorization / security control	Gift Card/Phone-card activations	NearField Comm. for payment (card/phone)
Overall	**41%**	**33%**	**49%**	**37%**	**41%**	**57%**	**24%**	**22%**	**41%**	**20%**
Specialty Soft	89%	56%	56%	33%	44%	67%	22%	33%	44%	0%

When we look at specific POS functions it is not hard to imagine there being a great deal of variability in what is important compared to other retail formats. Specialty Softgoods retailers want it all. This does not come as a particular surprise when this vertical, on average, is known to have the shortest POS replacement cycle of all retail segments. Softgoods retailers want to be nimble and up to date on the latest technology as they feel it helps them to compete more effectively against discounters and department stores. Specialty Softgoods were strong proponents of Save the Sale at 56% compared to 33% of the overall population. Clearly the greatest desire is for Inventory Visibility with 89% of respondents wanting it. That is more than twice the overall population's desire at 41%.

POS Standards

OPOS and UPOS are the primary standards for POS interfaces. OPOS is a standard for DOS and Windows-based POS devices, and UPOS incorporates OPOS as well as the recently-introduced JPOS drivers for web-based POS devices. Most vendors will be writing to UPOS for the future. These standards are becoming increasingly important as retailers begin to look at cross channel retailing.

ARTS Standards

- ARTS XML – This is the new name for IXRetail, and is a development process that uses XML (Extensive Markup Language) to help identify standard data types in the retail transaction so that this data can be utilized more effectively throughout the enterprise. The benefit of XML is that it allows for data points to be given tags or identifiers that allow other systems to recognize what type of data this is so it can add it to executive information systems, search engines, and data warehouses. ARTS has released nineteen different schemata, as follows:
  - CSE (Shopping Data Feeds) – This enables online retailers, comparative shopping engines and third party service providers to communicate and confirm product information and advertising performance metrics.

- Customer V2.0 – Provides for a way to manipulate customer data information.
- Digital Receipt – Provides for a standard way of archiving and managing a customer's receipt in digital format rather than through a paper copy. This allows the opportunity for a customer to receive their receipt digitally at the POS, for a customer to recall a receipt they need for return, or for credit card companies to investigate in chargeback situations. The digital format will greatly reduce the cost and enhance the usability of receipt data.
- Fresh Item Management – Standard support for traceability of perishable items.
- Inventory – Provides for a way to support transactions between systems that query, reserve and record real time store level units and financial value of inventory.
- ItemMaintenance – This provides a framework for dealing with item attributes across the enterprise and across retail segments.
- Notification Event Architecture for Retail (NEAR) – This schema defines a framework for sending and receiving XML formatted asynchronous notification event messages.
- POSlog V2.2 – Once designated TLOG, this defines the set of all possible transactions and events that can be sent by a POS system to another system within the retail enterprise.
- POSLog for Food Services – Provides a set of consistent data messaging standards that enables POS data to easily flow to back-end financial systems for better sales reporting and inventory management.
- Price V2.0 – Allows for pricing data to be uniform across platforms within the retailer's systems or even retailers in a wide area network.
- ProCon Converter – Provides standards to turn data from foodservice equipment into actionable information for use by applications within the foodservice environment.
- Product Content Management (PCM) – Provides standards to enable authoring, locating, acquiring, managing, sharing and publishing product content.
- REMC – Short for Remote Equipment Monitoring and Control, REMC provides retailers with a standardized set of messages that allow equipment from different suppliers to be monitored, managed and integrated into existing information and control systems.
- Retail Transaction Interface – Standard which allows existing POS sales functions to be used by other customer service solutions such as self checkout, fueling points, kiosks, line buster and others.

- StoredValue – This describes a closed financial system where value is collected by a retailer from a customer, retained as a liability by the retailer, and redeemed by the customer for goods or services.
- TimePunch – Provides standards for time and attendance data.
- Transaction Tax – Provides a new standard that will link information from transaction tax providers to a retailer's POS system.
- Video Analytics – Standardize how computers describe surveillance video for image analysis for loss prevention purposes.
- WorkerManagement – This describes the schema for store-based workforce related data; labor scheduling, time and attendance, task management and labor demand forecasting.

- Standard RFP – Currently, ARTS has standard RFP's for Business Intelligence, Loss Prevention Exception Reporting, Master Data Management, POS, Price Optimization, Signature Capture, Warehouse Management and WFM.

We believe these standards represent great enhancements to retail technology and will greatly lower operating and development costs for vendors and retailers alike. Also, since Microsoft's release of Office 2003 with XML authoring ability, we believe the technology and people who can use it will greatly increase moving forward.

PCI DSS Compliance

In last year's report, we detailed the origin of the Payment Card Industry (PCI) Security Standards Council and the creation of the Payment Card Industry Data Security Standard (DSS), which was issued in December 2004. We addressed the compliance due dates, data breaches, and some of the ancillary details of the effort. Since that time, as part of our various research efforts, we took the opportunity to survey retailers concerning their participation in PCI. Our most recent data show that approximately 60% of retailers are currently fully compliant with PCI/DSS. That said, PCI/DSS compliance has served as a major disrupter in the area of IT spend. Billions of dollars have already been spent to ostensibly ensure security, yet retailers are still spending months and years after their deadlines have passed. The fact that there are documented breaches where the retailers in question were certified as being "PCI compliant" serves to confirm the words of Dave Hogan (SVP and CIO for NRF), who said "it may be that the PCI mandate will never be an effective deterrent to professional hackers."

This disruption in IT spend has other effects. Just as with Y2K, retailers have and will continue to look to vendors to incorporate features in their POS to ease the compliance issues, though this will tend to be on the software side. This will hopefully lead to innovation at the POS. At the same time, retail IT departments have been and will continue to be overtaxed in terms of time and budget to reach the mandatory compliance levels and dates. This will result in the delay of certain IT projects, many of which were delayed as a result of Y2K and SOX. Long story short, PCI/DSS may be declining in priority among some retailers, but it's not going away anytime soon.

Browser-Based Design

One of the most significant trends to develop in recent years has been the emergence of browser-based design for POS applications. Using Java and designing the application to operate through a web-page design, software providers have developed solutions that have much greater cross-platform functionality than in years past. It is has also provided retailers with some fundamental options as to where the applications should be hosted.

Multi-Channel Shopping

Specialty Softgoods retailers face competition from all sides. From discounters and department stores adding inventory that encroaches on their stores to online merchants that directly compete with cut-rate prices, they understand completely that those consumers they can get to shop online or through a catalogue in addition to the stores will spend on average 40-100% more than a customer who only shops at the store. This knowledge is driving retailers to demand integration of their POS applications with their websites for returns and order lookup. Additionally, they are demanding functionality to allow cashiers to tap into the online store to have items shipped to a customer that are out of stock at the store level. All of these desires are driving changes in the architecture and design of POS software.

Out of Stocks

When consumers are routinely asked about things that bug them most about shopping, the number one item on the list is standing in line. The second highest item is frustration caused by not being able to purchase a product the store is expected to have or has promoted in an advertisement.

Based on research released in the 2008 IHL/*RIS News Store Systems Study*, data suggests that many retailers are in denial about the extent of this problem and the impact it has on the consumer's experience. For the most part, retailers judge out of stocks through the eyes of paid personnel and reports from inventory systems. It is commonly believed the typical retailer will be out of stock on about 8% of items. For promotional items, research suggests the rate is 15%. That's the accepted view in retailing.

A recent study by the Wharton School of Business found that among consumers researched for a single chain, the perceived out-of-stock rate by shoppers was closer to 24%! What the study discovered is that customers count something as being out of stock for a variety of reasons. Retailers, on the other hand, only look at low counts in the inventory system or at an empty shelf. The discrepancy arises because customers include such factors as not being able to find someone in the store to help them locate an item, or failing to get assistance in getting the item from a locked compartment or high shelf.

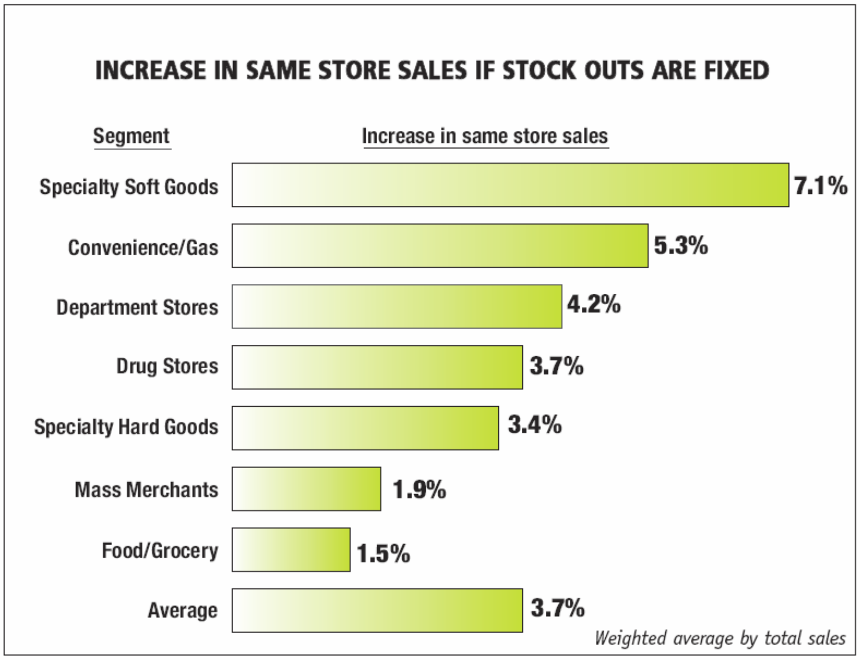
To dig deeper into this problem, we asked retail executives about their own shopping experiences and to quantify the average item price and total transaction sizes at their own chains. We used this data to get industry averages for each retail segment. Finally, we weighted the data against overall retail sales in the United States and Canada to quantify the entire effect.

It is important to note that lost sales for out of stocks are not lost to the industry as a whole (although it's possible a portion may be lost if the consumer never buys the item). Typically, lost sales move from one retailer to another that has the product in-stock. Therefore, the intent is to show, in tangible metrics, the cost retailers pay for out-of-stock inefficiency so they can understand and attack it with hard data.

Figure 4 – Blame for Out of Stocks

While the following numbers may pop off the page, the real numbers are likely to be 1.5 to 2 times higher than the figures mentioned here. We can say this for two reasons. First, this was a survey of retail executives. Most retail executives shop less at stores outside their own chain than the typical consumer because they spend so much time at their jobs. And second, we asked about how many shopping trips were made in September and early October. This was not a survey done during the busy Christmas season when the percentage of shopping trips with perceived out of stocks is typically double or triple the non-holiday season level.

Figure 5 – Increase in SSS if Out of Stock Problem Fixed



That said, the out of stock problem is very real and very large in retailing. In fact, the actual loss of sales to competitors during the year measures approximately $93 billion when extrapolated from annual retail sales!

We also asked respondents to apportion the blame for out of stocks in their own chains. We then matched this data against the retail sales for that segment to quantify actual cost figures. We found there is plenty of blame to go around. Inadequate Planning by Buyers was listed as the largest cause for inefficiency, with 17.6% getting the blame. This amounts to an annual cost of $16.4 billion. Store Execution problems shared nearly equal blame at 17.5% and amounting to a $16.2 billion loss. Suppliers are next and responsible for 13.8% of the problem or $12.9 billion in lost sales. Poor forecasting came next at 13.1%, costing retailers $12.2 billion annually.

Embedded Operating Systems – Thin Clients

We have watched the embedded operating systems trend over the past handful of years, with the introduction of Windows CE (1997), Embedded Linux (1998), Embedded NT (1999), Windows XPe (2001) and then WEPOS (2005). Target is still the single largest retailer using embedded systems with XPe, but others that have moved in this direction include Radio Shack (with 21,000 XPe terminals) and Speedway SuperAmerica (3,500 XPe). WEPOS, Microsoft's first ever vertical-specific OS, appears to be gaining traction, with rollouts at Hollywood Video (15,000 POS), Brown Shoe (2,600) and Best Buy (2,000). We believe WEPOS acceptance would have been greater, but XPe is priced at $10 less per POS, causing many retailers to embrace XPe instead.

Rather than using a disk drive to boot, the otherwise fully-complete PC system boots from a ROM-based operating system. A key feature of the more recent embedded operating systems is the ability to separate out components so a retailer can pick and choose which parts to use for their situation. Regardless of the flavor, embedded operating systems eliminate the need for persistent storage such as a hard drive, which not only drives down the initial cost of the POS, it also eliminates one of the most significant maintenance issues. As long as the operating systems can be upgraded remotely we see this as a trend that will continue to grow in acceptance among vendors and retailers, particularly as retailers further accept thin-client computing.

Future POS Client Operating Systems

Figure 6 – POS Operating System Under Consideration

POS Operating System	DOS	IBM 4690	Windows 9x/ME	Windows CE	Windows NT / 2000/XP Pro	Windows XP Embedded	WEPOS	POSReady 2009	Windows Vista	Windows 7	Linux	Solaris	Any Microsoft O/S
Future OS – 2010	**0%**	**11%**	**2%**	**4%**	**23%**	**38%**	**21%**	**15%**	**6%**	**30%**	**36%**	**4%**	**73%**
Specialty Soft	0%	13%	13%	13%	25%	13%	13%	13%	25%	38%	50%	0%	65%

The results of the RIS News/IHL studies of the past six years continue to paint a pretty clear picture; Windows and Linux both continue to gain market share, and users of each exhibit extreme loyalty. Noteworthy here is the fact that fully 50% of Specialty Softgoods retailers would consider Linux going forward; this is significantly higher than the general response of 36%.

What about 2010 and Beyond?

What does the future hold? Retailers will continue to adapt to a more widely diverse workforce; more diverse in culture, education and expectations. Immigration will ensure more and more of the world's culture is represented in retail as well. And retail workers will continue to have differing expectations about where they work (type of retailer, mall location, etc), when they work (shift choice, flexible hours, etc) and why they work (benefits, potential for advancement, etc). In retail today, those retailers that succeed are those that are most adaptable to change. Technology is a big part of that equation, but it is not the only part. Labor will continue to be a major part of the cost structure.

From the RIS News/IHL Group *Store Systems Study* published in January 2010, we also looked at purchase decisions as they relate to the POS client and software. Specialty Softgoods retailers tend to refresh their POS systems at a rate comparable to other retail verticals. Replacement of once every 4.5 years is a good metric to use equating to a yearly rate of 22%. When comparing the normal yearly rate of 22% to the respondent rate of 35%, we suggest the survey results yielded a much higher than actual rate, especially given the current slow and uncertain pace of economic recovery. When actual replacement rates are factored in, which is what differentiates survey responses to actual purchases, the reality is that the market will probably not see 20%. The key take away from this chart is that while Specialty Softgoods retailers will not be replacing their software at a blistering pace, they are expected to be doing so at an above average rate.

Figure 7 – Purchase Trend for POS Software

POS Software Purchase Trends	0-12 Months	12-24 Months	24 – 36 Months	Over 3 years	Not Planning To Use
Overall – 2010	**28%**	**9%**	**7%**	**7%**	**50%**
Overall - 2009	**26%**	**20%**	**15%**	**25%**	**14%**
Specialty Soft	44%	0%	22%	0%	33%

Figure 8 – Purchase Trend for POS Hardware

POS Client – Base System Purchase Trends	0-12 Months	12-24 Months	24 – 36 Months	Over 3 years	Not Planning To Use
Overall - 2010	**37%**	**7%**	**4%**	**7%**	**46%**
Overall - 2009	**28%**	**15%**	**13%**	**29%**	**15%**
Specialty Soft	38%	0%	13%	0%	50%

With regards to anticipated purchases of POS client hardware and software, the predominant trend is that hardware and software be replaced at the same time. As you compare the responses for software and hardware they are close as we would anticipate. Of course one must also consider the actual percentage of these that are funded and the actual chance of any appropriated funding being spent.

Shameless Plug

Making the decision for a wholesale replacement of a retailer's POS can actually be pretty simple; bringing that decision to fruition is another matter entirely. Typically, enough time has elapsed since the last POS replacement that the team responsible for crafting the requirements, selecting the respondents, issuing the RFP and grading the responses simply is not around anymore; they have been promoted, transferred or have moved on. Not only is the original team missing, so too are any records of the undocumented features that have crept into the current system that need to be included in any new system. The lack of personnel and documentation combines to force retailers to re-invent the wheel when they seek to replace their POS. To solve this problem, IHL and C-Core Consulting offer the RAPID POS Project Toolkit. RAPID POS is a methodology to facilitate POS hardware and/or software replacement for retailers. It consists of templates and tools for RAPID scope definition of a project, development of an RFP, vendor selection and project execution, resulting in a typical 12 week reduction in the RFP process while ensuring all functional requirements and vendor selection occurs via a comprehensive and thorough process.

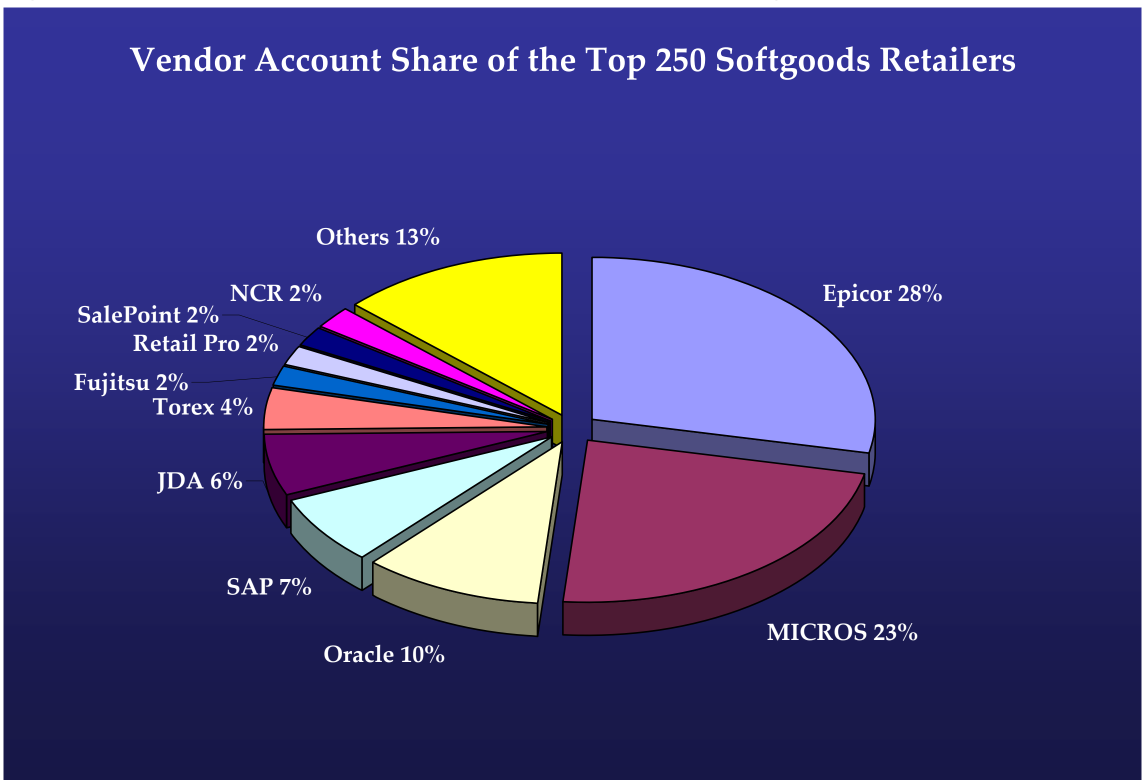
THE TOP 5 SUPPLIERS

As we discussed in the section on *Report Methodology*, we looked at the top 250 Softgoods retailers in terms of the POS software vendors they were using in their stores. We then ranked each of the vendors according to three criteria, and combined these rankings to arrive at a final rank order for the POS Vendors. Again, those three criteria were the total number of vendor accounts, the total number of POS licenses, and the total retail revenue represented by the vendor accounts. Each of these is addressed individually in the following sections.

Vendor Accounts

The first of the three criteria that we want to address is the number of accounts that each vendor has in the top 250. Querying our database, we obtained this information, which is summarized in the figure below.

Figure 9 – Vendor Account Share of the Top 250 Softgoods Retailers

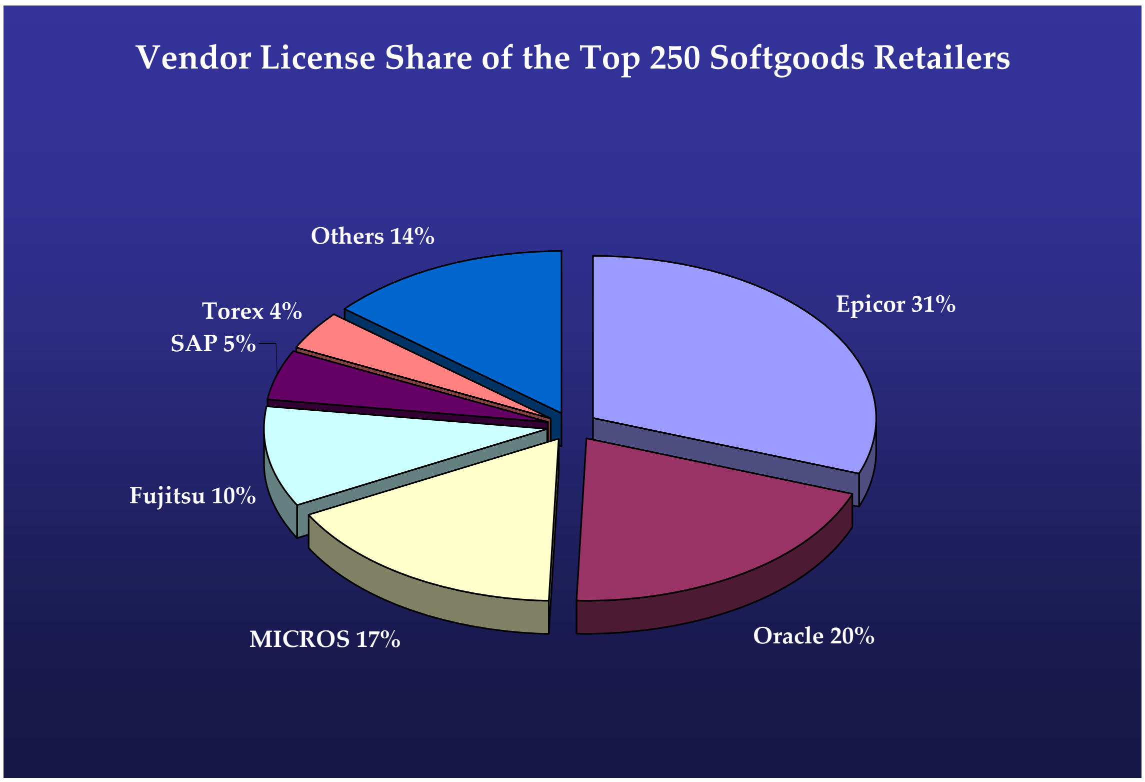


The initial take from this figure is the heavy fragmentation found in this market. Epicor is the clear leaders at 28%, but the “Other” category contains no less than 20 vendors, most of whom have but 1 or 2 accounts in this space. This chart becomes more interesting when we look at it in conjunction with the portion of the Top 250 Softgoods retailer's sales represented by these particular vendors.

Estimated Number of POS Licenses

For this section, we once again queried our database to determine the number of software licenses ascribed to each vendor among the leading 250 Specialty Softgoods retailers. As noted in the section describing the *Report Methodology*, this is but one of the three criteria combined to complete our overall rankings. This should be duly noted when comparing this market share plot to our overall rankings to help understand differences in rankings.

Figure 10 – Vendor POS SW License Share of the Top 250 Softgoods Retailers



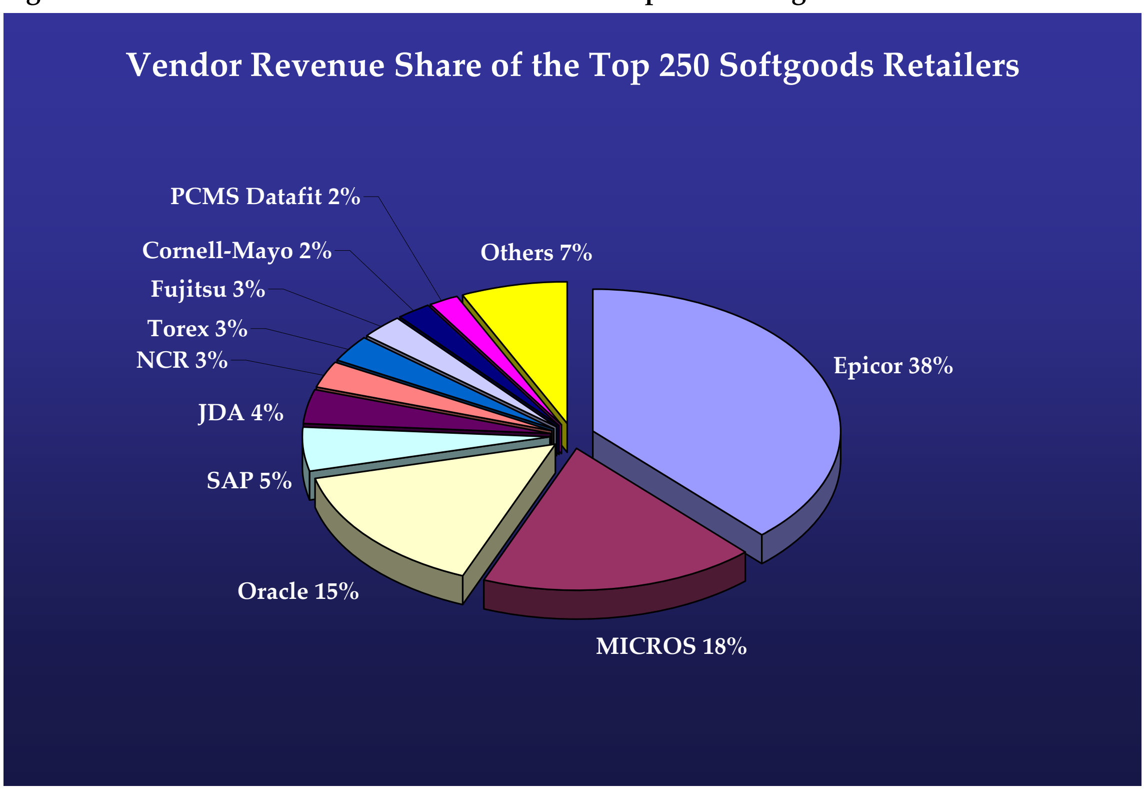
One of the most interesting observations from this chart is that the top 6 vendors comprise 86% of the top 250 license market share. This is a significant increase from last year when the top 6 vendors accounted for 75% of the top 250. For our analysis we defined "Other" vendors as any vendor with 6,000 or fewer lanes among the top 250 retailers. Our analysis showed there to be approximately 24 vendors in this grouping. By some estimates there are well over 1,000 vendors that produce POS software designed for various retail segments. The individual vendors cited in this report have clearly distinguished themselves among a very crowded group.

The marriage of a retailer with a POS software vendor can easily last 10 years. It is not uncommon for this to last much longer. While it is impossible to predict who will be able to develop a business strategy that is able to maintain or even grow their software business, momentum breeds growth, and that tends to lead to even further success. In a recent discussion with a specialty apparel retailer who is in the process of replacing both their POS software and hardware, beyond functionality and platform considerations, they specifically noted the importance of making a decision based on a vendor they could be confident would be around to support them over the life of the product. To highlight this point even further, they have been with their current supplier for over 14 years with the software requiring numerous upgrades over that period.

Retail Revenue Represented By Vendor Accounts

As we have seen in previous studies, some vendors focus only upon the top few dozen accounts in a space, while the focus of other vendors may be well down the list. This section addresses this issue, since we want to provide the highest degree of visibility to where a vendor truly stands. Having dozens of accounts is not necessarily better or worse than having just a handful.

Figure 11 – Vendor Revenue Share of the Top 250 Softgoods Retailers



Ranking Determination

From the results of the previous three sections, we obtain the following table. Note that seven of these vendors show up in the Top 10 of each of the three selected criteria

Figure 12 – Ranking Results

Vendor	Overall Rank	Total Installs in Top Retailers Rank	Total POS Installations Rank	Managed Revenue Rank
Epicor Software Corporation	1	1	1	1
MICROS Retail	2	2	3	2
Oracle	3	3	2	3
SAP	4	4	5	4
JDA Software	5	5	7	5
Fujitsu America, Inc.	6-tie	7-tie	4	8
Torex Retail	6-tie	6	6	7
NCR	8	9	8	6
Retail Pro	9	7-tie	9	11
Cornell-Mayo	10-tie	11-tie	12	9
PCMS Datafit	10-tie	11-tie	11	10

Within each of these three criteria, each of the software vendors was rank ordered. The rankings for each vendor for each of the three criteria were then summed, and the final vendor ranking arrived at by giving position number 1 to the vendor with the lowest sum, position number 2 to the next lowest sum, and so on. As can be seen in the table above, Epicor was the clear leader, ranking first in every category. MICROS Retail was second, followed closely by Oracle which continues to be on the rise. A bit further back, SAP and JDA Software were fourth and fifth, respectively.

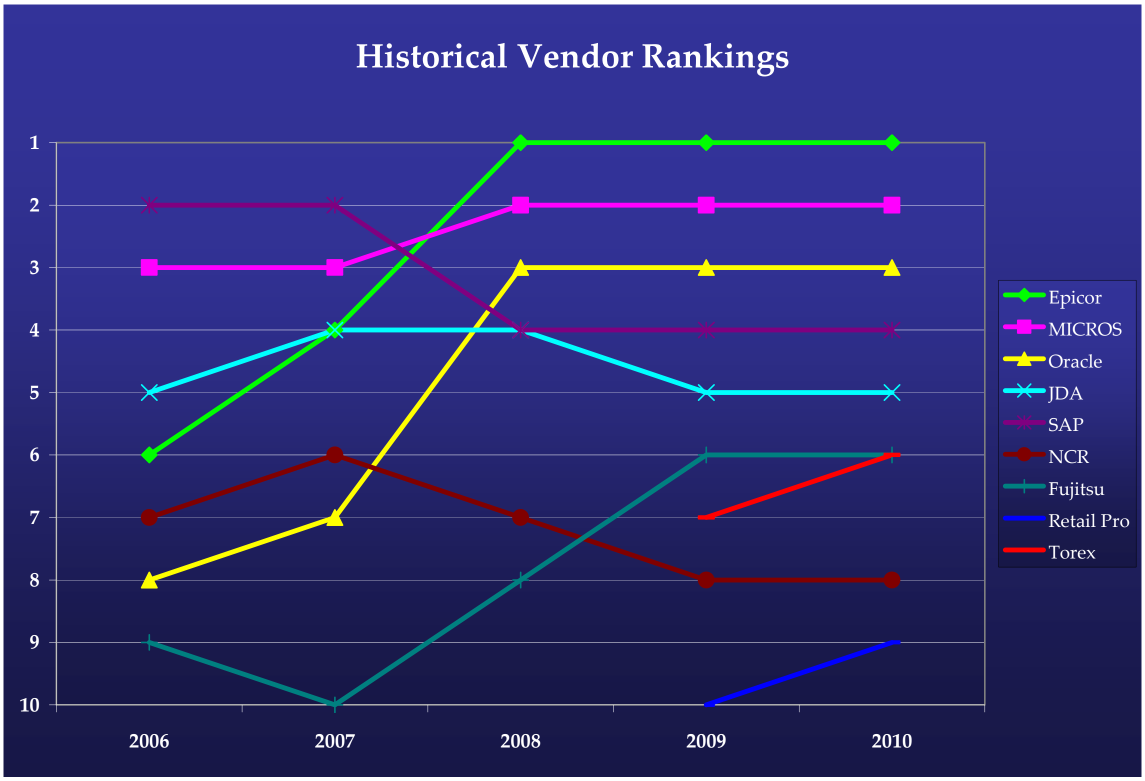
Historical Rankings

Given this being the sixth year of the report, we thought it would be interesting to reflect on the changes seen in the POS software market over the last several years. In doing so, it provides a feel for respective momentum relative to the POS software market, and in many cases the nature of acquisitions as a whole.

Without a doubt, this chart speaks to momentum and change. In previous reports, NSB Group was the clear leader. With their acquisition by Epicor, this has done nothing but further solidify their already strong ranking. Epicor, for its part, has generally seen a steady rise in the rankings, fueled mainly by acquisition.

Any discussion of acquisitions in the retail space cannot take place absent of discussing Oracle and SAP. Oracle purchased 360Commerce in January 2006. Prior to that acquisition, Oracle wasn't on the POS radar. That acquisition, along with many others over the past three years, has fueled an overall steady rise. Since 2005 Oracle has risen from twelfth to now third, holding steady from last year. SAP, who acquired Triversity in September 2005, rose from fifteenth in 2005 to second in 2006 and now holds fourth place in the latest ranking.

Figure 13 – Historical Vendor Rankings: POS SW for Softgoods Retailers



Epicor Software Corporation
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Company Overview

Epicor (NASDAQ: EPIC) is global leader in end-to-end retail solutions, as well as offering a complete range of ERP and other software solutions for manufacturing, distribution, hospitality and service enterprises.

Founded in 1984, Epicor serves over 20,000 customers in more than 140 countries, providing solutions in more than 30 languages. Their primary market is the global 1000. In retail, the company focuses on apparel and footwear companies as well as general and specialty merchandisers and department stores in tiers 1 through 4.

Epicor has seen significant growth in recent years due to the acquisitions of Scala (June 2004, ERP solutions), CRS Retail Systems (December 2005) and NSB Group (February 2008, retail solutions). As a result, Epicor consolidated the mid-market retail systems arena and now delivers a comprehensive suite of solutions for all core retail functions.

In addition to POS and complementary applications for in-store, back-office and mobility requirements, provided by Epicor Retail Store, the company's retail suite includes Planning and Assortment Planning, Sourcing and Product Lifecycle Management, Merchandising, CRM, Audit and Operations Management, Loss Prevention, Business Intelligence and Financials. Epicor also offers complete professional services and 24/7 support.

Epicor Retail solutions can be acquired individually; as a fully integrated suite; in fast-track , preconfigured packages; and through Software as a Service (SaaS).

Applications Overview

Epicor Retail Store is a scalable suite of highly integrated store applications developed in the Microsoft .NET Framework. It integrates a flexible n-tier architecture that enables a high degree of extensibility and interoperability with several deployment options. Epicor Retail Store includes applications for point-of-sale, mobile store, returns management, promotional events management, store operations, inventory management, payment authorization/settlement/polling, time and attendance, learning management, and configuration.

Epicor Retail Store POS provides a comprehensive transaction set for use on a variety of hardware platforms. It is customizable to meet user requirements, while ensuring transaction integrity, ease of use, and performance.

Epicor Retail Store POS includes a highly flexible system configurator that allows functions to be configured to meet unique store and business requirements. This includes complete flexibility over the UI presentation, workflow, devices (including mobile), and parameter control. Where modification is required, the system includes .NET extensibility in all modules allowing unique changes to be made without changing the code base.

Key capabilities of Epicor Retail Store POS modules include:

- Intuitive navigation for associates with obvious next steps, function keys relevant to the state of the current transaction, and online help
- Advanced Deal Pricing that creates and manages promotions, including multi-deal processing, "best deal" for customer, and return value pricing
- Return/Exchange validation against central Epicor Returns Management, which allows associates to look up original sales receipts from any store or channel and identify the correct price of a return, as well as any return activity that has taken place since the original sale
- "Save-the-Sale" order management between stores or sales channels, which is fully integrated to the Epicor Enterprise Selling application and allows associates to perform real-time stock locator queries against a central database of all locations at any point in a transaction, and to complete the sale within the POS transaction
- Remote Order Fulfillment which notifies store personnel of incoming orders onscreen and/or via a printed pick ticket, and enables orders from other stores and other sales channels to be processed using simple order fulfillment procedures while tracking the order status centrally
- Customer recognition in any store or sales channel, with integration to Epicor Retail CRM, which allows customers to receive personalized service and offers and provides Retail CRM with customer purchase information for tracking and analyzing recency, frequency and monetary value of preferred customers
- Epicor Retail Mobile Store, which operates on a wireless device to extend key store system functionality beyond the cash-wrap and manager's workstation, including item lookup, stock locate, various inventory management functions, item pre-scanning to shorten lines and waits

- Online/Offline functionality that lets sales associates keep working if the network connection is lost and registers to be automatically resynchronized with the server when connection is restored
- Fully functional training mode that allows sales associates to ring mock transactions without affecting actual store business
- Manager's Dashboard, a powerful tool that gives managers and associates on-demand information and reporting at the store level, including Key Performance Indicators (KPIs) and links to Web portals or applications
- Comprehensive back office store modules, including Employee Maintenance, Time and Attendance, Reporting, Inventory Management and a Learning Management system to track eLearning courses and lessons from within the store system
- Epicor Retail Data Exchange, which allows you to take control of critical processes like trickle polling, file transfer, message switching and payment authorization
- Applicable industry standards for software and hardware interfaces such as OPOS/UPOS, and XML.

Other features in this comprehensive application include:

- Electronic Gift Cards
- Gift receipting
- Layaway management
- Special Orders
- Multi-currency support
- Suspend/resume
- Web browser key setup
- Customized receipt per transaction type
- Item marking or various function
- Additional input fields
- Coupon redemption/issuance
- Negative check file
- Various Start/End of Day functions
- Cash Management
- Various reports

Epicor Software Corporation's Strengths

1. While Epicor has historically been a manufacturing heavyweight, with retail as a lesser focus, the acquisitions of CRS and NSB Group solidify their presence in the retail space. This will only strengthen the close ties between MFG and retail applications.

2. Epicor displays thought leadership by bringing top-tier solutions to the mid-market, a market which has historically been underserved by the largest vendors.

3. Extensive partner network and a close Microsoft partnership

4. Strong company reputation for Epicor, CRS and NSB Group

5. Thick or thin client, wired or wireless support

6. Over thirty years of retail experience spanning both North America and Europe

7. Impressive customer list

Complementary Applications Installed with Vendor's Applications

POS Hardware – Dell, DigiPos, Fujitsu America, Inc., HP, IBM, MICROS, NCR, Siemens, Wincor-Nixdorf

Loss Prevention – Acacia Research Corp. - Acacia Technologies, ADT Security Services (Tyco), Aspect Loss Prevention, Checkpoint Systems, Inc., Epicor Software Corporation, Kliger-Weiss Infosystems (KWI), LP Software, MICROS, Myriad Technologies, Oracle, ORIS Group, Ltd., PentaSafe, Red Five Interactive (Red 5), Retail Pro, SAP, Security Source, USS Corporation (Universal Surveillance Systems), VigilEnt

Merchandise Allocation – 7thOnline, Affinnova, ANT USA, Epicor Software Corporation, Galleria Retail Technology Solutions Ltd., Internal, JDA Software, Jesta I.S., Log-Net, Oracle, Retail Pro, RGIS, SAP

Merchandise Planning – 7thOnline, ANT USA, Argility, BT Expedite, Cognos (IBM), Decision Systems, Epicor Software Corporation, i2 (JDA), Internal, Island Pacific, JDA Software, Jesta I.S., Manhattan Associates, Maple Lake, MI9, Net Perceptions, Oracle, Raymark, Retail Pro, SAP, SAS, Teradata, Torex Retail

Inventory Management - 4R Systems, AbsoluteSKY, Inc., Agilysys, Cambar Software, Convergys, DataSym, Epicor Software Corporation, Hart Systems, Inc., i2, IBM, IMC, Internal, International RFID Business Association (RFIDba), JDA Software, LogicTools, Manhattan Associates, MICROS, Nordic ID, Oracle, Radiant Systems, RedPrairie, Retail Pro, Retelligence, RGIS, SAP, SAS, TechPoint (SalePoint), Tomax, ToolsGroup, Torex Retail, WDC Systems

Representative Customers

Aeropostale, Inc.	Eclipse	PacSun, Inc.
American Eagle Outfitters, Inc.	Eileen Fisher, Inc.	Peter Harris Clothes, Inc.
Ann Taylor	Everything but Water, Inc.	Please Mum
Aritzia Clothing	Factory Connection	Rack Room Shoes, Inc.
Aurora Fashions	Foot Locker, Inc.	Reitmans (Canada), LTD
Bachrach Clothing, Inc.	Forman Mills	Ross Stores, Inc.
Barami Enterprises	Group USA	rue21
Bebe Stores, Inc.	Haggar Clothing	Schwesers Stores
Ben Bridge Jeweler, Inc.	Harold's Stores, Inc.	Sheplers, Inc.
Ben Moss Jewelers	Hermes	Simply Fashions Stores, LTD
Big M, Inc.	J. Crew Group, Inc.	Skechers U.S.A., Inc.
Bikini Village	Jones Apparel Group, Inc.	Soma Intimates
Bob's Stores	Joyce Leslie, Inc.	St. John Knits Int'l, Inc.
Boot Barn	Karen Millen (Aurora Fashions)	Styles For Less
Burberry, LTD - USA	Kasper (Jones Apparel Group)	Syms Corp.
Cache, Inc.	Koret of California (Kellwood Company)	The Dress Barn, Inc.
Carter's, Inc.	Lady Foot Locker (Foot Locker, Inc.)	The Glik Company
Casual Male XL	Laura Canada (P.V., Inc.)	The Timberland Company
Charming Charlie	Limited Brands	Thomas Pink Ltd.
Charming Shoppes, Inc.	Liz Claiborne, Inc.	Tommy Bahama, Inc.
Chicos FAS, Inc.	Maidenform Brands	Tory Burch
Claire's Stores, Inc.	Marty Shoes, Inc.	Totes Isotoner/Sunglass World
Coach, Inc.	Metropark USA, Inc.	Twigland Fashions Ltd.
Cole-Haan Shoes	MEXX (Liz Claiborne Canada)	Urban Brands
Colorado Bag 'n Baggage	Michael Kors	Vanity Shop of Grand Forks, Inc.
Converse, Inc.	Movado Group, Inc.	VF Corporation
Cornell Trading LTD Canada	Nautica Enterprises, Inc.	Warehouse One, LTD
Crocs, Inc.	Nike, Inc.	White House | Black Market
dd's Discounts (Ross Stores, Inc.)	Nine West Group, Inc.	Windsor Fashions
Discovery Clothing	Northern Reflections Ltd.	Zumiez, Inc.
Donna Karan Co. (LVMH)	Oilily	
Ecko Unlimited, Inc.	OshKosh B'Gosh, Inc.	

Note: Customer information and complementary systems installed are based on public statements or secondary web research. We have attempted to be as broad as possible in the choices that we found. For specific installations, please contact the vendors involved.

MICROS-Retail
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Company Overview

MICROS-Retail (MCRS) is a leading developer of enterprise applications serving the hospitality and retail industries exclusively. MICROS serves table service and quick service restaurants, hotels, the leisure and entertainment industry, specialty retail stores, and the healthcare industry, with information management solutions including software, hardware, enterprise systems integration, consulting and support. MICROS's global network consists of over 3,000 employees, 43 subsidiaries in major markets and 93 distributors in 40 countries. MICROS owns Datavantage and has since renamed themselves MICROS-Retail.

In late 1993, Datavantage refocused its business approach to become primarily a provider of point-of-sale products and services. The company acquired the Retail Services Group of Cleveland-based LDI Incorporated. This group, which was merged into Datavantage, began servicing the point-of-sale needs of retailers via a DOS-based POS package and related support services, including: project management; software support and maintenance; hardware procurement and staging; data communications consulting and services; and a store-level support help desk center. Datavantage continued to grow its service offering while marketing its DOS-based POS package.

Two years before their competitors, Datavantage developed a product that made the move to higher-level languages, to SQL relational databases, and to the multitasking environment of Windows NT. They realized the benefits of client/server architecture and the positive economics of replacing proprietary systems with an open system.

Applications Overview

MICROS-Retail Store 21 - Store21 focuses on providing extensive functionality and exceptional ease of use. In the corporate office, MICROS-Retail has two application suites that consist of the following functionality:

- Analytics reviews and analyzes data from stores and other corporate systems. Its data mart acts as a single point of integration for store information as it is passed to and from corporate.

- XBR Store Analytics is the flagship of the Analytics Suite, an exception-based tool to reduce shrink, identify compliance issues, and analyze data.

- Balance Sales Audit scrubs the data before storing it in the main database or making it available to other applications.

- Relate Retail CRM, gathers information from all points of service to gain accurate knowledge of customers and buying patterns in order to facilitate one-on-one marketing in a retail environment.

- Brightcard Stored Value offers true multi-channel capabilities for gift card and loyalty applications. It offers multiple deployment scenarios to minimize transaction fees.

In-Store Benefits

- Interface guides associates through transactions.

- Clock-in/clock-out at the register improves payroll accuracy; it functions even after register closes, avoiding next-day adjustments.

- Perform multiple functions through the register, keeping lines shorter and reducing paperwork.

- Reduce shrink with built-in security measures.

- Provide total store management functionality with POS and back office communication integrated.

- Allow managers to perform “back office” tasks without leaving the sales floor.

- Associates can start ringing sales with less than an hour’s worth of training.

- Conduct irregular transactions (like layaway or alterations) at the register, saving time at the checkout and behind the scenes.

Enterprise Benefits

- Track each phase of a complex transaction, and tie them back to an associate.

- Use the reporting tools and formats to create reports either on demand or according to a schedule you have predetermined.

- Store21's time and attendance and payroll functions, combined with scheduling tools, allow store managers to control their payroll budget and optimize floor coverage.

- Many system settings are flexible, including fields to be displayed, minimum values, and sequencing of prompts. A system parameter table, allowing the application to instantly conform to your business processes, can activate many functions.

MICROS-Retail Xstore JAVA POS - Xstore is written in Java, thus it is portable between operating systems. It functions with almost any database. Day-to-day processes at the POS have been streamlined, removing keystrokes and enabling advanced back office functions. Many aspects of Xstore Java POS emulate the functionality of the Windows based Store21 offering. One notable exception noted is the ability to perform scheduling. This added functionality is currently in the works according to product literature.

MICROS-Retail Tradewinds – This is a scalable POS solution designed for higher-volume stores. Tradewinds boasts much of the same functionality (as well as enhanced functionality) offered in Store 21, but with enhancements related to connectivity between stores, home office, and vendors.

MICROS-Retail CWStore – This is a modular point-of-sale and back office solution that streamlines the transaction process and tightly integrates with direct commerce solutions for a complete cross-channel operation. CWStore also provides real time inventory management capabilities, allowing you to perform management functions at any time, from anywhere - even from wireless devices. With one simple interface, CWStore connects you to corporate headquarters with full integration of transactional data with your back office applications.

MICROS-Retail's Strengths

1. MICROS-Retail is a heavy player in POS.

2. Full-featured applications supporting both Windows (Tradewind and Store21) and Java (Xstore Java) platform.

3. Over 20 years of developing POS software and including offerings by the parent company MICROS, a very complete POS software offering across essentially all retail verticals.

4. Ancillary applications (E-Learning, XBR Loss Prevention) are world class.

5. Their Depot option stores backup registers and peripherals, sending them out as replacements. They also receive damaged equipment from stores and handle repair or disposal according to customer instructions. The Depot centralizes and streamlines a process that many stores find difficult to manage on their own.

Complementary Applications Installed with Vendor's Applications

POS Hardware – Casio, Cherry Electrical Products, Dell, DigiPos, Fujitsu Transaction Solutions, Gateway, GEAC (Infor Global Solutions), HP, IBM, Javelin, Logic Controls, MicroMax, MICROS, NCR, Panasonic, ParTech, Pippard Incorporated, POSIFLEX, Radiant Systems, Sharp, Squirrel Systems, Sweda, UTC Retail, Wincor Nixdorf

Loss Prevention – ADT Security Services (Tyco), Checkpoint Systems, Inc., CyberSource, DTT Surveillance, Epicor Software Corporation, LP Innovations, LP Software, MICROS, Microstrategy Inc., NPD Group, Red Five Interactive (Red 5), Security Source, USS Corporation (Universal Surveillance Systems)

Merchandise Allocation – ANT USA, Epicor Software Corporation, i2, Island Pacific, JDA Software, Maple Lake, MI9, Oracle, Quantum Retail Technology, Inc., Raymark, Retail Pro, SAP

Merchandise Planning – 7thOnline, ANT USA, Argility, Cognos (IBM), Compris Technologies (NCR), Epicor Software Corporation, Escalate Retail, i2, Island Pacific, JDA Software, Jesta I.S., Maple Lake, MeetingMatrix, MI9, Oracle, Palladium Group, Inc., Predictix LLC, Quantum Retail Technology, Inc., Raymark, Retail Pro, SAP, SAS, Teradata

Inventory Management – Adaco Services, LLC, Agilysys, Aldelo Systems, Inc., Altametrics, ART Technology Group (ATG), CamBorand, CEG Systems, Compeat Restaurant Accounting Systems, Compris Technologies (NCR), Computer Associates (CA), Culinary Software Services, Epicor Software Corporation, eRestaurant Services, Escalate Retail, Execuchef, Fusion System Solutions, GEAC (Infor Global Solutions), Hart Systems, Inc., i2, Instill Corporation, inteliTap, Internal, JDA Software, Jesta I.S., LogicTools, Logility, LS Retail, MI9, MICROS, Oracle, Panasonic, ParTech, Posera, Professional Datasolutions Inc. (PDI), Profit Pro, Proprietary, QAD, Quantum Retail Technology, Inc., Quest, Radiant Systems, Ram, RedPrairie, Retail Pro, Retalix, Retelligence, RMS-TOUCH, SAP, Silvon Software Inc., Skulogix, Squirrel Systems, Sweda, SynXis Corporation, System Concepts, Tomax, ToolsGroup, UTC Retail

Representative Customers

Adidas Shoes (Adidas-Saloman AG)	Fred Meyer Jewelers (The Kroger Co.)	Novus, Inc.
Aldo Group, Inc.	Frederick's of Hollywood, Inc.	Patagonia
Bailey Banks and Biddle	Genesco, Inc.	Piercing Pagoda, Inc. (Zale Corp.)
Bakers Footwear Group, Inc.	Georgiou Retail Stores	Polo Ralph Lauren
Birks & Mayors Inc.	Goodwill Industries International, Inc.	Reebok International
Birks Jewelers (Birks & Mayors Inc.)	Gordon's Jewelers (Zale Corp.)	Roots Canada, LTD
Bluenotes (YM, Inc.)	Gucci Group (PPR SA (formerly Printemps))	Samsonite Corporation
Boutique Jacob, Inc.	Guess, Inc.	Steve Madden Ltd.
Cavender's Boot City	Helzberg Diamond Shops, Inc.	Stitches (YM, Inc.)
Christopher & Banks Corporation	Hilo Hattie Fashion Centers	The Buckle, Inc.
Citi Trends, Inc.	Hugo Boss AG	The J. Jill Group, Inc.
Clarks Companies North America	Jockey International	Tilly's, Inc.
Club Monaco	Jos. A. Bank Clothiers, Inc.	Tradehome Shoes
Coldwater Creek, Inc.	Le Château, Inc.	TSE Cashmere
Comark	Lids/Hat World (Genesco, Inc.)	Tween Brands, Inc.
Dakota Watch Company	Life Uniform Shops, Inc.	United Fashions of Texas, Ltd.
dELiA*s Corp	Lindor, Inc.	Vans, Inc. (VF Corporation)
Fabco Shoes	Lululemon Athletica	Vera Bradley, Inc.
Fast Fix	Mayors Jewelers, Inc. (Birks & Mayors Inc.)	Wilsons The Leather Experts
Finish Line, Inc.	Me Salve, Inc.	Ym, Inc.
Finlay Fine Jewelry Corp.	Mr. Alan's Shoes & Sportswear	Zale Corp.
Four Points Corporation	New York & Company, Inc.	

Note: Customer information and complementary systems installed are based on public statements or secondary web research. We have attempted to be as broad as possible in the choices that we found. For specific installations, please contact the vendors involved.

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Company Overview

Oracle's (NAS: ORCL) business is information—how to manage it, use it, share it, protect it. The world's largest enterprise software company, Oracle offers solutions for every tier of your business-database, middleware, business intelligence, business applications, and collaboration.

Oracle's next-generation enterprise computing platform—Fusion—is being designed to enable incremental adoption of a powerful, flexible, service-oriented IT infrastructure without the disruption associated with a wholesale platform upgrade. This portfolio is built on powerful Fusion design principles, standardizing the priorities and practices of your enterprise computing strategy-saving you significant time and money.

Oracle's Store solutions provide core foundational solutions for point of service, back office reporting and tools, central transaction management, returns management and store inventory management. These applications integrated to Oracle's enterprise solutions such as Sales Audit, Merchandising, Price Management, and Inventory management deliver a dynamic and transformational store platform solution focused on delivering exceptional customer service.

Oracle has grown rapidly within the retail technology arena over the past few years, with significant acquisitions including Peoplesoft, Retek and Profitlogic in 2005, Siebel, Demantra and 360Commerce in 2006, and AppForge and Hyperion in 2007. Of particular note however, is Oracle's acquisition of Sun Microsystems early in 2010. This move highlighted a new focus for the company; an attempt to truly engineer hardware and software to work together to achieve optimum levels of performance.

Application Overview

Oracle Retail Point-of-Service - Based on the best practices of leading retail customers, Point-of-Service includes a robust set of features and functionality, including cross-channel services such as buy on the web/pick up in the store, buy in another store/channel and return to any store, save-the-sale functionality such as cross-store inventory look-up, special orders, send sales and better management of returns. This single view of the customer allows the management of in-store returns of items purchased online and ensures the items are not returned more than once as well as insuring the correct price is credited for a return and helps a retailer convert un-receipted returns to receipted returns and optionally collect return customer information..

Key features of the Oracle Retail Point-of-Service application include:

- Cross-channel, save-the-sale, and line-busting functionality
- Easy to-use graphical user interface
- Includes customer purchase, profile and loyalty information to help increase customer intimacy
- Cross-sell and up-sell capability
- Ensures accurate pricing at the POS with promotional pricing capabilities including "best-deal" and preferred customer

With Point-of-Sale, there are a significant number of deployment options, providing the retailer with freedom-of-choice to run on the platforms currently owned, implement the latest, next-generation platform, or deploy a combination of these with a migration strategy that fits both timeframe and business needs. The ease of customization, enhancements and upgrades, gives a rapid time-to-market.

Extensive Transaction Set - Features such as layaway, non-merchandise sales, and dynamically-priced kits, provide both hardline and softline retailers with assortment-specific functionality. Software flexibility allows for campaigns with multiple types of item and/or transaction discounts and promotional pricing capabilities. Retailers can give customers maximum flexibility in payment options with multiple currencies, and a full range of traditional and new tender types.

Oracle Retail Mobile POS - Mobile Point-of-Service software brings standard POS functionality to wireless RF devices. This optional, wireless version of the Point-of-Service application provides line-busting service during peak traffic periods and cost effectively service seasonal areas and support outside sales events like sidewalk sales.
All Oracle POS applications incorporate existing technical and industry standards such as J2EE, J2SE, JMS, JDBC, JMX, JavaPOS, ARTS, and IXRetail.

Oracle's Strengths

1. Size – Oracle is the proverbial 800 pound gorilla in retail technology, generally offering a best of breed solution in most retail technology categories. Their solution offerings are among, if not arguably, the broadest in the industry.

2. Platforms –Oracle boasts more platform combinations than any other POS solution provider. They have an especially strong list of Linux installations.

3. Standards – Their solution is designed based upon retail, Web and enterprise standards such as ARTS, IXRetail, TCP/IP, HTTP, J2EE, JavaPOS, and XML.

4. Customers – They have an impressive customer list that includes Burlington Coat Factory, Pep Boys, Circuit City, The Home Depot and Big Lots.

5. Rapid Response –Oracle boasts rapid prototyping, process modeling, workflow design, and code generation tools.

6. Flexibility – The fact that so many platforms are supported leaves one with the impression that a retailer's growth would be easily supported by this solution.

7. Momentum – The company has been awarded several recent contracts that has helped create momentum in the industry.

<u>POS Hardware</u> – Apple, DataSym, Dell, DigiPos, Fujitsu Transaction Solutions, HP, IBM, NCR, Sharp, UTC Retail, Wincor Nixdorf, Wyse Technology

<u>Loss Prevention</u> – Acatech Solutions, Accertify, ADT Security Services (Tyco), Checkpoint Systems, Inc., Concept 5 Tech, Epicor Software Corporation, HNC Software, INA Solutions, LP Software, MICROS, Oracle, Reflexis Systems Inc., Security Source, USS Corporation (Universal Surveillance Systems), Vericept Corporation

<u>Merchandise Allocation</u> – Epicor Software Corporation, Escalate Retail, i2, JDA Software, Jesta I.S., Lawson Software, Management Information Disciplines Inc. (MID), Manhattan Associates, Oracle, SAP, SAS, Teradata

<u>Merchandise Planning</u> – 3M, Epicor Software Corporation, Escalate Retail, i2, Island Pacific, IT Resources, JDA Software, Lawson Software, Manhattan Associates, MID Retail, Oracle, Retail Pro, SAP, SAS, Teradata, ThinkFast

<u>Inventory Management</u> - B2 Integration, Checkpoint Systems, Inc., E-Business, EdgeNet Inc., Epicor Software Corporation, Escalate Retail, Hart Systems, Inc., i2, Internal, JDA Software, Jesta I.S., John Galt Solutions, Lawson Software, Manhattan Associates, Metastorm Inc, MICROS, Nordic Information Systems, Oracle, Retail Pro, SAP, SAS, TouchTrak Systems, UTC Retail

Representative Customers

Abercrombie & Fitch	Gap Body (Gap, Inc.)	Mark's Work Wearhouse, LTD
Anchor Blue	Gap Outlet (Gap, Inc.)	Old Navy Outlet (Gap, Inc.)
Anthropologie (Urban Outfitters, Inc.)	Gap, Inc.	Old Navy, Inc. (Gap, Inc.)
Armani Exchange	GapKids (Gap, Inc.)	Perry Ellis International
BabyGap (Gap, Inc.)	Gilly Hicks (Abercrombie & Fitch)	The Men's Wearhouse, Inc.
Banana Republic (Gap, Inc.)	Gymboree	The Wet Seal, Inc.
Banana Republic Factory (Gap, Inc.)	Hollister Co. (Abercrombie & Fitch)	Urban Outfitters, Inc.
Burlington Coat Factory		

Note: Customer information and complementary systems installed are based on public statements or secondary web research. We have attempted to be as broad as possible in the choices that we found. For specific installations, please contact the vendors involved.

SAP
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Company Overview

The SAP (NYSE: SAP) for Retail solution portfolio includes customer-centric solutions that focus on the "sell" side of retailing. They enable retailers to deliver a best-in-class customer experience across all channels, while helping them to optimize their operating efficiencies and increase profitability.

SAP for Retail is an industry solution portfolio that combines mySAP Business Suite applications with a broad set of integrated retail applications to help companies profitably serve consumer demand across multiple channels. Today, more than 2,700 retailers worldwide are SAP customers, 400 of which are using industry-specific applications from the SAP for Retail portfolio.

Prior to their 2005 acquisition by SAP, Triversity had a history of leadership in retail technology. Its flagship solution, SAP Transactionware, was a versatile and highly configurable POS solution and forms the basis of today's SAP POS Solution. Retailers can tailor SAP POS Solution to their precise requirements by simply following the product's business rules, allowing virtually unlimited flexibility.

Applications Overview

SAP POS Solution – The SAP Point-of-Sale application contains configuration functions in areas such as pricing, discounts, promotions, tender types, layaways, and returns. Additionally, the application is offered with back-office functions for in-depth store level management and reporting. SAP POS supports automatic triggering of negotiated corporate discounts at the point of sale, multilevel discounts based on customer needs, best-pricing proposals based on transaction and customer type, and much more. SAP POS can retrieve information instantly from internal and third-party databases for easy, flexible implementation of loyalty programs.

Key Front End features include:

- Stored-value cards
- Suspend/resume
- Returns and exchanges
- Configurable user interface
- POS reporting

- Layaways
- Special orders
- Web order payment and pickup
- Definable menus and keyboards
- Definable receipts
- Loyalty programs
- Integrated browser
- Cash management
- Age and date verification

Key Back office features include:

- In-store safe and cash management
- Label and sign printing
- Pricing
- Inventory control
- Purchase orders
- Receiving
- Transfers
- Suggested ordering
- RF handheld support
- Physical inventory counts
- Extensive reporting functionality
- Customer profiling and purchase tracking
- Employee payroll

The mobile POS option of SAP POS enables faster transactions and a new level of customer service, giving sales associates the ability to scan merchandise with RF handheld devices before customers proceed to checkout. Sales associates can perform price checks on the spot and locate merchandise in another store in the same city when an item is out of stock at their store – enabling retailers to complete the sale and provide a better customer experience.

SAP 's Strengths

1. Thick or thin client, wired or wireless support.
2. Easily modified user interface
3. Solutions installed at over 500 retailers in 32 countries

4. Owned by SAP with a broad solution base, allows it to be part of one of the preeminent retail technology suppliers

5. Strong acquisition history in retail highlighting their commitment to the space

6. Strong worldwide presence in a variety of industries and environments help to create broad and flexible functionality

Complementary Applications Installed with Vendor's Applications

POS Hardware – Dell, DigiPos, Dresser-Wayne, Fujitsu Transaction Solutions, Gilbarco, HP, IBM, Logic Controls, NCR, Radiant Systems, SAP, Sweda, TEC (Toshiba), Tokheim, Torex Retail, UTC Retail, Wang, Wincor Nixdorf

Loss Prevention – ADT Security Services (Tyco), Aspect Loss Prevention, Checkpoint Systems, Inc., Epicor Software Corporation, I.D. Systems, LP Software, MICROS, Oracle, Reflexis Systems Inc., SAP, Security Source, Trintech Group, USS Corporation (Universal Surveillance Systems)

Merchandise Allocation – ANT USA, Epicor Software Corporation, i2, JDA Software, Jesta I.S., Oracle, Retail Pro, RGIS, SAP, SAS, Teradata

Merchandise Planning – 4R Systems, 7thOnline, Aegis Interworld, ANT USA, DemandTec, Epicor Software Corporation, Escalate Retail, i2, Island Pacific, JDA Software, Jesta I.S., Lawson Software, Logility, Oracle, Palladium Group, Inc., Retail Pro, SAP, SAS, Teradata

Inventory Management – ADI Corporation, Capgemini, Epicor Software Corporation, Escalate Retail, Field Performance Group, Hart Systems, Inc., i2, Intermec Technologies, Internal, JDA Software, Jesta I.S., LogicTools, MagStar, Manhattan Associates, Mapics, Inc. (Infor Global Solutions), Microsoft, Oracle, Planalytics, Radiant Systems, Retail Pro, Revionics, Inc., RGIS, RMS-TOUCH, SAP, Smyth Systems, Softechnics, Teradata, Torex Retail

Representative Customers

Body Shop of America, Inc. (L'Oreal)	Hot Topic	The Children's Place
Calvin Klein, Inc. (Warnaco Group, Inc.)	Hush Puppies	Torrid Plus Sizes (Hot Topic)
DFS Group Ltd.	Kenneth Cole Productions, Inc.	Town Shoes Ltd.
Dots, Inc.	Mandee (Big M, Inc.)	Victoria's Secret Stores (Limited Brands)
Fairweather	Maxrave Stores	Warehouse Shoe Sale (Eurostar, Inc.)
Fossil, Inc.	Phillips-Van Heusen Corp.	Wolverine World Wide, Inc.

Note: Customer information and complementary systems installed are based on public statements or secondary web research. We have attempted to be as broad as possible in the choices that we found. For specific installations, please contact the vendors involved.

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Company Overview

JDA Software (NAS: JDAS) provides enterprise software products and related services to help retailers track inventories and purchase orders. Its JDA Portfolio software suite includes merchandising, financial, and decision support systems at the corporate level; point-of-sale, back office, and distributed processing applications at the store level; and warehouse management and logistics at the distribution level.

In 1978, James D. Armstrong formed JDA Software Services in Calgary, Alberta, which grew to be one of Canada's largest IBM Midrange software providers. This company was sold in 1985, and Armstrong and a partner formed the U.S.-based JDA Software, Inc. in Cleveland, Ohio. Their vision was to deliver quality, packaged software and consulting services to address the retail industry's information management and transaction processing needs. After signing a substantial contract with a Phoenix-based automotive retailer in 1987, the company and its eight employees relocated to Arizona.

After ten years of operations as a private firm, JDA became a public corporation on March 15, 1996 and began trading on the NASDAQ as JDAS. Another highlight of 1996: JDA re-purchased the original Canadian "JDA" company and re-established a presence in Canada.

Over the years, JDA's commitment to the industry's evolving requirements has secured a market leading position. The global sales and delivery infrastructure includes more than 27 offices in major cities throughout North America, South America, Europe, Asia and Australia. Software applications have expanded from core merchandising and point of sale systems to today featuring an expansive collection of solutions for retailers, manufacturers, distributors and wholesalers manage and optimize demand chain processes from finished goods on through merchandise checkout at the point of sale.

During 2002 JDA introduced a significant change to their product and technology strategy with the adoption of the Microsoft .Net Platform as the platform standard for most of the applications in the JDA Portfolio. The gradual transition to the .Net Platform began in 2003 and continues, as the first series of .NET-enabled software was released in early 2005.

Application Overview

Win/DSS - This Microsoft Windows-based solution streamlines management of store operations by enabling associates to easily handle several processes -- sales, returns, exchanges, layaways, send sales and special orders -- then print regular or gift receipts, all within a single transaction, with or without the use of a mouse.

The majority of Win/DSS comprehensive functions can be executed at any POS workstation or using a portable, hand-held RF or PDA device. The interface is designed to improve accuracy, and improve customer relationships. Win/DSS is highly internationalized to support operations in foreign markets. Key Win/DSS features include:

- Point-of-Sale and Checkout
- POS Computer-based Training
- Back Office
- Store Inventory
- Real time Sales/Data Analysis
- Customer Data Tracking and Analyzer
- Loss Prevention

Point-of-Sale supports all register activities such as Sales, Returns/Exchanges, Employee Transactions/Discounts, Item/Transaction Discounts, Price Changes, Advanced Pricing, Alternate Tax Authorities, Special Orders, Non-Merchandise Fees, Layaways, Item/Price Look Up, Item/Transaction Tax Exemption, Gift Certificate Issue/Redemption, Barcoded Receipts, Gift Receipts, Coupon Redemption, Fractional Quantities, Merchandise Credit Issue/Redeem, Voids/Post Voids, Pay outs/Pick-ups, Pay in/Cash in, Price/Tax Overrides, House Account Payments, Commission Tracking, Transaction Suspend/Resume, Tenders, Associated Store Lookup, Clock In/Out and Flash Sales.

Win/DSS operates in an open architecture and runs on multiple platforms. As a result, POS terminals and PC cash drawer configurations can be mixed and matched. A dedicated store server is not mandatory. In single lane stores, back office functions can run via a “hot-key” at the POS workstation and no server is required. In multi-lane stores, a POS workstation can also act as the server. Because each POS workstation can act as a standalone device, retailers have the flexibility to move a POS terminal outside for outdoor sales or to another store for extra lanes. Sales information is saved indefinitely, and then copied to a designated server upon reconnection to the store network.

JDA Point-of-Sale - Leveraging Java computing, JDA Point-of-Sale is a slim-client store solution designed to help retailers save on maintenance costs plus reduce labor and hardware resources. Featuring a component-based architecture, JDA Point-of-Sale utilizes an application server to deliver scalability, flexibility and reliability. Retailers can simplify the customization, distribution and maintenance of their store system without compromising functionality or usability. JDA Point-of-Sale features POS and back office functions, as well as real-time access at the POS to a retailer's corporate system. The architecture of JDA Point-of-Sale allows for rapid software adjustments or upgrades on every register throughout the chain as frequently as needed.

Over 50,000 cash registers in over 15,000 stores worldwide are licensed to run the JDA Point-of-Sale.

JDA's Strengths

1. Retail centric solutions – JDA has historically focused on retail and retail only.

2. Multiple Platform Support – JDA's solutions are full-featured applications supporting both Windows (Win/DSS) and the Java (JDA Point-of-Sale) platform.

3. Brand name - JDA is clearly a well-known brand name in the retail industry, both nationally and internationally.

4. Partners – IBM, HP, Microsoft and Wincor are some of the partnerships JDA claims.

5. International presence – JDA has a good balance between their domestic and international revenue splits. Their partner's international capabilities don't hurt either.

6. Impressive customer list – No questions here; JDA has an impressive customer list.

7. Technical innovation – JDA's portfolio approach ties together a myriad of applications in the retail enterprise.

Complementary Applications Installed with Vendor's Applications

POS Hardware – CompuRegister, Dell, DigiPos, Epson, Fujitsu Transaction Solutions, Gateway, HP, IBM, MICROS, NCR, Pippard Incorporated, Radiant Systems, Sweda, TEC (Toshiba), UTC Retail, Wincor Nixdorf, Wyse Technology

Loss Prevention – ADT Security Services (Tyco), ClearCommerce, I.D. Systems, LP Software, March Networks, MICROS, NPD Group, Security Source, Trintech Group, USS Corporation (Universal Surveillance Systems)

Merchandise Allocation – ANT USA, Epicor Software Corporation, i2, Internal, JDA Software, Lawson Software, Manhattan Associates, Oracle, Retail Pro, SAP, SAS, Teradata

Merchandise Planning – 7thOnline, ANT USA, Epicor Software Corporation, Escalate Retail, i2, Island Pacific, JDA Software, Lawson Software, Manhattan Associates, MID Retail, Multimedia Live, Oracle, Retail Pro, SAP, SAS, Teradata

Inventory Management - 4R Systems, ADI Corporation, Agilysys, Bullseye Software, CamBorand, Capgemini, Epicor Software Corporation, Field Performance Group, Hart Systems, Inc., i2, Intermec Technologies, Internal, JDA Software, Karabus, LogicTools, Manhattan Associates, MICROS, Oracle, Osprey, Pacer CATS, Park City Group, Peak Technologies, Planalytics, Radiant Systems, Retail Pro, SAS, Silvon Software Inc., Softechnics, Sterling Commerce, UTC Retail, Voxware, xpient Solutions

Representative Customers

Anchor Blue	Finlay Fine Jewelry Corp.	Sports Experts, Inc. (The Forzani Group Ltd.)
Appleseed's	Francesca's Collections	The Stride Rite Corporation
Chanel	Innovation Luggage	West 49
Charlotte Russe	National Stores, Inc.	Wilsons The Leather Experts (PreVue, Inc.)
Columbia Sportswear Company	Rogers Jewelers (Gitanjali Group)	Wolverine World Wide, Inc.
Filene's Basement Corp.	Samuels Jewelers, Inc.	

Note: Customer information and complementary systems installed are based on public statements or secondary web research. We have attempted to be as broad as possible in the choices that we found. For specific installations, please contact the vendors involved.

REFERENCES

IHL Retailer Reports and Databases

Company Press Releases, 10K's

Company Web Sites, White Papers, and Product Literature

Vendor Discussions

Bureau of Labor Statistics

CIO Magazine

Other IHL Reports Available Include:

POS Software for Hardgoods Retailers - $795
North American Retail POS Terminal Market Study - $2,995
Europe/Middle East/Africa POS Terminal Market Study - $2,995
Asia/Pacific POS Terminal Market Study - $2,995
Latin/South American POS Terminal Market Study - $2,995
Retail Self-Checkout Systems in North America - $1,995
North American Self-Service Kiosk Study - $995
North American POS Printer Report - $2,695
IT and the North American Supermarket - $1,495
Small/Medium POS Sizing - $4,000
What's the Deal with Out-of-Stocks - $1,995
North America Hospitality POS Terminal Study - $1,695
RIS News/IHL Store Systems Study - $3,500

All pricing contained herein is valid as of the publication date and supersedes any pricing from previous price lists. For details and free market summaries, please see our website or see below for more contact information.

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