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Retail ™

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– Mark Ashman, CEO, HyperCity Retail (India)

India Shopping Centre Forum 2013
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TYCO RETAIL SOLUTIONS IS A LEADING GLOBAL PROVIDER OF INTEGRATED RETAIL PERFORMANCE AND SECURITY SOLUTIONS. A PART OF THE WORLD'S LARGEST PURE-PLAY FIRE AND SECURITY SOLUTIONS COMPANY, TYCO IS DEPLOYED TODAY AT MORE THAN 80 PERCENT OF THE WORLD'S TOP 200 RETAILERS. IMAGES RETAIL SPOKE TO G AMAR SUBASH, GENERAL MANAGER, SECURITY SERVICES, TYCO FIRE & SECURITY INDIA, TO FIND OUT MORE ABOUT THE COMPANY'S EXPERIENCE WITH INDIAN RETAILERS

Tyco India:
Leveraging Global Strengths for Local Solutions

By Rajeev Kumar

G Amar Subash, General Manager - Security Services, Tyco Fire and Security India

WHAT IS TYCO FIRE SOLUTIONS ALL ABOUT?

Tyco Fire Security, today, is the largest international fire security company in the world. We are US$ 10.5 bn company, totally dedicated to fire security solutions. Retail is a major vertical of our business and we are the number one retail security company. We protect close to 80 percent of top 200 retailers across the globe.

Our solutions are not just limited to the traditional electronic article surveillance (EAS), the antennas and tags, but have evolved into providing analytics to retailers with real time visibility to their inventory and assets to improve operations, optimise profitability and create memorable shopping experience for customers. These include traffic intelligence, store performance solutions, and RFID-based inventory management solutions. In a nutshell, we have transformed our business into full solution provider to retailers by not just protecting their articles but also providing analytics to help them sell more, stock right products and understand how the supply chain is structured.

WHAT HAS BEEN YOUR EXPERIENCE WITH INDIAN RETAILERS IN TERMS OF IT ADOPTION?

IT adoption by Indian retailers is pretty good, especially in metros and tier I towns. The new stores rolled out by them have good IT network that can host a number of services. However, as you move to tier II cities, connectivity issues are persistent due to bandwidth problems. If someone wants to host a video or a certain application on the network, he might not get full bandwidth in a tier III or a remote location. However, we provide very cutting edge solutions to our customers.

Most of the retailers, especially the larger ones who have aggressively expanded their business in the last few years, have understood that the gestation period is higher for them to make money. Hence, they have started focussing more on various operational parameters such as same store sales, per square foot efficiency to improve their overall productivity by leveraging their IT network. So the challenge for us remains to be relevant to our customers by providing more analytical solutions.

Today, retailers look beyond the dumb anti-theft system, try to extract data out of it, size it and understand the data flow so that it helps him improve its efficiency. For example, visual merchandising never used to

play a role in the security solutions earlier. However, things have changed dramatically. Today, there are stores where P&G wants to know the sales figures of its particular sub-brand on a daily or weekly basis. With such kind of meticulous data requirement, the retailers are falling back more and more on their IT system to leverage and optimise their efficiency.

HOW DOES YOUR FIRE SOLUTION HELP YOUR CUSTOMERS SAVE COSTS?
Our solutions help retailers manage inventories, which have a direct bearing on working capital. Today, the Indian retail space has become more expensive as compared to three years back. Most retailers do not want to stock non-moving inventories on their shelves. So it has definitely got tangible benefits when you look at our solutions from an end-to-end basis.

We also try to optimise the cost of investment for the retailer. We provide solutions that are well sized and can do multiple activities for a retailer. We have moved from just being a pure play security provider to analytics as the industry is trending towards traffic intelligence. Earlier, the idea of security was to monitor and check thefts. But now, retailers

RETAIL IS A MAJOR VERTICAL OF OUR BUSINESS. WE PROTECT CLOSE TO 80 PERCENT OF TOP 200 RETAILERS ACROSS THE GLOBE

want to know the traffic pattern at their stores pan-India – whether it is heavier during morning or in the evening or during weekdays, weekends, holidays, etc, while sitting at their head office. Retailers across the country are showing strong interest in knowledge management and some of them have invested in traffic solutions.

The last few years have witnessed aggressive geographical expansion by Indian retailers on the back of strong economic growth. Most retailers have expanded their footprint by putting up more stores. However, now they are focussing more on their profit and loss statements to optimise their costs. I think, IT is playing a bigger role in that.

ARE YOUR SOLUTIONS SAME ACROSS ALL THE RETAIL FORMATS – FASHION, FOOTWEAR, FOOD, ETC?
The hardware is common across all retail formats. However, the analytics package changes from vertical to vertical. A footwear retailer earlier used to display only a single piece (left or right) for all pairs of brands. Now they are willing to display both. They also want to give consumer the experience of trying them and then buy. This has become possible by combining security, analytics and back-end together. It also involves inventory. So while the analytics vary, the hardware might remain the same. The hardware requirement is based on per square-foot demand of the retailer, while the analytics depend on the actual business requirement.

Tyco provides analytics to retailers with real time visibility to their inventory and assets

Our solutions work across multiple channels or retail formats. The best example is our EAS solutions. There are different tags for various applications such as electronics, apparels, and accessories. We have just invented India-specific tag – to protect sarees. Sarees historically required thin tags and we have created localised solutions for the Indian market.

Recently we did a pilot project with one of the biggest chains in the country on item level. If a customer who walks into a store looking for a blue half-sleeve shirt of size 44 and approaches the cash counter, the cashier simply tells him to look at the fourth rack, second shelf. So that level of tracking is possible with the solutions that we provide.

WHAT ARE THE KEY RISKS INVOLVED IN YOUR BUSINESS?

Our business fortunes are tied with the economic trends and cycles. If retail does well, we also do well and vice versa. In order to de-risk our business from economic gyrations, we are expanding our footprint to tier II and III cities. At this stage, we have got direct sales presence in 25 cities and in more than 350 locations through our business associates.

Tyco has made a lot of investments in training its sales team and providing them with the right technical knowhow to ensure that they address not just the markets in metros and tier I cities, but also in tier II and III towns. We are seeing a lot of traction in terms of acceptability of security systems and fire systems and this is very heartening.

WHAT KIND OF INVESTMENT DOES A RETAILER NEEDS TO LOOK AT FOR INSTALLING TYCO FIRE AND SECURITY SYSTEMS?

Our solution starts from ₹15,000. We tell our retailers, especially in tier II and III cities, to go for simple, scalable solutions. To begin with, they can look at investing in our burglar alarm solutions which is available within the price range of ₹15,000 to ₹20,000. These solutions are scalable and can

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TYCO HAS TRANSFORMED ITS BUSINESS INTO FULL SOLUTION PROVIDER TO RETAILERS BY NOT JUST PROTECTING THEIR ARTICLES BUT ALSO PROVIDING ANALYTICS TO HELP THEM SELL MORE AND STOCK RIGHT PRODUCTS

be integrated to anti-theft solution.

Anti-theft solutions typically for a tier III town with 800 sq.ft. area would be available within the range ₹50,000 to ₹60,000. So we have tailor-made packages for apparel stores, jewelry stores, etc.

The intrusion solution starts at the lowest price point. It can be configured to monitor fire, smoke, intrusions, burglars, glass break, etc. It can also be monitored remotely. So it just works with a simple telephone line. A retailer can track and tell within a minute about the activities taking place in a store, from a remote location. He can even scale-up the solution at a later stage.

We try and act more as a consultant to the retailers. If we are proud to say that we protect more than seven

million sites across the globe, I think we have the opportunity to protect seven million within the country itself. Again it's all about reliability.

WHO ARE YOUR MAJOR CLIENTS?

Most top Indian retailers across different verticals are our clients. However, due to confidentiality, we do not want to name them. We cover pretty much the whole spectrum of Indian retailers.

WHAT HAS BEEN YOUR EXPERIENCE WITH ONLINE RETAILERS?

In India, the concept of online retailing is nascent and just picking-up. We are seeing more and more B2C online retailers coming up. However, our business largely addresses the brick-and-mortar retailers, that's where the physical security and fire solutions go in.

For most of the retailers who are offering products online, it is just as an extension of the brick-and-mortar store. Again, when we talk about online retail, a lot of action goes to the back-end and we have got pretty strong solutions on warehouse management, inventory, supply chain, RFID solutions. So we play a significant role even in the online space. ⊠