

STORES



A Coordinated Effort

Walmart makes conceptual conversations real

by **SUSAN REDA, EDITOR**

Last summer, Walmart asset protection executives were in the midst of numerous conversations with Tyco. With an eye toward making changes prior to the holiday selling season, Walmart was looking for an in-aisle system that would help deter losses of high-theft items at the point of sale.

Walmart challenged the retail performance and security systems provider to come up with a few different options, but it wasn't until they met at Tyco Retail Solutions' Retail Experience Center on Walmart's Bentonville, Ark., campus that the vision crystallized.

"When the center opened in late August 2015, it gave us the ability to see the solution in action and get a better sense of what they had available," says Paul Jaeckle, senior director of asset protection strategy and solution design for Walmart Stores.

Designed to simulate key store areas, the Experience Center allowed

Jaeckle to determine if the recommended in-aisle public view monitors were "the right height and the right color," he says.

"We looked at whether the monitors were at the right angle, and tested the specs of the product to determine if it was going to hold up against the wear and tear of a Walmart store."

The team ultimately decided to roll out the solution to approximately one-third of Walmart stores last year; Jaeckle says it "exceeded our expectations right out of the gate. I really don't think we would have been able to move this quickly if we were only

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able to sit around a board room table, having a conversation and trying to visualize the solution based on metrics provided on a sheet of paper."

Similar scenarios have played out in the months since the Experience Center opened, leaving both Walmart and Tyco wondering how they worked without it for so long.

EVOLUTION, NOT REVOLUTION

The genesis of the Experience Center was the desire to go from concept to real world as quickly as possible. Tyco has an account office in Bentonville, so the two teams are accustomed to gathering regularly for traditional business meetings, peppered with PowerPoint slides and the occasional new product demonstration. Still, there was no way to show how a product might work in a store environment.

"It seemed to take a long time to get past conceptual conversations," recalls Eric White, Walmart account



leader for Tyco Integrated Security. “The original idea was to dedicate a portion of the space to set up shelves mimicking a Walmart store. The idea grew from there.”

Today, the Experience Center is a 5,000-square-foot space that replicates a cross-section of areas within a Walmart store, such as side counters, checkout — including a self-checkout set-up — exit doors and even a small back room.

Part of the space is used for traditional office trappings, and there’s a section devoted to different types of technologies that are more back-end oriented, such as fire suppression. A series of pictures and graphics illustrating the inside of a Walmart unit conveys an in-store feel.

While setting up an on-campus experience center is unusual for the mass merchant, Jaeckle says speed to market was a decisive factor. He points out that for most retailers, piloting new technology amounts to a manageable 10- to 20-store beta. For Walmart, testing new technology across 20 to 25 percent of its stores amounts to about 1,000 locations.

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“When you think about how the state of retail continues to evolve, this gives us the opportunity to truly collaborate. It moves us from the concept phase to the ability to see a product live and in action at a much faster pace,” he says.

What makes this process so appealing, Jaeckle says, is that Walmart can undertake meaningful testing before introducing a product in a store. “We can play with it. We can refine it — all while remaining invisible to the customer,” he says. “Eventually, when we do go in front of the customer, we know that we’ve got a much better-baked product that meets the needs of what we’re trying to solve against.”

Tyco’s approach to the Experi-

ence Center has evolved since it first opened in late August. White initially intended to use the space to show the best of Tyco, but his view quickly shifted. He realized the value of including some technology, such as fire suppression (of which Walmart was not a consumer), as a means to leverage learning.

“It’s as important to leverage existing technology as it is to introduce new technology,” White says. “When you’re a retailer as big as Walmart, there’s never going to be a day where you tear everything out of all of your stores and replace it with something new. We don’t do that in the center either. We take the technology that’s there, and build on it.

“It’s focused on the next generation of solutions and how things talk and interact with one another,” he says. “This is really an evolutionary process — a collaboration that continues to progress.”

WHAT’S NEXT?

Both Jaeckle and White say the center is used daily. Described as a hybrid laboratory and meeting space, the two

depict the space as a venue free of distractions as compared with sitting in corporate headquarters.

“There are times when it’s important for us to just talk about the business and what’s trending,” Jaeckle says, “to have those conceptual conversations. And then an hour later we can be working hands-on with one of the mock-ups of a section of the store determining next steps.”

As for some projects the two might be looking to roll out in the coming months, Jaeckle is reluctant to tip his hand, particularly when the conversation turns to radio frequency identification — a technology gaining greater attention these days as costs become more manageable.

“Obviously, we’re keeping a close eye on RFID,” Jaeckle says. “Walmart is committed to learning and understanding where RFID is going. We continue to have those conversations with Tyco and other vendors that Tyco has partnered with. Again, it comes down to an evolution of technologies that are already out there.”

He says the company is now thinking about moving the in-aisle public view monitors into 60-80 percent of stores to make sure the technology is compatible with a broader cut of their fleet, and figure out how to touch that many stores as quickly as possible to meet the need.

“As the integration of digital and physical progresses, and as we see how customers continue to evolve with mobile pay, there’s going to be a need for us to have this lab environment to talk through the solutions that we need to stay ahead of based on risk,” Jaeckle says, “but still be able to meet the demands of the consumer that’s shopping in our stores.”

White says that Tyco is moving ahead with other retailers and RFID, noting that users can apply learning and insights and make improvements to software as they manage different types of implementations and customer demands.

“It’s not about saying to Walmart,

‘This is what competitor XYZ is doing.’ It’s more of an opportunity to share what we’ve improved and to show how it might be important to them down the road. With electronic article surveillance technology, an alarm goes off when a tag passes through the exit without being deactivated. But in today’s world, we’ve integrated RFID technology into our pedestals, and other customers are using it to gather data that was previously unattainable,” he says.

“Having the technology in the Center allows the Walmart team to learn more about it and to think creatively

Walmart challenges its suppliers to **compete and collaborate** on solutions that are the best for Walmart and for the customers who shop in their stores.

about ways that they can use that data. It comes down to aiding the decision — whether it’s an investment that they want to make, and, if so, at what level.”

CURRENCY OF COLLABORATION

The Experience Center on Walmart’s campus is the first of its kind with a retailer, but Tyco operates several similar tech labs at its offices in Boca Raton, Fla., and Irvine, Calif. It also has technology showcased at academic centers at the University of Florida’s Loss Prevention Research Council and Auburn University.

White is an advocate of these types of labs, stressing the value of testing and fine-tuning innovation. “In the last couple of years, our senior leadership has demonstrated a strong commitment to innovation and technology. We’ve always had a thriving technology portfolio — today, we’re

equally focused on research, development and innovation. The think tanks are an example of how Tyco is growing and evolving.”

Both Jaeckle and White believe in the currency of collaboration and are embracing a partnership process that they believe can result in big wins, found money and a better customer experience.

Jaeckle notes that Walmart challenges its suppliers to compete and collaborate on solutions that are the best for Walmart and for the customers who shop in their stores.

“Partnerships like this one give us the opportunity to remain nimble and to focus on advancing the business and solving for issues that are here right now,” he says, “and those that are coming in the future.”

Partnering with Tyco “gives us the ability to work together to break down walls, focus on problem solving and bringing that unique experience and expertise to a solution in a collaborative way,” Jaeckle says. “There’s also some change management in play in terms of how the relationship between the solution provider and a retailer have worked in the past. For us, the experience has been phenomenal and it’s yielding what we hoped it would.”

White drives home the point that Tyco is in business to meet the needs of its customers; it’s not about building a thing and then creatively selling it, he says.

“It’s about building the right thing, and when we place bets with customers like Walmart, those bets are really big. A pilot at Walmart is bigger than a team-wide rollout at some stores.

“We’re responsible for making sure that we’re investing in the right area with the right technology at the right time,” he says. “Having a partner like Walmart that’s willing to go through the journey with us is invaluable. It’s not always smooth and easy, but we’re closer and we collaborate much better as a result of having a place that is purposed to do that.” **STORES**