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*If it's not KWI, it's not SaaS.*



Social Media Rules ... [more](#)

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Forecast: Cloud Computing ... [more](#)

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Who's Who at KWI? ... [more](#)

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## Ten Golden Rules for Effective Social Media



Retailers today are discovering the value of having an online presence - not merely a website, but a social media program that offers a real opportunity for interactive back-and-forth with customers.

While engaging in online conversations with customers requires commitment (and resources), the effort goes a long way in deepening customer relationships and expanding the loyal customer base.

Web Worker Daily recently published ten "social media rules to live by", and we thought it was worth covering here (with thanks to Aliza Sherman):

1. Respect the Spirit of the 'Net
2. Listen
3. Add Value
4. Respond
5. Do Good Things
6. Share the Wealth
7. Give Kudos
8. Don't Spam
9. Be Real
10. Collaborate

And here is some elaboration on using those rules for an effective social media program:

- Listen. It's the best way to start your social network. Listen to the conversations happening online before you jump in to join them. Make sure you understand and respect what is already taking place. You will surely misstep if you do not listen.
- Add Value. Once you have truly listened, you will be able to discern what is valuable to your online community. Can you add value to the conversation as a resource? Have a definite and unique point of view.
- Respond. Your social media site is a door to enter into conversation. If you've listened thoughtfully and have something valuable to share, your

participation will be welcome.

- Do Good Things. Know right from wrong and do the right thing. For example, spamming is wrong - it is invasive, thoughtless, worthless and a sure way to destroy customer trust.
- Be Real. Be yourself. Even though you are representing a company or brand and are using the "voice of the company" or "voice of the brand," you can still be human. If you - or a real person who is paying attention and cares - cannot be there, don't bother with social media.

Remember that people are on the receiving end of everything you put online in more intimate ways than ever before. Don't abuse that privilege when they let you into their virtual trust.

*If you need help developing a social media program, please contact Jubin Thomas, Manager, CRM Services, at [jthomas@kwi.com](mailto:jthomas@kwi.com) or (516) 621-2400, ext. 367.*

 [back to page 1](#)

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## The Forecast is Cloudy - and the Advantages are Clear!



More and more retailers are in the clouds, and that's seen as a good thing. Cloud computing is generally defined as accessing computing resources over the Internet via a browser. All software and data resides off the company's site, managed by a technology provider.

SaaS, or Software as a Service, falls within the definition of cloud computing. The latest edition of [RIS News](#)© highlights the value of SaaS in the retail marketplace, and how retailers' adoption of SaaS as an IT solution has virtually doubled in recent years.

KWI clients should note that while cloud computing is being presented in industry media as the next new thing, KWI has been providing service on a SaaS model since the founding of our company in 1985. So you could say - and you would be correct - that we pioneered this approach. And may we say, with no false modesty, that we've had longer to perfect it than anybody else. Our delivery of superior service for retail solutions is unmatched.

Many major retailers are now functioning in the clouds, including Big Y, Bob's Stores, Charming Shoppes and Dollar General. KWI's specialty retailer clients get the same benefits as these "big guys" at very affordable rates, thanks to shared technology.

So what are the benefits? Here's a short synopsis:

- Scalable capacity, available on-demand, to handle business growth or seasonality
- Large-scale data warehouse analytics
- Fast, affordable access to temporary applications for special promotions and events
- Superior operational capabilities resulting in higher levels of customer satisfaction and loyalty
- Cost savings through economies of scale

All these advantages are enjoyed by KWI clients, without having to make capital

investments in establishing their own data centers, hardware and IT expertise. As part of our full-service commitment, we also offer outstanding programs for CRM and LP, in addition to the full gamut of Merchandising, Back Office and Merchant Services.

Which is all by way of saying, with KWI, not only are you in on the trend - you're ahead of the pack. We've been providing all the advantages of cloud computing to our valued clients longer than anyone else.

*For more information on KWI's full spectrum of SaaS capabilities, please contact Gary Brill, Vice President, Business Development, at [gary@kwi.com](mailto:gary@kwi.com) or (516) 621-2400, ext. 369.*

 [back to page 1](#)

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EXIT STRATEGY SERVICES

CRM  
SECURITY  
INTEGRATION  
INFRASTRUCTURE

SaaS XML POS

SOFTWARE ENTERPRISE

RETAIL

INVENTORY MANAGEMENT SPEED

COST CONTAINMENT

LOOSELY COUPLED

HOSTED SERVICE

# SaaS in the Enterprise

SaaS has penetrated more than a quarter of the tech stacks in retailing and has become a primary option in the CIO's tool box

**R**etailers will always need software and services. Or put another way, they will always need both offline functionality through on-premises software and online functionality through software as a service (SaaS). This may not sound wildly dramatic until you realize it signals a shift as bold as the one decades ago from centralized architecture to the client-server model.

The *RIS/Gartner Tech Trends Study* has been tracking SaaS deployment in retailing for the past four years, and according to soon-to-be-released data, the study finds a sharp spike occurring in the adoption of SaaS in the retail enterprise.

Prior to the current study, which will be available in April, SaaS was chosen by a range of 14 to 17 percent as a favored software deployment approach. But the 2010 study finds this figure jumps to 27 percent, which indicates SaaS has penetrated more than a quarter of the tech stacks in retailing and has become one of the primary options in the CIO's tool box.

## Weighing the Benefits

The emergence of SaaS began in the early 2000s when software vendors developed a new services orientation model that uses XML and Web services to pass messages among services to promote interoperability. This loosely coupled Web services archi-

ture made services-oriented software development feasible.

Today, when we refer to SaaS we typically mean software deployed as a hosted service and accessed over the Internet. It operates on a centralized, single-instance architecture and shares data and processes with other applications.

Although off premises, it essentially offers all the benefits of an on-premises application without the burden of ownership. The SaaS provider performs all necessary administrative functions like application upgrades, database backups, and operating system patches for a recurring fee that covers the cost of the software licenses and maintenance.

The term cloud computing has been criticized for being broad and vague, but there is general agreement that SaaS falls under the umbrella of cloud computing.

As SaaS spreads through retailing its impact will be profound. According to a recent study by *InformationWeek* the top reason CIOs deploy SaaS is speed to implementation. As retailers emerge from the recession with pent-up demand for new capabilities and leaner IT staffs speed will be a high-value benefit.

Following speed on the benefits list are two cost containment factors: capital expense savings and operational expense savings. These are a big part of the growing appeal of SaaS.

SaaS is able to lower costs for retailers through shifting software deployment and maintenance burdens to the service provider, thereby freeing up resources for other projects.

Two other major benefits include: on-demand, pay-as-you-go subscription models, and the ability to easily adapt to a distributed or mobile workforce. For browser-based SaaS apps, remote access is the name of the game.

But the cautious pace of SaaS adoption in retailing until recently indicates CIOs felt there were risks and hurdles to overcome before they would take the plunge.

While SaaS shifts costs and responsibilities to the service provider, it also places the retailer at the mercy of the provider for support, security and regulatory compliance.

Several other issues and concerns include fear of service outages that halt business, poor

## According to soon-to-be-released 2010 data from the *RIS/Gartner Tech Trends Study* a sharp spike is occurring in the adoption of SaaS in the retail enterprise.

response times that hamper productivity, and data ownership at the end of a contract.

As SaaS has matured over the past five years these issues have either disappeared or been resolved, and the time is right for SaaS to reach mainstream adoption levels in retailing.

### SaaS Apps in Retail

There are a number of retail applications available in the SaaS model today, including POS, price optimization, merchandising, CRM, BI and more. Here's a look at some recent retail go-lives and deployments.

**Ahold USA:** The mega-grocer currently uses DemandTec's SaaS solutions across all retail banners in the United States, including Stop & Shop and Giant Food Stores to leverage category, brand and shopper insight, also to execute merchandising and marketing strategies.

**Big Y:** The regional grocer recently began deploying a suite of pricing applications using the SaaS delivery approach from Revionics. It will use the applications to develop and execute a strategy aimed at setting prices aligned with customer expectations.

**Bob's Stores:** The regional furniture retailer uses a store communications and task management system on a SaaS model provided by Opterus. Mobile functionality for field management was an important consideration for deployment.

**Charming Shoppes:** The female apparel retailer uses a SaaS platform from GT Nexus to support and automate a range of processes including item-level visibility, air and sea freight contracting, customs documentation, and per-

formance analytics. The platform includes an import data hub that captures and standardizes information about inventory and shipments fed by partners in the supply chain. Charming Shoppes is able to track inbound inventory at the container level or according to item-level details like size, color and style.

**Dollar General:** The discount chain manages 70 billion records using a SaaS model in the cloud with 1010data, which hosts the retailer's enterprise data warehouse and provides front-end analytical tools and related support for the entire enterprise. Dollar General uses the SaaS solution to handle the addition of more than five billion records of data annually on top of an accumulated 70 billion records of historical and operational data.

**Metropolitan Opera House:** Drawing more than 800,000 people each year, the Met has a retail store that sells products to a highly motivated and loyal clientele. To help run the store, it uses an Epicor suite delivered on the SaaS model that includes store operations, merchandising, audit and CRM modules.

### Keys to a Successful SaaS Framework

Interestingly, many CIOs report that the IT department often is not the primary driver for adopting the SaaS delivery model, and instead pressure is coming from C-level or line-of-business executives. The result is that a comprehensive SaaS strategy, or at least one that accounts for a hybrid architecture of both SaaS and on-premises apps, is frequently lacking.

SaaS, of course, should be on the table any

## Cost Analysis for SaaS and On-Premises Software

COST ELEMENT	Year-One Costs		Subsequent Annual costs	
	SAAS	ON PREMISES	SAAS	ON PREMISES
Annual subscription/license	✓	✓	✓	
Application Implementations	✓	✓	✓	✓
User Administration	✓	✓	✓	✓
Training	✓	✓	✓	✓
Hardware		✓		
Data Center Space		✓		✓
Middleware/DB License		✓		
Middleware/DB Implementation		✓		
Application Support		✓		✓
Middleware/DB support		✓		✓
Hardware Management Resources		✓		✓
Software Management Resources		✓		✓

Source: AMR Research

Following speed on the benefits list are two cost containment factors: capital expense savings and operational expense savings.

time a new IT functionality needs to be brought into the company. So, here are some key areas of focus when creating a framework for evaluating and operating SaaS in the enterprise.

**Select the right provider:** SaaS is touted as simple, cheap and easy to end a contract. But don't be lulled into forgoing rigorous up-front analysis of features and capabilities. Then sign the right contract. Find out

how pricing changes as users are added or removed, and if there are bandwidth limitations. Also, look into exit fees for transferring data back in a form you specify, which includes customizations made during the course of the contract. Finally, create a formal exit plan to ensure a smooth transition and cover contingencies.

**Manage the relationship:** Experience with outsourcers will help ensure the provider is meeting your needs. Consistent monitoring and evaluation is necessary. Also necessary is a back-up plan for apps that can't go down or data that can't be lost. Part of this plan should be a weekly data export so there is always a local copy of all your data. Also, determine IT's role in support. Who manages adding users and changing passwords? Who handles tech support calls from users?

**Manage interoperability and integration:** Applications aren't effective if they operate in a silo, which is equally true for SaaS apps. Work with the vendor to determine which integration approach is best: API, Web services, middleware or a third-party SaaS integration service. SaaS app deployment should not be viewed as a point solution, but instead should be considered in a holistic way that includes integration with other internal applications.

**Secure your data:** PCI compliance and other mandated regulations have deeply impacted retail technology, so security must be a primary concern for any SaaS deployment. Much of the burden of maintaining security is shifted to the SaaS provider, but this doesn't lessen responsibility or liability. Controls must be put in place that monitor a vendor's security processes, technologies and certifications that must be kept up-to-date.

As the SaaS model matures and enters mainstream retailing IT departments will have to learn new skills and develop new strategies for dealing with a hybrid architecture that includes legacy, best-of-breed, custom and SaaS applications. **RIS**



# Why is SaaS so Popular?

Q&A: How its Changing Technology Delivery

**Some benefits of SaaS in the enterprise include shifting software deployment and maintenance burdens to service providers and freeing up resources for other projects? What other benefits do you see for retailers?**

SaaS has come a long way since it began in its original form of a service bureau. The ubiquity of the web has technically enabled a virtually unlimited number of applications to be deployed as a service. Our experience tells us that the two most important factors in choosing SaaS has been about the total cost of ownership and the desire to focus available resources on core business functions. Let technology vendors worry about the bits and bytes. Other benefits of SaaS are holding vendors accountable by paying them as they deliver over time as opposed to the traditional upfront license model, having the system operated by the experts who own the software instead of the retailers who need to find the experts and finally, if the application is truly built for SaaS, it enables retailers to virtually eliminate the need for upgrades and maintenance.

**Cost savings are also of prime importance today. How does SaaS fit into a cost-containment strategy?**

SaaS providers typically incorporate long term pricing protection into their offerings by limiting annual pricing increases to a fixed number (typically 4%) or an economic indicator such as CPI whichever is lower. More importantly, well run SaaS providers truly add value by eliminating the surprises companies have to deal with when they have staff turnover in IT, costly server upgrades when replacing aging hardware and the very intangible costs for retailers who are utilizing non current releases of the application they own. A proper SaaS engagement should enable a retailer to budget their exact costs for many years to come.

**How can retailers get comfortable with and ensure things like data ownership, uptime, availability, security, regulatory compliance and other key issues?**

Regardless of the model (license or SaaS) retailers only benefit when the relationship they have with their application software provider is built on trust, loyalty and partnership. Retailers have been relying on providers for years for accounting, legal and store

design. Any of these matters handled by the wrong party often leads to disaster. IT is no different, so choosing a partner that has a long track record of delivering satisfaction to an extensive client base is paramount. Companies often make the mistake of just checking the references they have been provided. A thorough reference check to include clients that previously left the provider as well as receiving an entire client list will better prepare the retailer. Finally, you can learn a lot about a company by their contract. Make sure your agreement protects you and does not lock you in forever.

**Speed of implementation and ROI in less than a year are important to retailers today. How realistic are these expectations for SaaS apps?**

Like all software, it all depends on the application and associated costs. However if one were to compare the costs and time to go live for owned vs. SaaS you would typically expect SaaS to win. The retail business is very well suited for SaaS due to the distributed and increasingly global nature of stores. Still, SaaS does not make sense for every business. In the 25 years that we have provided SaaS solutions, we have seen the best fit in medium sizes organizations; that is companies that need the functionality of advanced technology but don't operate on the same cost structure as their larger counterparts. Typical clients have a completely rolled out retail system in 120 days. That's on the average 50% less than a typical 6 – 9 month implementation cycle for in house solutions.

**Do SaaS delivered apps have an edge over on-premises apps, or is SaaS just one option retailers should consider whenever they add new functionality or applications?**

The concept of SaaS has been around for many years. Often I hear people referring to the SaaS model as simply a financial one in that you pay for the software as you go instead of all upfront. In fact in some cases the provider is not even hosting the application, the retailer is. That is not where I believe the true value lies for retailers. Unless the application is hosted, supported, maintained and upgraded by the vendor, retailers will not extract the maximum benefit from this type of arrangement. Another benefit to consider is that SaaS providers can frequently exceed the internal service level standards that retailers typically live by.



*Sam Kliger is the CEO of KWI headquartered in New York. For almost 25 years it has been providing SaaS services to many of the most recognized brands in specialty retail. Over 100 retailers comprising thousands of stores across the world rely on KWI's advanced technology and outstanding support for Merchandising, POS, CRM and Loss Prevention. <http://www.kwi.com>*

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## Protecting DFS - It's Our Duty!



Airports, with their steady flow of cargo, baggage and people, are prime picking grounds for theft. Travelers, baggage areas and airport businesses are all targets. One such target was DFS, and they decided to do something about it.

DFS Group Limited is the world's leading luxury retailer catering to the traveling public (hence DFS - duty free shops). They have attained their leadership position through groundbreaking store and product development, superior assortments, targeted marketing programs and -- above all -- strategic brand partnerships.

Recently they launched a new partnership ... with KWI's Loss Prevention division, The Zellman Group.

Zellman's team of LP professionals is working with DFS in their U.S. mainland locations, with potential to expand globally. After our successful investigations for them at LAX, we were formally selected as their out-sourced LP provider.

We are currently serving their four main airport locations: JFK, LAX, SFO and HH. Within each airport, DFS has multiple locations totaling 30 in the LP program. Our services for them include:

- Exception Reporting
- Investigations
- Monthly LP Tips/Awareness Centers
- Loss Prevention Audits
- Writing and implementing an Operations Manual
- Monitoring, reviewing, and communicating all over/shorts of \$40.00+ to the company's Singapore Sales Audit team

A quality LP program pays for itself many times over in restoring profits to the bottom line. If, like DFS, you're ready to assess and address the effects of loss on your business, we welcome your inquiries.

*For more information on Loss Prevention services, please contact Kimberly*

*Bloomston, Vice President, Loss Prevention Operations, at [kbloomston@zellmangroup.com](mailto:kbloomston@zellmangroup.com) or (516) 625-0006, ext. 406.*

 **back to page 1**

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## Meet the System Operations Team



*Standing from left to right, Mike Ruvolo, Kenn Pestaina and Frank Mataska.*

*Seated from left to right, Armand Albertini and John Spicijaric.*

*When you're in a jam ... and you need a hand ... who ya gonna call? Operations!*

If KWI is an engine of excellence, then System Operations is the team that keeps our internal gears turning. From servers to databases, networks, voice systems, data center, even power and cooling, the "Ops" team is the first and last line of defense. Providing administration by day, upgrades by night and troubleshooting whenever necessary, we're on duty 24x365 to make sure all systems are up and fully functional.

Beyond infrastructure, Ops oversees and/or executes all batch and reporting cycles. Every day we make sure store data is successfully loaded and that daily, weekly and monthly reports are generated. We also assure that EDI and inventory files are properly processed each day. If anything goes wrong in any area, we take immediate action.

While you can see from our photo that we're a small team, "not pictured" is an additional and sometimes underappreciated team member: our monitoring system. As good as we are, we can't be everywhere all the time. Our tireless monitoring system is our eyes and ears around the clock, covering everything from server health to network utilization, database performance and application

responsiveness. It even checks various aspects of our computer room environment, like temperature, humidity, "wetness" (water on the floor) and even our A/C condensation pumps. This guy really deserves a raise!

The humans within the Ops team work directly with customers to fulfill connectivity needs and Internet access changes. We also work closely with Helpdesk, Application Support and Development teams. Together, we handle pretty much everything that comes between an end-user and KWI's systems.

Of course, our responsibilities don't end with our external customers (that would be too easy). Ops also supports all PCs, phones, e-mail, peripherals and business applications within the offices of KWI and The Zellman Group (our LP division.) So, our customers are literally everywhere we turn. Hey, it keeps things interesting!

*For more information about System Operations, please contact Mike Ruvolo, Chief Technology Officer, at [mruvolo@kwi.com](mailto:mruvolo@kwi.com) or (516) 621-2400, ext. 322.*

 [back to page 1](#)

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## This Month's Short Cuts

Time-saving tips and ideas that are right on the money  
– from the staff of KWI.

### **1. KWI Merchant Services Tip of the Month ... from David Drucker and Phyllis Gricco**



#### **Avoid Deceptive Practices for Online Processing Fees!**

Fees for online credit card processing may differ from those for a retail merchant account. Don't be caught unaware: when considering a proposal for online services, make sure everything is fully outlined so you comprehend all of your processing fees in advance. Be thorough reviewing the proposal and applications, and don't hesitate to ask questions about anything you don't understand.

Taking the time to go through the fine print may save you from unpleasant surprises when you get your statement.

To avoid costly mistakes, make doubly sure you are quoted for online credit card processing and not a retail account. Many merchants may find that they are initially quoted, and mistakenly sign-up for, a retail account. This is a serious error, resulting in much higher fees than if you had set up your account properly.

Most online credit card processing accounts will have a rate well over 2%. If you are quoted a rate below this number, it is likely that you have been misquoted or your processor is not telling you the whole story. Be suspicious when a pitch sounds too good to be true! Work with a reputable credit partner, like KWI Merchant Services, to avoid "being taken to the bank." It's our belief, and our commitment, that honesty is the best policy.

*For more information on website card rates, please contact David Drucker, President, KWI Merchant Services, at [ddrucker@kwi.com](mailto:ddrucker@kwi.com) or (516) 621-2400, ext. 720.*

## **The Three 'R's of Retail**

Back in the good ol' days we were always told to deliver the three 'R's of retail:

The *right*merchandise in the *right*place at the *right*price.

That was then; this is now. Retailer strategies used to be dominated by product-oriented thinking. But times change and retailers need to change with them. Today, in order to be successful, we must deliver:

The *right*message to the *right*customer at the *right*time.

This doesn't eliminate the need for the right merchandise, in the right place, at the right price. However, product alone will no longer do the job. Now it matters what we say, to whom we say it, and of-course - when we say it! Your message to the First-Time Shopper is pretty clear. "Thanks for your recent purchase" should work just fine.

So when is the right time to say it? Well if you have been paying attention to our past CRM tips (and we know you have) - it needs to happen as soon as possible after the first transaction!

If you would like to talk to us regarding your communication strategy, give us a call. We're standing by to help you deliver the three 'R's, in 21st century style.

*For more information, please contact Jubin Thomas, Manager, CRM Services, at [jthomas@kwi.com](mailto:jthomas@kwi.com) or (516) 621-2400, ext. 367.*

## **3. LP Tip of the Month ... from Phil Hummel, Vice President of Operations and Business Development, The Zellman Group, LLC, a division of KWI.**

### **Can You Prevent Vandalism? Yes!**

Vandalism is a crime that receives little attention, yet it costs retailers (and therefore customers) millions of dollars each year. Like any crime, vandalism can be mitigated by being both pro-active and reactive.

Vandalism is defined as the deliberate destruction or defacement of public or private property. It may include such actions as broking lights or windows, painting graffiti, scratching glass, knocking over trash cans, planters and outdoor furniture.

Graffiti is one of the more common forms of vandalism, and may be the first sign that gangs have targeted your business area. Gangs use graffiti as their street "telegraph," sending messages about turf and exploits. Graffiti identifies territorial

boundaries and members, and communicates with rival gangs. It's their way of saying "this area belongs to us," and retailers must respond that it doesn't. Here's how:

- Use good lighting in and around your business. This makes potential vandals more visible and improves the chances of catching them in the act.
- Design exterior landscaping to improve line of sight and reduce hiding spots - also a good deterrent to robbery and burglary.
- Use graffiti-resistant paint and remove/paint over graffiti as soon as soon as it happens.
- Use window film in higher risk areas or if you have had problems with broken windows or glass etching. Window film is less expensive to replace than glass and, as an added bonus, can reduce your energy costs.
- Use unbreakable fixtures.
- Lock any gates, garages and external doors around your business to prevent unauthorized access.
- Restrict access to restrooms to employees and customers only and check frequently. Implement a key program if necessary.
- Join together with your neighboring businesses and community police officers to address vandalism problems.

*For more information on Loss Prevention services, please contact Kimberly Bloomston, Vice President, Loss Prevention Operations, at [kbloomston@zellmangroup.com](mailto:kbloomston@zellmangroup.com) or (516) 625-0006, ext. 406.*

 [back to page 1](#)

---