

WORKFORCE AND BANDWIDTH

Communications and Connectivity

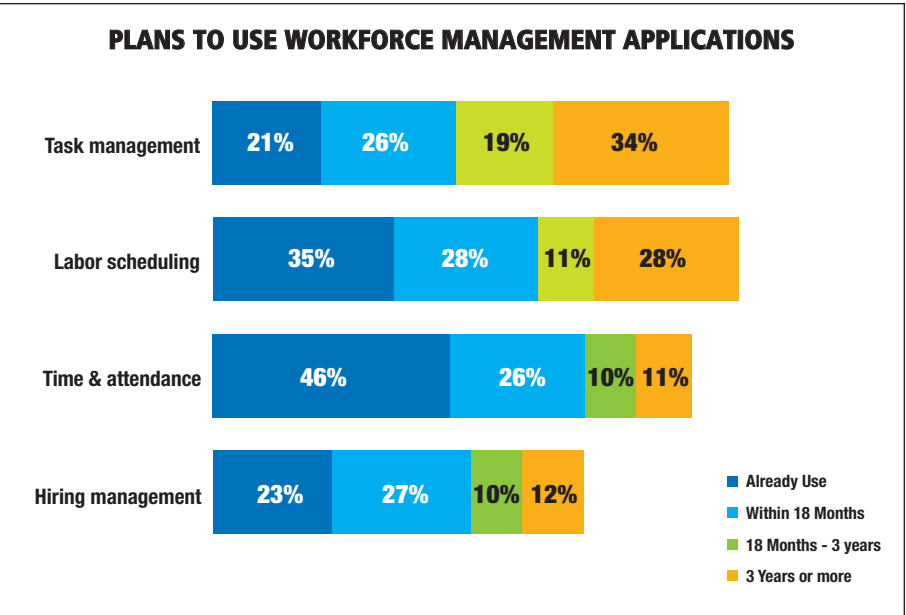
LINKING HEADQUARTERS-TO-STORE COMMUNICATIONS AND WORKFORCE MANAGEMENT

Workforce Management applications continue to be a heavy source of investment for retailers. This is not surprising, considering labor is the top variable expense at the store level for a retailer outside of inventory. What is surprising is the low level of use for applications we believe should be more widespread.

For example, only 46% currently use Time and Attendance Software, and only 43% of these are in the more-than \$1 billion category. Even fewer use Labor Scheduling (35%), and surprisingly only 26% of these in the greater than \$1 billion range.

It should be noted that among technologies in the market today, none has a user group as enthusiastic as those using Task Management software. Retailers who have adopted this technology generally rave about the impact it has on improving communications between the home office and stores. Of all the workforce management technologies we track, Task Management is on a faster adoption curve due to strong word-of-mouth.

For this year's study, we wanted to see if there was a relationship between headquarters-to-store communications technology and Workforce Management (WFM) solutions. Our assumption is that given the current retail labor situation of rising costs, decreasing loyalty and decreasing pool of talent, retailers that are best equipped to handle store-level



human relations are going to be the ones that survive (and even thrive) in times of economic uncertainty.

Fully 92% of the respondents have at least some high-speed WAN capability touching their stores. DSL, Satellite and Frame Relay account for 60% of the total, and 70% of all high speed communications.

For retailers with high-speed connections, Time & Attendance is used by 48% now. Another 16% are planning to deploy it in the next 12 months. Labor Scheduling is already used by 36% of retailers, with another 15% slated for

adoption in 12 months. While Labor Scheduling tends to be used by larger retailers more than Time & Attendance, 35% of retailers using high-speed connections use both Labor Scheduling and Time & Attendance.

Hiring Management is used by 27% of retailers with high-speed connections. This solution would seem to be intended for big retailers, but 30% have revenue of less than \$1 billion.

Task Management is the newest solution in the WFM suite. Among retailers using high-speed connections, one quarter (25%) already use it, and three-quarters of these are large retailers.

When comparing retailers with high-speed connections to the store, we find that the various WFM solutions are embraced more readily by those with faster connections. The most drastic difference is found with Task Management, where retailers with fast connections are nearly seven times more likely to be using Task Management than retailers with low-speed connections.

The same holds true for other WFM solutions. Retailers with high speed connections are more likely to use Labor Scheduling (24% more likely), Time & Attendance (29%) and Hiring Management (313%) than those with low-speed connections. ■

STORE WAN MATURITY

