

“How to Peel the Onion with Less Tears”

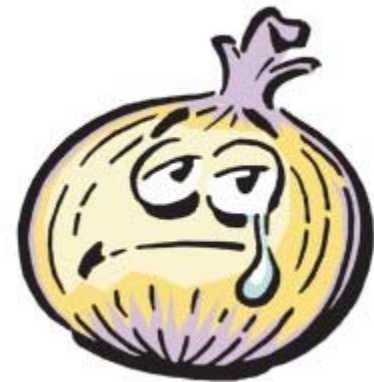
Experiences of an EBR Implementation

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Vendor Selection

- Develop a process where you can fully articulate why you selected the vendor you did
- We used a comprehensive selection process where we identified key business requirements and assessed each vendor and scored them on 107 different questions based on our observations in the following categories:
 - General
 - Vendor Support
 - Cost
 - Technical Capabilities
 - Functionality
- Conducted reference checks for each vendor
- Conducted independent reference checks through industry contacts
- Vendor Impression Surveys

Setting Expectations

- Identify all key leadership positions and business partners who will be involved in the EBR process
- Identify upfront what their expectations of the project are and what perceptions they have about implementation
- Help reset their expectations upfront so you are not forced to chase an unreasonable goal:
 - Vendor Selection – 2 Months
 - Contract Negotiation – 1- 2 Months
 - Design and Implementation – 4-6 Months
 - Post implementation QA testing - 2 Months
- Be able to answer the difference between building a home grown system and buying an off the shelf solution (This can be an interesting one)

The value of EBR software

- **Institutional/Industry Knowledge** – existing software solutions have been created based upon the specifications of the retail Loss Prevention professional and address the real world needs of the industry. Often a company does not know what it doesn't know and it is only through looking at what has worked well for other retailers that they discover new opportunities for improvement.
- **Actionable Exceptions vs. Data Mining** – the tool is designed to create exception based outputs that will be high risk transaction that meet a criteria that has historically resulted in theft or fraud
- **Intuitive Design/Ease of Use** – working with a wide user pool with a large amount of real world experience, the user interface has been initially designed, and continually evolved, to be the most time effective process for finding and investigating shortage issues for technical and front line investigators
- **Speed of Implementation** – the initial development has already been completed and tested thoroughly. Proven processes are then used during implementation.
- **Robust Data Availability** – since the product has already been developed, retailers have a wide range of data options rather than just the “most needed” information usually provided in an initial development.
- **Ongoing Development** – to be successful, an exception based reporting vendor must proactively stay up to date with emerging trends and processes and update the tool to handle these issues.
- **User Community** – a vendor provided solution creates a community of users across multiple retailers and business models. These users are more often than not a great resource to other users of the product and allow a company to benefit from multiple years of experience. Additionally, new LP associates will have actual experience with a vendor provided solution and can markedly reduce training time.
- **Committed Resources** – a vendor provided solution provides technical and support resources that are committed to the product
- **Drill down Capabilities** - these tools provide the ability to drill down into transactions with the click of a hyperlink, creating time saving and efficiency.

Developing an Implementation Team

- The most critical component to the success of your project will be to pull together the right team for the project early on in the process
- Develop your base team during the vendor selection process and give your IT project manager the ability to sit in on vendor demos
- Engage IT leadership and ensure they understand the objectives of the project and that they are aligned with the objectives
- Develop and intricate understanding of IT, Procurement, and Finance processes
 - Most IT groups now have an internal project approval process and prioritization matrix. Understand what you need to provide to ensure your project is a high priority (low, and medium priority projects usually don't get done)
 - Understand the procurement process. Do they need to be involved during vendor selection or only once a vendor is selected? Failure to do so could set you back months in the selection process
 - Understand how to get your vendor paid once they are onboard

Project Constituents

Security/Legal

Project Exec: Director, Corp Security BCDR
Project Owner: Assoc Director, Corp Security
Project Manager: National Manager, Loss Prevention
Project Support: Manager, Legal

Procurement

Support:, VSO



IT Support

Project Mgmt: Associate Director, IT Finance
Project Mgmt: Sr. Systems Analyst (Project Manager)
Project Mgmt: Sr. Analyst (System Architecture)
Project Mgmt: Sr. Systems Analyst (Info Sec)
Project Mgmt: Sr. Systems Analyst (EDW)
Project Mgmt: Sr. Member, Technical Staff (EDW)
Project Mgmt: Sr. Member, Applications Staff (CAM)
Project Mgmt: Sr. Programmer Analyst (DBA)
Project Mgmt: System Analyst (DBA)
Project Mgmt: Sr. Member, Tech Staff (LDAP)
Project Mgmt: Manager IT Finance (Production Support)

Senior Support

CAM: Executive Director
CAM: Associate Director
EDW Support: Director, IT
POS Support: Director, IT
IT Security: Exec Director

Vendor

President
VP IT
VP LPS
Project Mgr
Account Mgr

Business Teams

Commission: Exec Dir, Treasury
VIIA: Assoc Director, IT POS Systems
Audit: Assoc Director, Internal Audit
Treasury: Exec Dir, Treasury

Technical Considerations

- What is your data source?
 - Data Warehouse
 - Pros
 - Single source of information from all systems
 - Cons
 - Data can be delayed due to technical issues (use load date -2 for extract)
 - Inaccuracies in data due to incorrect load or purge process
 - Missing data because there has not been a need in the past (voids, no-sales)
 - De-normalized data can create some challenges building the extract process
 - T-Log/POS-Log
 - Pros
 - Accurate information
 - Typically more data rich
 - Information is passed down in a more timely manner
 - Cons
 - Unable to pull secondary data sources in a single extract process. This will require more IT resources up front and create more failure points during the extract and load process

Technical Considerations (Continued)

- Will you need to purchase a server?
 - Work with your IT team early on to determine if you need to purchase new servers
 - If you do this could add over \$100,000 to your project if you need a development and production environment
- Will you be required to use LDAP authentication?
 - If so ensure you have a specific IT resource to assist with this



Tackling the PCI Monster

- Engage Information Security team as soon as you are considering an EBR solution!
- Develop an understanding of what PCI is and what requirements there are surrounding PCI
- Understand the difference between hashing and encrypting. What are the benefits of both.
 - How do you decrypt
 - Key management if encrypting
 - What is the output value and how will it interact with your EBR tool
- What is a PCI “Zone”?
 - Your Info Sec team will appreciate if you can keep this application out of the “zone.” This will be one less piece of software that will need an audit during the annual PCI external audit
- Understand how your vendor will handle PCI compliant data (Most vendors expect you to pass them PCI compliant data)
- If you have the ability to pull in encrypted data and have the ability to decrypt who will you grant access to do this

Design Documentation

- Research the specific issues that surround your business
 - Study all the theft and policy related cases in your case management system
 - Interview business partners (Audit, treasury, operations, compliance) on what methods of theft they have observed in the past
 - Network with industry partners to understand where they are having issues
 - Develop a document that identified all the different methods and potential methods indentified. We defined 132 scenarios of which we prioritized as A, B, and C to ensure we focused on the most impactful fraud and theft methods
- Ensure that all the required data elements are contained in the designed docs that would assist in the detection of the methods of theft identified
- Your best chance to develop a highly effective EBR tool is during implementation



Data Mapping

- Ensure that you have the right expertise on your implementation team be able to develop effective extracts
- Ensure that there are no duplicate records on the primary keys in your EBR solution
- If you are using a data warehouse extract for your POS data you will need to invest a significant amount of time into developing the SQL statements that get you the results you desire
- Ensure you have a test environment where you can process specific transactions and verify how the data flows through to your extract
 - This is critically important if using a data warehouse
 - If you don't have a test environment develop a plan for how you will do this in a production environment

Software Installation

- Ensure that you are part of the install process
- You will learn so much about how the behind the scenes processes work. This will help you communicate with your production support team on specific issues
- Understand and give input into the scheduling of the load process
- Understand what type of load and processing errors the system will generate, where they are stored and if anyone is getting notified of errors

Questions?

