



Innovation in Retail:
**How to Transform Your
Business Processes and
Empower New Ideas**

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For many retailers, the pandemic highlighted the tremendous value of operational flexibility and organizational agility. As the retail environment continues to evolve, those traits will help drive big new ideas and exciting growth opportunities. But what can your business do right now to prepare to make the most of those future innovations?

The vast majority (**82%**) of retailers are currently undertaking significant business and technology transformation initiatives, according to a recent EY survey. While brands develop their growth strategies and position their business models for the future, many will likely seek to increase their flexibility and agility by assessing their core processes and workflows.

In this eBook, we'll explore five ways retailers can prepare themselves — and their systems — now for future success.

- Be Flexible
- Be Agile
- Be Knowledgeable
- Be Ready to Act
- Be Willing to Stretch

As they lay the foundation for the future, retailers should address some key questions, including:



What new business models can help us drive recurring revenue and customer loyalty?



What complexities may emerge with the potential to impact our current practices if we choose to embrace new channels, open more stores or launch new products?



What happens if we open our own marketplace or embrace a subscription selling model?



How can we get ahead of key business disruptions, such as supply chain constraints and workforce issues, to always ensure a consistent customer experience?

These questions require agile workflows and processes supported by systems that can address the complex operational and competitive challenges retailers face today.

1 Be Flexible

Today's innovative thoughts need room to grow into big ideas. That requires developing flexibility within your organization. For example, you might decide to adjust the way you provide services to respond to shopper preferences, evolving local health guidance like mask mandates or in-store capacity restrictions, or changes in your workforce resources.

Given the dynamics of the current global supply chain, your next big idea could call for a more strategic alignment of inventory. For example, you may want to expand the shipping options you offer customers so they can continue to receive high-demand items quickly or to tap into new fulfillment locations. Flexible processes enable you to mitigate challenges in the face of shifting product availability and customer demand.

Improving your organization's flexibility so you can respond to — and stay ahead of — changing market dynamics is a vital step in moving new innovations forward.

Supply chain diversification has become key to flexibility in today's quickly shifting landscape. Rather than relying solely on established supplier relationships, a wider vendor network can provide you access to more options when it comes to getting high-demand products on shelves and avoiding out-of-stock situations.



To further capitalize on the benefits of a diverse supplier network, consider where you can develop greater flexibility.

- Systems with rigid parameters may hinder your ability to rapidly onboard new supply chain partners. Instead, seek ways to increase infrastructure flexibility so you can take advantage of new procurement and fulfillment opportunities quickly.
- Outdated processes might harbor redundancies or waste. Focus on implementing workflows that are flexible enough to support new business needs and requirements without consuming unnecessary resources.
- Long-standing constraints could limit how deeply you can transform your operational methods. Look for ways to create flexibility within your processes that will contribute to greater efficiency, from procurement all the way to order delivery.

Flexibility enables you to maintain a robust and reliable supply chain, even if global logistics continue to be problematic.

Similarly, by increasing the flexibility within your infrastructure, you can more effectively use emerging technologies to go to market with that next big idea. You'll be positioned to get the most out of your current licenses — including your CRM, ERP and other platforms — and take full advantage of your technology stack. Extensive modularity allows you to pick and choose key pieces, swapping out anything that doesn't deliver the right capabilities in favor of more robust options and expanded integration opportunities. When your different systems can talk to one another, you eliminate internal bottlenecks and enable innovation.

Retail leaders should energetically support improving and optimizing existing processes and workflows all the way down to the associate level.

Insight gathered from employees at all levels of the organization — including corporate staff, frontline managers, store associates, warehouse workers and delivery drivers — helps inform the broader organizational strategy and achieve greater flexibility in areas that benefit from it the most.

“Omnichannel is generally looked at as customer-facing, but it's also important to provide omnichannel visibility to associates at the store level so they can address and respond to customer needs. When retailers don't empower store teams with real-time information on orders, inventory and other elements, they can't deliver the best customer experience.”

- [Asad Ahmed](#), Principal Industry Solution Advisor, Retail, Oracle NetSuite



51% of associates believe their brand is pioneering new ways to engage customers in physical stores, but **43%** say they don't feel consistently heard when making suggestions to corporate about in-store changes.

Source: [Zipline](#), [2021 Labor of Love Report](#)

A strong feedback loop ensures you're attending to the needs of each functional area and improves morale and buy-in from the workforce. As omnichannel commerce becomes the cornerstone for many retailers, a holistic technology environment built around closely integrated systems, a well-connected workforce and robust data sharing across functions may help your brand successfully adjust the business to market dynamics.

2 Be Agile

Retailers must pair operational aspirations with organizational agility to take advantage of new opportunities and innovations quickly. Flexible systems and processes give you the backend strength to tackle exciting initiatives, and agility enables you to successfully pivot your business when those moments arise.

Your next big idea may include:



Launching new channels so you're always closely linked to your customers



Opening new stores to capitalize on profitable markets



Developing and releasing new products to stay ahead of competitors



Introducing innovative new services both virtually and in-store to drive shopper loyalty and maximize traffic across the entire brand footprint

But before any of that happens, executives need to put forward-looking capabilities in place to capitalize on market opportunities quickly and efficiently.



Begin by reviewing your existing infrastructure and crafting a straightforward and easily repeatable deployment model for your chosen technology stack. You want your core systems and connectivity — from your ERP to your POS platform, inventory management, order processing and fulfillment solutions — to be available for new initiatives.

This is often a challenge for retailers that may rely on customized systems and operational workflows handed down from their early brick-and-mortar days. Whether you want to enter a new marketplace or offer new services to customers, your systems must be agile enough to deploy quickly, with highly efficient automated setups that ensure you're following industry best practices.

Looking across retail and understanding how other brands have developed a culture of agility, you can leverage those lessons and move your own organization further down the maturity curve.

Consider:

- What are your current processes?
- If a process isn't in line with industry best practices, why not?
- Are there nuances within your organization that may drive a different set of needs?
- Are you willing to change established workflows if it becomes clear you could optimize them for agility?

"You must offer customers a safe environment, where credit cards are processed using up-to-date security standards and customer information is properly protected in every other location, including within your marketing, CRM, loyalty, social or ERP platforms."

- **Nate Stohrer**, Principal Consultant, Vertex

Many retailers with roots in brick-and-mortar may not have undertaken a chainwide refresh, such as replacing POS registers or updating other components of store architecture like handheld devices for store associates, customer-facing kiosks or touchless technologies. This can present big problems as industry standards evolve.

Simply put, an outdated infrastructure means you can't quickly take advantage of new technologies. It also could limit the functional areas within your business from leveraging the most effective systems when you're ready to turn innovative strategies into reality. On the other hand, the implementation of targeted technologies and processes empowers you to deploy fresh strategies and implement new ideas in a matter of months rather than years, a critical advantage in a sector as dynamic as retail.

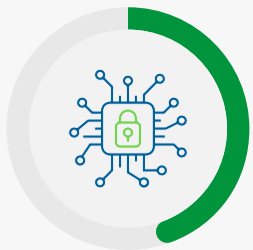
3 Be Knowledgeable

Change is a constant in retail, and brands must stay ahead of industry developments, including compliance mandates, tax and reporting regulations and data privacy laws, as well as:

- Local regulations that govern product categories and their tax structure
- Consumer protection rules at state, federal and regional levels
- Jurisdictional requirements to charge, collect, remit and report tax based on fulfillment and/or delivery locations

You can't enter a new market, introduce a new product, launch a new marketplace or develop a relationship with a brand partner without navigating an ever-evolving landscape of regulatory requirements and compliance obligations. But establishing all that knowledge in-house before you bring a new idea to fruition is more than most retailers can manage.

Leaders in your privacy, security and tax teams can bolster their knowledge with help from an experienced partner educated in retail business operations. In addition, the right support network will have deep expertise to work with your organization and unpack all of the updated regulations and new mandates that might cross your radar.



Cybersecurity and data privacy risk was the challenge most often cited **(46%)** related to IT resilience in retail.

Source: [BDO, 2021 Retail Digital Transformation Survey](#)



The marketplace your company is evaluating today may look different just six months from now. Some locations quickly launched new tax rules in response to shifts in revenue patterns during COVID-19, for example, and rates often vary from one city to the next.

A physical presence in a new state or jurisdiction may require collecting new taxes. The addition of a fulfillment center — even if it's within a retail store — could also expand your reporting and remittance requirements. You don't want to lose money on transactions due to the application of an incorrect taxation structure. Knowing what's expected of you and how to maintain a solid financial picture as your new innovation comes to fruition could mean the difference between a successful go-to-market strategy and one that saps your bottom line.

Don't let the unknown stop you from making your next big idea a big hit. Instead, develop relationships with experienced technology and tax partners to ensure you have the insight and guidance you need to make the best business decisions. Work with your solution providers to build capabilities within your infrastructure that will position you for the future. While that may mean implementing new software solutions, these experts can also offer advice on directing your technology investments toward the right set of system integrations, workflows and practices, so you can scale your operations while meeting new compliance obligations.

As you evaluate your existing capabilities, remember that no one solution is best-of-breed in everything. Ideally, you should seek to implement open systems, with a large ecosystem of knowledgeable partners available that can provide access to targeted platforms with the features you need.

These fast-moving changes can ripple across your organization, leaving you with questions such as:

- How will upcoming tax legislation impact the profitability of your new idea?
- Can you meet expanded reporting obligations with your existing technology stack?
- Are you prepared to comply with the data privacy regulations in a market you're still exploring?

“The key to making good business decisions around compliance and regulatory issues is the ability to have information available far in advance. Retailers need someone to inform them about upcoming legislation and emerging trends so they can understand what's coming down the pipeline and how it will impact their future strategies.”

- **Nate Stohrer**, Principal Consultant, Vertex

4 Be Ready to Act

The time to upgrade your processes and systems isn't when you're opening new stores or embracing a new channel. Instead, you need scalability and resiliency built in ahead of time so you can hit the ground running. Moving from planning to action is all about enabling your enterprise to act quickly when opportunities arise.

Much of retailers' recent efforts have been reactive — adjusting to consumer needs and local health guidance in response to the pandemic, shifting product catalogs and suppliers in the face of enormous supply chain disruptions and changing processes amid unprecedented staffing pressures. Moving out of firefighting mode and adopting a posture geared toward innovation and conceptualization takes a mindset shift for retail leaders and employees.

First, it's imperative that you identify the main goals you want to achieve. Do you want to:

- Enter new markets?
- Launch new services?
- Expand your selling channels?
- Partner with another brand that can round out your selling or fulfillment capabilities?

Whatever your aim, you need a solution that enables your mission without adding complexity to your infrastructure. The pandemic revealed a deep need for the ability to move from insight to action, and to implement big ideas in short order.



By cultivating partnerships with the right experts and understanding the trends impacting retail — not just among your competitors, but trends across the broader consumer base, within your workforce, and also those related to the technology market, compliance landscape and security sphere — you'll have the insight to scoop up valuable opportunities.

For big ideas, time is of the essence. For example, juggling different legacy systems and trying to deploy them across various countries is a huge time burden.

When you think about the future, you don't want to spread your resources too thin and put time and energy toward initiatives that aren't your top priority. Instead, center your strategy around your primary path and the functionalities you need to achieve it, then work with your partners to ensure everything else can come into place.



42% of consumer products CFOs say that ineffective models and systems are the main challenge in reacting quickly to either market threats or growth opportunities.

Source: *EY, [2021 Global Capital Allocation Survey](#)*

“You don’t want to build a piecemeal system because you’ll just continue reacting to the situation you’re in today. When you think about building a solution that enables you to manage your inventory, your customers, your omnichannel strategy, multiple brand strategies and different marketplaces, you need a diverse ecosystem with partners that can help you quickly respond to new market opportunities.”

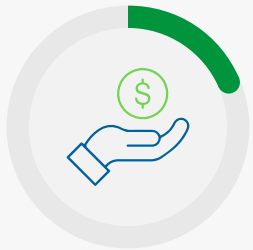
- **Asad Ahmed**, Principal Industry Solution Advisor, Retail, Oracle NetSuite

Prepare your teams for action by evaluating any monolithic apps and traditional systems based on older technologies. Do those need to be updated to more current versions or replaced with something that’s best of breed? If so, take advantage of the time you have today to enable your organization with the right tools, which will help you move quickly and have a sound strategy in place when the next big innovation comes along.

5 Be Willing to Stretch

By their very nature, big ideas go beyond the status quo. That means your organization needs to be willing and able to stretch beyond established practices and look for new ways to achieve its goals. Sometimes that stretch is uncomfortable. Sometimes it's daunting. But that's how big ideas happen.

You'll need new processes, workflows and tools to achieve success with innovations that take your business model in new directions. Retail executives committed to leading the sector in the years ahead should consider some key elements to be sure their organizations are prepared for that big stretch.



By 2025, **20%** of B2C revenue is forecasted to be generated from recurring revenue models. This shift will impact retailers' marketing strategies, spend and channels.

Source: [*Gartner Top Marketing Predictions for 2021, Dec 2020*](#)

Subscription selling models, for example, bring with them tight scheduling tolerances and the need to deploy products and ship them to customers in the correct timeframe. In addition, today's digitally savvy subscribers expect an online or mobile-based portal to manage their subscription, with access to histories, tier levels (if applicable), and any other subscription benefits. That could mean additional loyalty perks, custom discounts or even access to digital events.





Optimizing revenue is also crucial, since retailers don't want to spend days recognizing the value from a \$50 subscription. As a result, lowering transaction costs becomes a priority. In short, many new initiatives rely heavily on backend services, such as selecting price-friendly payment gateways, enabling new engagement channels and enhancing other operational components.

Leaders need to be willing to look outside existing processes and craft a plan to cater to customer needs while preserving success — financially, reputationally, and competitively — for the brand.

Get Ready For The Future

Rising from the disruption of the pandemic and a shifting retail landscape, brands have a fantastic opportunity to launch big new ideas, expand their omnichannel businesses and build their competitive posture in the months and years ahead. By empowering their organizations with the right technologies and processes now, retail executives can enhance their teams' operational agility and flexibility so they can deliver consistent and frictionless experiences across all channels and drive market share.

To accomplish your company's mission and achieve innovation, you need to align with the right partners. Together, Vertex and NetSuite provide solutions that enable retailers to better manage and support their omnichannel businesses today and tomorrow. With a full suite of integrated solutions, they are trusted by the world's leading brands, providing technology and services to help customers increase efficiency, and become more agile, enabling them to confidently capitalize on new market opportunities.

Vertex offers a full suite of Built for NetSuite validated solutions, including integrations with NetSuite ERP Legacy (Single Company and OneWorld), SuiteTax and SuiteCommerce, empowering businesses to automate their back-office business processes and streamline order-to-cash transactions. And as the leader in tax technology for more than 40 years, the experts at Vertex can help retailers to keep pace and remain compliant with fast-moving changes in global, regional and local tax and regulatory requirements. Developing strategic relationships with experienced tax and technology partners such as Vertex and NetSuite will ensure you have the insight and guidance you need to make the best business decisions.

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About Vertex

Vertex Inc., is a leading global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply, and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added, and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,200 professionals and serves companies across the globe.



Retail TouchPoints and design: retail give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.



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NetSuite ERP is a cloud business management solution that automates core business processes to improve operational efficiency and provide real-time visibility into operational and financial performance. With a single, integrated suite of applications for managing financials, order processing, inventory management, HR, professional services automation, omnichannel commerce, supply chain and warehouse operations, NetSuite ERP gives companies clear visibility into their data and tighter control over their businesses. For more information, visit our website www.netsuite.com.



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