

Editorial Backgrounder

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StoreNext provides stability for independent grocers in a fragmented information technology market

StoreNext Retail Technologies LLC was formed in 2002 with a singular charter to develop and market information technology (IT) systems that drive costs and inefficiencies out of independent grocers' store operations while enabling them to compete with larger, national chains.

According to the Food Marketing Institute, in 2002, there were nearly 33,000 supermarket stores in the U.S. doing \$2 million or more in sales annually. About 65 percent of them – or more than 21,500 – are categorized as “chain supermarkets,” while the remaining “independents” are defined as typically wholesaler-served grocers with 11 or less retail locations. StoreNext believes that when the “mom and pop” and smaller stores are included – typically those with annual sales of about \$1 million or less — the total independent market approaches 20,000 stores.

With razor-thin net profit margins driving limited capital expenditures, these independents have historically been at a competitive disadvantage against national chains, particularly in the area of in-store technology that can increase shopper retention and improve store financial performance. Enter StoreNext.

“StoreNext’s strategy for serving independents is two-fold,” said Ray Carlin, president and CEO of StoreNext. “Our standard hardware and software offerings such as Fujitsu’s TeamPoS point-of-sale terminals and peripherals are coupled with Retalix software to provide a common platform and a stable core offering for our entire customer base.”

Independents can implement that core by adding a broad array of packaged and fully integrated in-store technologies including back office applications, electronic shelf labels, mobile handheld applications, fuel and loyalty/CRM systems.

Carlin says this approach protects grocers’ capital investments while providing an easier migration path to newer technologies, such as Connected Services™, which represents the second leg of StoreNext’s strategy.

Connected Services is StoreNext's portfolio of secure Web-based store applications, including powerful hosting, data management, analytics and system management tools previously available to only the most sophisticated major chains.

According to Carlin, Connected Services provides independents an immediate return on investment (ROI) because they avoid the normally required initial cash outlays for hardware, software and support. Since these and other costs would exceed the monthly fees for Connected Services, the "payback obstacle" is effectively eliminated. Carlin points to this as a key factor in StoreNext's leveling the competitive playing field; the immediate positive cash return enables independents to efficiently use technology versus having to struggle along without it.

"This 'subscription-based, software-as-a-service' model gives independent grocers a streamlined and efficient approach to IT management," said Carlin. "Independents that are leveraging Connected Services are seeing productivity improvements, better product information and availability, better data upon which to make business decisions, and the ability to improve customer service and responsiveness."

Bill Bishop, president of **Willard Bishop Consulting**, a Chicago-based marketing and business development consulting firm specializing in retail and information technologies, characterizes the StoreNext joint venture as, "without question, a very big idea."

"This has never been more important, since every retailer needs to reduce costs without negatively impacting the value and service they deliver to the customer in order to remain competitive. By outsourcing vital IT needs and services to StoreNext, independent retailers can concentrate more of their energy on what they do best – running a great store and providing great customer service."

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