RFID POC to Pilot and setting KPI’s

Australian Retail RFID Alliance March 8 2017
Organisational Readiness

- Has the project got approval from a C Suite advocate or the business owner?
- Are you involved in other large projects currently?
- Is there a budget allowance and timeline for the project?
- Are key stakeholders involved/engaged – IT, Retail Ops, Merchandise/Design, Store Design, Logistics
- Is your business case clearly defined and benefits understood – Labour savings/Cost savings/Revenue benefits
- Are current business and process performance benchmarks understood – Inventory Accuracy, Task in store by hour, Replenish and refill, Click and collect or similar.
Who to partner with?

- Is there an existing relationship?
- Can they demonstrate a channel specific track record?
- Who are their global customers?
- Can they facilitate working site walk throughs/client contacts?
- Are they an end to end integrator or do they partner in areas?
- Can they demonstrate the use cases your business requires?
- Is their user interface easy to navigate and platform compatible?
- Have they integrated with your existing BI tools previously?
- Are Professional Services rates known?
- Will support be available across geographies/timezones?
- What are systems future capabilities/use case flexibility?
• Store selection is important – trading history in 1 to 3 stores across grading levels.
• Articulate your challenges and target outcomes so that a project scope can be developed
• Identify your preferred item level tag type/types
• Is it an in store only or supply chain included model – Vertical supply chain is the sweet spot
• Identify your RFID champions at each level – HO/DC/Stores
• Open a dialogue with POS/ERP/WMS platform providers so API discovery can begin.
## KPI’s – Typical Examples

<table>
<thead>
<tr>
<th>KPI</th>
<th>Owner</th>
<th>Target</th>
<th>Last Values</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Accuracy (Total SKUs)</td>
<td>QuickStart BO: Reports &gt; Stock Accuracy</td>
<td>98%</td>
<td>97,80%</td>
<td><img src="https://example.com" alt="Green" /></td>
</tr>
<tr>
<td>Stock Accuracy (Active Season SKUs)</td>
<td>QuickStart BO: Reports &gt; Stock Accuracy + CustomerY active SKU list</td>
<td>98%</td>
<td>97,70%</td>
<td><img src="https://example.com" alt="Green" /></td>
</tr>
<tr>
<td>SKU Accuracy</td>
<td>QuickStart BO: Reports &gt; Stock Accuracy</td>
<td>98%</td>
<td>96,20%</td>
<td><img src="https://example.com" alt="Green" /></td>
</tr>
<tr>
<td>Benefits</td>
<td>Sales Uplift</td>
<td>3%</td>
<td>3,94%</td>
<td><img src="https://example.com" alt="Green" /></td>
</tr>
<tr>
<td>Efficiency</td>
<td>Inventory Labor Savings</td>
<td>80%</td>
<td>87%</td>
<td><img src="https://example.com" alt="Green" /></td>
</tr>
</tbody>
</table>

*CustomerY *
Success Achieved – Now What?

• Focus on a staged a roll out – Inventory – Store and Supply Chain - Point of Exit
• Develop a detailed SOW for the expanded project
• Look for flexibility in CapEx v OpEx
• Re-affirm organisations approval
• Agree with providers on a manageable timeline
• Resource RFID project team as required
Inventory accuracy drives the benefits

Exhibit 1: Retailers are seeing significant benefits from RFID.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Before RFID</th>
<th>After RFID</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Accuracy</td>
<td>67.4%</td>
<td>84.5%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>64.6%</td>
<td>71.7%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Store Out-of-Stocks</td>
<td>16.5%</td>
<td>9.8%</td>
<td>40.6%*</td>
</tr>
<tr>
<td>Shrinkage</td>
<td>17.8%</td>
<td>11.8%</td>
<td>33.7%*</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>8.9%</td>
<td>14.3%</td>
<td>60.7%</td>
</tr>
<tr>
<td>Average Markdown</td>
<td>14.8%</td>
<td>11.9%</td>
<td>19.6%*</td>
</tr>
</tbody>
</table>

* Improvement is reflected by reduction
Source: EKN—Kurt Salmon RFID in Retail Survey, 2016
Tyco Retail Solutions is part of Johnson Controls

130+ YEARS OF INNOVATION
117,000 EMPLOYEES
316,000+ VOLUNTEER HOURS Recorded in 2015

4+ MILLION CUSTOMERS GLOBALLY

$30 BILLION ANNUAL REVENUE
PAID CONSECUTIVE DIVIDENDS SINCE 1887

$78 MILLION IN CHARITABLE CONTRIBUTIONS in the Past 5 Years
LEADER IN THREE INDUSTRIES:
Building Products & Technologies
Integrated Solutions
Energy Storage

MORE THAN 8,700 ACTIVE PATENTS
NEARLY 2,000 LOCATIONS WORLDWIDE
SERVING CUSTOMERS IN 150+ COUNTRIES

HEADQUARTERS:
Cork, Ireland
Milwaukee, WI, USA
Shanghai, China