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Why Item-Level RFID is the Key to BOPIS 2.0

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Today's Presenters

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SML Group

Dean Frew, Chief Technology Officer and Sr. VP for RFID Solutions, SML Group, and Founder of SML Intelligent Inventory Solutions (formerly Xterprise, purchased by SML in 2013). Mr. Frew is responsible for driving SML's RFID Tags and Solutions strategy, based on his 20+ years of experience delivering RFID solutions to retailers and brand owners around the globe.

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Why Item-Level RFID is the Key to BOPIS 2.0

SML RFID … Basis for case studies

- Produced **over 2billion encoded Inspire™ RFID tags** for retail in 2019 … growth in 2020

- **Over 24 RFID tag encoding service bureaus** around the globe … close to garment factories, faster cycle times

- **~4,000 stores are live** for top global brands, in 18 countries, using the Clarity® software suite for item-level RFID enhanced Inventory and Retail Operations Management… **3,000 more stores under contract for deployment**, range from 100 to 5,000 store chains

- **Wide spectrum of retailers** … Apparel, Footwear, Home Goods, Sporting Goods, Cosmetics & Electronics

- **Over 200,000,000 unique RFID tags** are read in stock counts in retailers around the globe every week … Improving their **inventory accuracy to ~98%**

- Clarity® has assisted in **>80,000 store stock counts, 1,000's of BOPIS** orders since stores reopened

- **ROI's in first 12 months**, Tags, SW, Services, Hardware, Support

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Retailers are experiencing issues with BOPIS today

- **Efficient BOPIS/BOSFS** depends on high inventory accuracy

- **BOPIS 1.0** (being used today) is SKU based

- SKU based inventory accuracy is **<70% accurate**

- **BOPIS 1.0** is wrought with **extra labor costs, high % order cancel rates, missed sales** due to unknown items in stores

- Retailers are rolling out **Item-Level RFID based inventory accuracy is >98%** … enabling BOPIS 2.0

- **BOPIS 2.0 is operational today** and will be the future of Omnichannel for Apparel, Footwear, Home Goods, Sporting Goods and Fragrance/Cosmetics
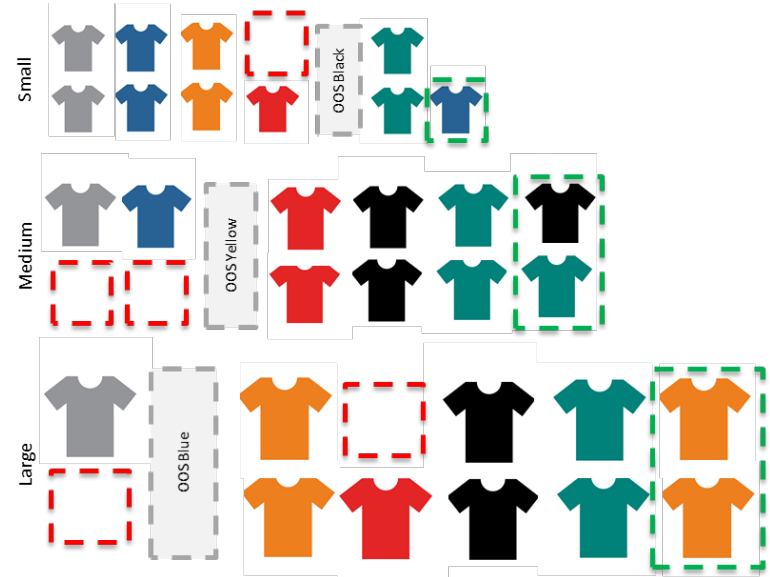
Actual Inventory situation in retail today....

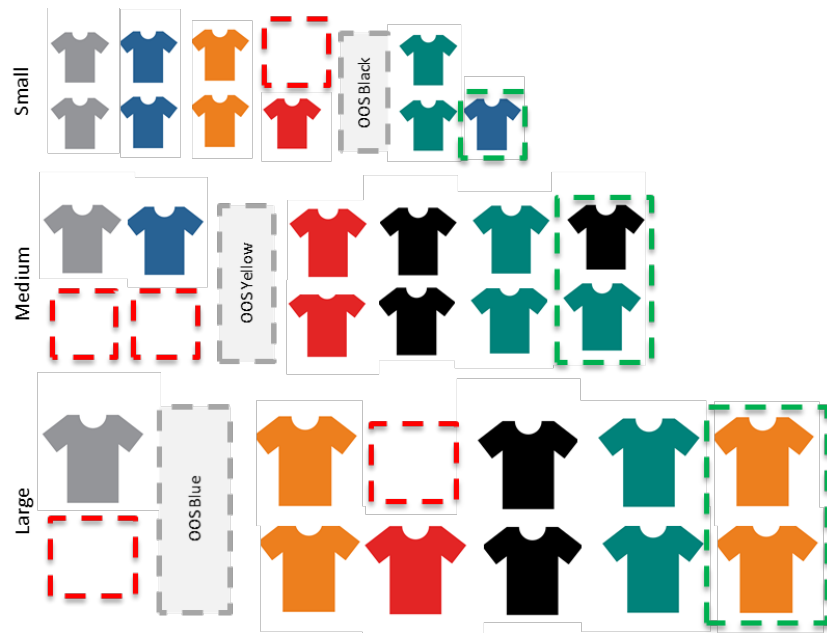This is what a retailer **THINKS** stock on hand looks like....

This is what stock on hand **ACTUALLY** looks like.... <70% Item-Level Accuracy

Findings from **every** Item-Level RFID Pilot

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Breaking down the problem

ERP Understatement (Averages >12%)
- Have more units than you think,
- perpetual overstock,
- missed BOPIS opportunities
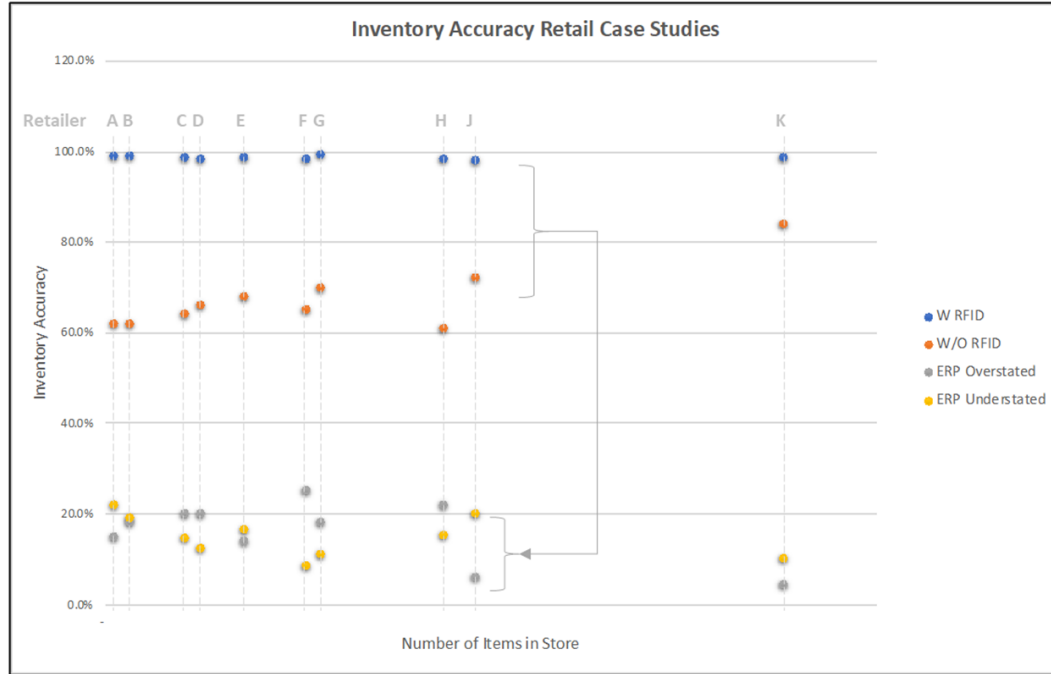
ERP Overstatement (Averages >15%)
- have fewer units than you think,
- perpetual shortages,
- results in canceling BOPIS orders

Frozen Inventory (Averages >8%)
- think you have units … but none in stock,
- so never sell,
- so don't replenish
- so cancel BOPIS orders

… Can't run effective BOPIS with this situation

Retailer Case Studies: inaccuracy is across spectrum of size of retailers

Inventory Accuracy Retail Case Studies

- ERP Stock on Hand files are inaccurate and since this is used as basis for BOPIS order confirmation … results in canceled and missed BOPIS orders

- "Big Data" and "Digital Transformation" investments are ineffective when inventory distortion is so far off

- Physical PI counts are being eliminated after RFID Implementations

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Retailer Case Studies: How does this **inventory inaccuracy** gets created… fundamental to fix these for effective BOPIS

- Starting point **(annual PI)** inventory position **is off by >8%** at Item-Level
- Shipment and **receiving errors average +/- 2%** …. On every shipment
- Compounding **inventory distortion**

Retailer Case Studies: How it is being **solved with Item-Level RFID …** keep it simple for **BOPIS 2.0**

- Focus on **business case, proven tech** … not technology experiments
- **Frequent RFID handheld stock counts** >98% accurate, self corrects
- **Better receiving** …. Rapid highly accurate "closed box" receiving >99.8% accurate, stock count self corrects
- Using **RFID enabled BOPIS/BOSFS picking**

Rollout Proven RFID Technology from SML is Solving these problems for retailers around the Globe

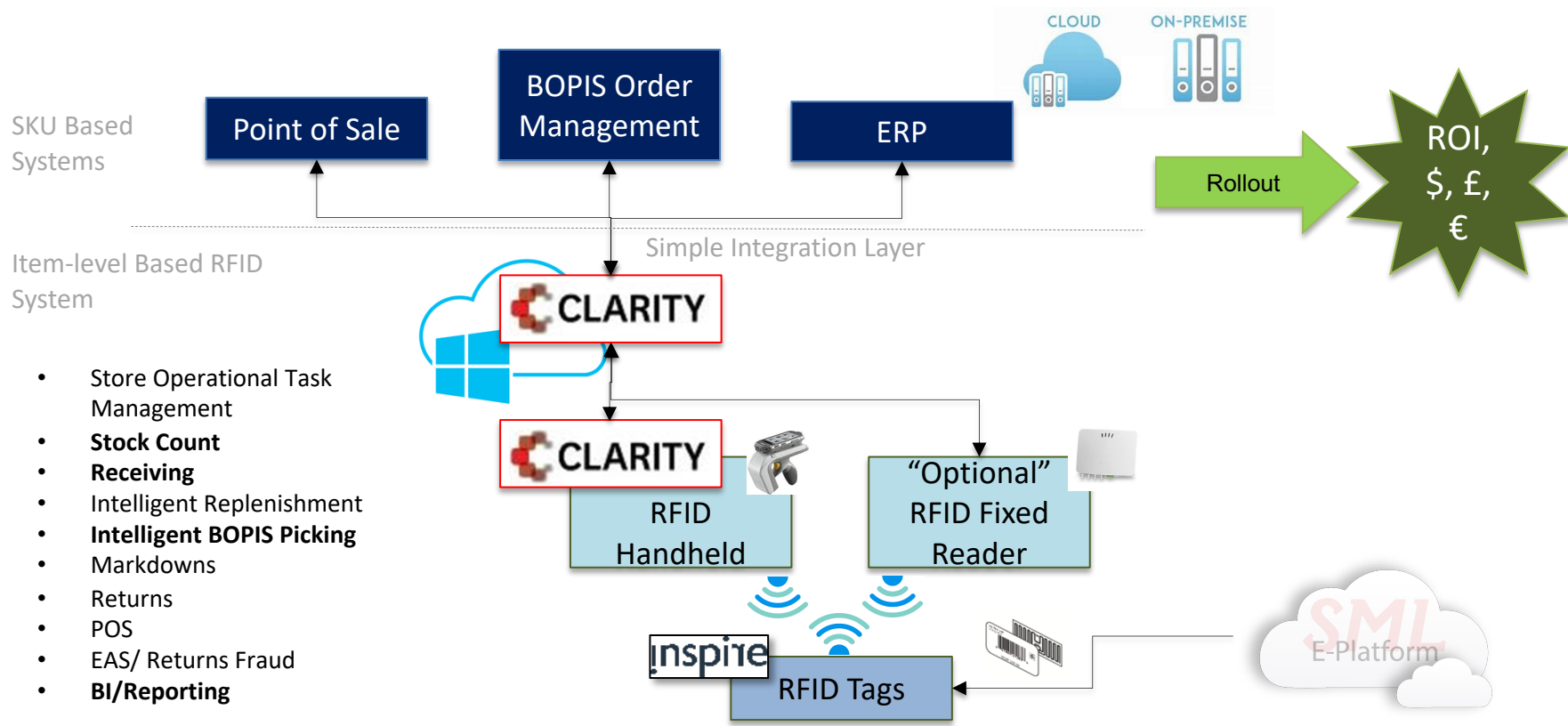Through Item-Level RFID Rollout
 Retailers can get back to this…

- "Pull" based replenishment
- Source tagged product
- Weekly handheld-based stock counts
- Daily receiving
- Enhanced/Confident BOPIS 2.0

Small

Medium

Large

Retailer case studies:

- **Inventory accuracy >98%**
- **Improved sales floor & exposed availability... >95%**
- **Increased sales ..>3%**
- **Reduced BOPIS order cancelations … >15%**
- **Improved labor efficiency… >20%**
- **Improved BOPIS customer satisfaction … >30%**

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Scalable Item-Level RFID System Architecture from SML RFID

SKU Based Systems

Point of Sale

BOPIS Order Management

ERP

CLOUD   ON-PREMISE

Rollout

ROI, $, £, €

Simple Integration Layer

Item-level Based RFID System

CLARITY

- Store Operational Task Management
- **Stock Count**
- **Receiving**
- Intelligent Replenishment
- **Intelligent BOPIS Picking**
- Markdowns
- Returns
- POS
- EAS/ Returns Fraud
- **BI/Reporting**

CLARITY

RFID Handheld

"Optional" RFID Fixed Reader

inspire

RFID Tags

SML E-Platform

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What do we see in 2021 for BOPIS 2.0

- Everyone of our Clarity® retail store customers are **moving to deeper integration with OMS** for BOPIS 2.0 improvements

- Retailers are moving **Item-Level RFID upstream** for additional BOPIS benefits

- Most retailers are looking at replacing existing BOPIS 1.0 handheld application with **Clarity® RFID enabled picking** application

- Most retailers are moving to **integrating all channels** and products to support "buy anywhere … return anywhere"

- All new customers have **BOPIS 2.0 as fundamental** to business case … with stock count and receiving

- Most retailers are investigating mobile **"scan and go" technology**

How to get started?

- Contact SML at info@sml-rfid.Com and our team can walk you through Item-Level RFID / BOPIS 2.0 journey:

  - Perform live/remote full function demonstration out of one of our Retail Ideation Space facilities in US, UK and China

  - Getting low cost / turn-key pilot up and running in weeks

  - Measure ERP true item-level inventory accuracy & impact

  - Development rollout business case

  - Begin source tagging

  - Integration, implementation and go-live

Investigation → POC/Pilot → Rollout → Support

THANK YOU

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