

# CASE STUDY

Infosys transforms pharmacy retailer's loss prevention management reducing shrink by 5%



*Advanced analytics reduces time taken to identify a "case" from 8 weeks to less than a week*

## Abstract

In addition to driving profitability, retail companies are taking additional measures to prevent unwarranted losses arising from theft, wastage and poor inventory management. Commonly known as "shrink", these retail losses can be reduced by timely identification of loss creating 'cases' across the retail store's operations. Most retailers collect data at different touch points resulting in poor visibility into store operations and a reactive approach to losses. The challenge was to manage loss prevention which would give timely, actionable insights to prevent losses across the retailer's store operations.

Our client, a US based pharmaceutical retailer that operates more than 5000 stores globally had challenges with the loss prevention solution. Large scale of operations and disparate data sources slowed their ability to take informed, timely decisions which further affected their ability to reduce losses across all its stores.

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## Technology as a solution

The solution was not about implementing a standard data warehouse to collect and project data for future analysis. Infosys recognized that this was an opportunity to transform the loss prevention process. The new solution enabled the management of losses which are typically to the magnitude of 1% of the overall revenue in retail industry, and the average net profitability is also 1%, which means the profitability will be a 'wash' if losses are not managed by collecting the data from all sources, validating it and storing it in a standard format in a central repository. This transformation exercise would not be complete without advanced reporting which used analytics for complete visibility and faster decision making.

## Knowing what to do

That was the only way in which teams working across retail stores could reduce their "shrink". For this, the Infosys team worked with the client to make sure that they gathered and accessed the complete data. They customized the entire data warehousing and business intelligence solution, keeping in mind the client's available hardware infrastructure. Since timeliness is crucial, the reports enabled the respective teams with actionable insights on the gaps that needed to be plugged to reduce losses.

Even before the entire solution was rolled out, the team at Infosys developed a working demo in five weeks which gave the client a preview of the solution's functionality and benefits. Keeping in mind the challenges faced by most end users, Infosys identified and gave additional training to 'power users'- end users who demonstrated a deep understanding of the overall operations and were most suitable to bring the rest of the team up to speed with the usability aspects of new solution.

## Solution Features

- A centralized data repository which stores data in a structured data model.
- Alert based reporting capabilities which uses consolidated data from all sources including POS data, stock ledger data, store data, master data etc.
- Ability to measure metrics & key performance indicators (KPI's) to prevent shoplifting, inventory loss, pilferage, theft, sales audit mismatch and coupons misuse
- Ability to track and manage losses at the store and stock keeping unit (SKU) level.



## The Results

The results were immediate. During the user training stage itself, the client's business team identified 3 loss prevention cases which would otherwise have taken about 6 weeks of data mining and manual interpretation before any corrective steps could be taken. With the new Loss Prevention solution, the client can now boast of improved operational efficiency and visibility thereby reducing its losses.

- The client is able to identify additional Losses Prevention cases which will reduce their losses by 5%
- The time taken to identify a "case" reduced from 6 to 8 weeks to less than a week.
- Similarly time taken for data mining has reduced from 4 to 6 weeks to less than a week.
- The solution provides a customized data warehouse solution with in-house infrastructure and advanced analytics
- Overall improvement in operational efficiency resulting in lesser maintenance costs

## Testimonial

During our very first training session with the field users, three LP cases were found! One of which was of significant monetary value. Prior to our deployment, these cases would have taken weeks of data mining through multiple sources to retrieve the data, and then a manual effort to sort through the information to attempt to identify the case.

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