

Retailers 'underestimate' level of IT investment outside the IT department

E-commerce and marketing analysis projects may not be perceived as IT projects

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Retailers run more IT projects outside the IT department than CIOs dare to admit, according to retail consulting and training company Martec International.

In its eleventh annual survey of 150 of the UK's leading retailers, 'IT in Retail', Martec asked for the first time if departments other than IT pay for IT projects.

A third (33 percent) of all companies said that other departments do invest in IT that is not controlled or managed by the IT department, while 63 percent of retailers said other departments did not invest in IT projects.

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But Martec believes that the latter figure should be much higher.

"This may be an underestimate as some departmental directors may not declare exactly what they are doing to their IT colleagues, or, more likely, not really perceive it as an IT project. This is particularly true of outsourced marketing analysis and e-commerce projects," the Wipro-sponsored Martec report said.

The survey, which interviewed CIOs and IT directors of 150 retailers that represent retail sales of £208 billion or 63 percent of the UK market, found that 20 percent of those surveyed have e-commerce departments that invest in non-IT controlled projects. The number for marketing was 14 percent.

Cloud becomes mainstream

One of the reasons for other departments being able to undertake IT projects without IT's involvement is cloud computing. Martec's survey found that cloud-based computing is now mainstream, with 51 percent of retailers using one or more applications in the cloud, up from 35 percent last year. In addition, a further 22 percent plan to do so in future.

The e-commerce department is responsible for the single most important retail application run in the cloud, with 15 percent of retailers using a cloud-based e-commerce system.

Current and future investments

Another significant trend identified in the report is that retailers are starting to reinvest in technology again after holding back because of the recession.

The top three projects retailers are investing in right now are store systems, followed by merchandising management and e-commerce.

“The driving force is getting to be more of an omnichannel business,” said Frances Riseley, director at Martec International.

She explained that after not investing in store systems - which traditionally make up the largest part of the IT budget, up to 80 percent - during the recession, companies are investing in store systems again because they realise that they cannot create a truly multichannel strategy without a “decent” till system.

However, when looking ahead for the next three years, retailers have a different focus. The survey found that e-commerce is the top investment priority for the near future, followed by store systems, and then supply chain. Again, this is part of a multichannel strategy, Riseley said.

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