



## Building Collaborative Relationships for the 21st Century Retailer

Featuring: Phil Wilkerson, Director of Information Systems, The Home Depot  
by Jon Huntress, Editor, BrainStorm Group's – BrainStorm Bulletin

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Phil Wilkerson, Director of Information Services at the \$53B building supply retailer, will be giving a presentation at the eBusiness Integration Conference on November 18. He will explain how The Home Depot is integrating its systems and what the 21st century retailer needs to do in order to compete.

I talked to Phil about his presentation. He emphasized how important integration and a good technical infrastructure are. This can clearly be seen in Wal-Mart's success, whose technical infrastructure is superb.

Eight years ago they sold no groceries, and now they are the number one retail grocery chain. Their overall integration and technical infrastructure allows them to repeat their success with different products and services. Phil went on to say that "because Wal-Mart has integration and logistics down and they understand data, they can directly ship to their stores and are able to make different plays as they want. Wal-Mart has shown again how consistent processes, metrics, and systems bring value to the bottom-line, and this helps the top line to grow."

At The Home Depot, "We want to send a message to our customers and the market in general that we understand the home improvement market and we are going to continue to grow and provide lower costs and deliver more value to our customers." Phil said that the overall goal is to build a repeatable infrastructure framework that allows the exchange of information among internal associates, partners, suppliers, and eventually, the customer. The main factors for success are strong leadership and good technology providers. Phil said you also need a well-disciplined, executable plan for implementing these initiatives, but the architecture is critical. He said, "We need to follow the disciplines that we all know and do them consistently - we need to be able to run, kick, catch and hit consistently all on the same day. The companies that are surviving in this market are those that have the back-end capability."

Phil also emphasized the endless cast potential for new opportunities. The great thing is that most companies already have what they need -- data modeling, middleware in various forms, and repeatable business processes. Cathy Hotka of the National Retail Federation told me the same thing in New York. She said that nationally (contrary to what is happening with most other industries) retail is investing heavily in IT. The hard lessons of being behind in this area have become painfully clear to management. If you have a robust, integrated technical infrastructure, you can do just about anything; and without it you will always be playing catch-up.

The Home Depot is investing heavily in their technical infrastructure. The Home Depot contracted with HP/Compaq for 40,000 new PCs and with IBM for a 60TB data warehouse which will be used initially to automate HR functions for their 300,000+ employees, then will be used for getting near-real-time sales transactional data. The Home Depot also opened up two buying houses in China in the last few weeks, which will allow them to hook their Chinese suppliers into their network and reduce costs. This requires a lot of back-end integration according to Phil.

One of the big challenges to integration is the development of a common vernacular, such as the definition of what a customer is, what a vendor is, and achieving a consistency across the entire business. Common standards for all the outlets are necessary. There are three important steps that need to be taken. The first is to decide what needs to be integrated, second, the decision can be made about what the tasks are. The most difficult step is the third, which is how the work is organized across the company. Phil says that this involves

implementing process management across the enterprise, which can be difficult because a business or division is seldom run as a science, but more as an art.

The Home Depot is starting to implement Web Services as a part of its information delivery, bolting on top of its EAI framework. Web Services, at present, are being used to enhance the customer experience, such as locating out-of-stock products at nearby retail locations as well as other customer-oriented services. As the technology matures, Web Services will eventually make its way down to the business process and business rules levels. The Home Depot is also using Web Services for applications to talk to common frameworks such as portals. The nice thing about deploying Web Services, Phil told me, is that they have the infrastructure in place now to develop and enhance the customer experience in any direction they choose.

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