

Solution Aggregators + SIs Modernize Retail Operations

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For decades, retailers were largely unaffected by technology change. While they made occasional upgrades—switching to more capacious barcode scanners or adding chip readers, for example—fundamentally, their systems remained stable and predictable, year in and year out.

Today, the picture has changed dramatically. Growing online competition and an acute labor shortage—both accelerated by the pandemic—have quickened the pace of innovation. Store owners and retail systems integrators that serve them are racing to adopt interactive digital signs, smart self-checkout kiosks, and other software-embedded equipment to drive efficiency and boost customer appeal.

“Traditional point-of-sale products are going away. Everything is moving to mobile, digital systems,” says [Mike Byington, Vice President of Business Development at global solutions aggregator BlueStar Inc.](#) “As technology providers, we can’t sit back and expect that what we sold yesterday will sell today.”

Systems Integrators Stay a Step Ahead

As retailers speed their technology updates, it puts pressure on systems integrators.

“A four-to-five-year cycle has become a three-year cycle. We have to make sure we can give customers the solutions they want and hit their delivery commitments, because otherwise, they’ll go somewhere else,” says Bob Kilby, Vice President of Sales at retail systems integrator Direct Source.

Rapid development of advanced capabilities, such as #AI and #ComputerVision has added to the pressure, which makes modernizing #retail #technology an increasingly complex endeavor. @Think_BlueStar via @insightdottech

Rapid development of advanced capabilities, such as AI and computer vision has added to the pressure, which makes modernizing retail technology an increasingly complex endeavor. To keep up with new technologies and meet their customers’ business needs, systems integrators often find it helpful to work with companies like BlueStar.

“We funnel much of our business through BlueStar because they cater to what our retailers are trying to do,” Kilby says. “We take a consultative approach with our retail customers, assisting them in mapping out their in-store experience.”

Direct Source has relationships with OEM hardware providers—a significant value-add for retailers. Because the company takes a vendor-agnostic approach. Depending on customer objectives, Direct Source will work with the hardware provider to bring together a customized solution that fits their needs.

“We co-sell hardware solutions and work on procurement schedules with BlueStar,” says Kilby. “And BlueStar provides tremendous value in helping manage the supply chain and warehousing to meet retailers’ large deployments and demanding rollout schedules.”

Direct Source gives BlueStar insights about retailers’ changing needs. BlueStar, which has ties to a vast network of OEMs and software providers, advises Direct Source about the latest technology trends. The companies confer on product selections, and Direct Source assembles customized packages to fit their customers’ needs and their facilities. This includes testing, staging, kitting, packing, shipping, software image loading, and more.

BlueStar supplier relationships enable the company to quickly ramp up production for thousands of stores nationwide, positioning retailers to attract more customers and serve them more effectively.

Smart Retail Technology Boosts Efficiency and Delivers New Revenue

BlueStar and Direct Source provide retailers a wide array of solutions, and one of the most sought-after is self-service kiosks. “We’ve seen the kiosk and self-checkout business increase very dramatically,” Byington says. “Self-service caters to customers who don’t want to stand in line and reduces the need for store labor.”

After adopting a self-checkout system, one specialty clothing retailer went from seven staffed checkout lanes to two. Associates now have more time to assist customers as they shop, suggesting products, and potentially increasing sales.

Retailers are also requesting computer vision cameras, which provide valuable information about product placement.

“The cameras see how customers move through a store. A retailer can learn the best places to position inventory and staff, leading to sales that might not have happened otherwise,” Byington says. Cameras do not store personal information but translate images into data that store owners can analyze to learn where customers linger. Computer vision systems can also be used in self-checkout scanners to prevent shrinkage.

“Loss prevention is one of the biggest issues retailers face,” Kilby says. If someone tries to scan merchandise at a price that’s too low, a smart camera system will stop the transaction, and a flashing light will summon an associate to ensure that items are scanned correctly.

Another new loss-prevention technology gaining traction is sophisticated RFID tags. Used on expensive items such as high-end tools, the new RFID tags will not allow a product to operate unless its tag has been activated at a store register.

“Many retailers have become desensitized to article surveillance tags that ding at the door,” Kilby says. “They’re looking for smarter, more effective technologies.”

In addition to boosting efficiency and preventing loss, BlueStar and Direct Source can help retailers gain a new source of revenue with interactive digital screens. For example, an automotive retailer placed 10-inch screens on a shelf where customers can look up products, saving associates time. Stores receive payments from product suppliers, who obtain preferential treatment in search results and flash ads when the machines aren’t in use.

Shopping malls and hotels are adopting much larger interactive screens for common areas. Some contain smart cameras that estimate the gender and age of passersby, with vendors and stores paying to display appropriate promotions.

Retail Technology in Action

Retailers have many options for upgrading their technology. Companies like BlueStar and Direct Source can help them phase in systems as they achieve ROI benchmarks. For example, a large home improvement store chain added self-checkout lanes in three phases as customers showed increasing interest. “The stores saved on labor and were more efficient. The ROI was almost immediate,” Kilby says.

Most lanes are now self-checkout, with a couple of staffed terminals at the ends used mainly for large, bulky merchandise, such as lumber. Later, Direct Source and BlueStar's collaboration enabled a self-checkout option for these items, too.

"We worked with the customer, BlueStar, and the OEM to design a cordless scanner customers can use for large items. The ROI on that was incredible," Kilby says.

Some retailers adopt multiple systems. In one case, a nationwide discount retailer wanted to improve the customer and employee experience throughout its stores, which were saddled with legacy equipment.

Working with Direct Source and BlueStar, the retailer started by replacing an old phone system that customers used to summon associates for help with 15-inch interactive screens. In addition to displaying product information, the screens show customers where items are in the store and how many are available. If an item is out of stock, the customer can have it delivered from a different store or add it to an online shopping cart in the retailer's mobile app. "Customers have a much better experience, and the stores saw ROI right away," Kilby says.

BlueStar and Direct Source then helped the retailer acquire new, Intel-powered computing solutions, speeding service at self-checkout lanes and point-of-sale systems. They implemented a new barcode scanner that does double duty at gift registry kiosks, recording prices while marking the items as purchased on recipients' gift lists.

These technology investments have improved customer traffic and sales, but the retailer isn't done yet. Like other stores, it will continue to rely on Direct Source and BlueStar to keep up with fast-changing trends.

"Working together, we will continue to be a store of technology for the retail and hospitality industries, helping customers fill in gaps as new needs arise," Byington says.

Edited by Georganne Benesch, Associate Editorial Director for insight.tech.