How to reduce the IT cost of retail staff changes

White paper

piksel

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A lot of people work in retail. For example, one in five British employees work in the sector. But if you've ever tried shopping on Christmas Eve you'll know that **sometimes shops need more people**.

And **sometimes they need fewer**. McKinsey found that differences in the way stores manage their staffing can lead to 'labour-cost differences of up to 30 percent, even if the stores' sales are equal.'

In other words, if you're spending between 12 percent and 15 percent of your revenue on salaries, getting staffing levels right is **critical for profitability**.

Headcount variations aren't just for Christmas

Christmas isn't the only driver of variations in retail employment. Every company has its own unique ups and downs triggered by things like:

- Calendar events: Valentine's Day, Mother's Day, Father's Day

- Religious days: Easter eggs and hot cross buns only sell in the run up to Easter and The Manischewitz Company does 40 percent of its annual business during Passover.

- 'Back to school' shopping in late summer while early summer is big for companies that sell garden furniture, BBQs etc. A third of Home Depot's sales come in May and June.

- Seasonal sales events, such as Black Friday, Cyber Monday or Boxing Day sales, are becoming more and more important.

- While January is slow for shopping, it's the busiest month of the year for gyms as people rush to make good on New Year's resolutions.

You can even download lists of hundreds of 'key' retail dates. Seasonality is a fact of life in retail.

The hidden cost of staff changes

While companies have to deal with fluctuating staff levels, adding staff, especially temporary seasonal workers, is expensive. Replacing someone can cost as much as £30,614 per employee, according to [Oxford Economics](). Even minimum-wage employees can cost [thousands of pounds]() to bring on board.

A significant part of these costs is the cost of adding staff to IT systems and removing them when they leave. Companies spend around £6,000 on average per year per user on IT, according to [Computer Economics](). Even if they are not white-collar office staff, every employee needs IT services, such as:

- Time and attendance systems

- Rostering and scheduling

- Company intranet for access to staff policies etc.

- Email

- Secure log-in for tills or warehouse systems

- Tools to raise support queries and access company services

In addition, white collar workers, such as customer support reps and managers, need a wider range of IT services including:

- Microsoft Office applications and other productivity software

- Calendar, email and contacts

- Line of business applications

- Customer support software

- Customer relationship management apps

- Marketing tools

Cutting IT costs with Office 365

Moving software to the cloud can reduce the overall cost of providing these services compared with on-premise solutions and this is one way for retailers to cut the cost of IT.

Microsoft Office 365 builds on the general savings inherent in cloud solutions to help retail firms reduce IT costs in additional ways:

- **Scalable licensing**. Add users or delete them as you scale your workforce up or down. Only pay for the licences you're using now and avoid expensive over-provisioning or the delays and problems caused by under-provisioning.

- **Reduced licensing costs**. Analysts at [Forrester](#) found that retail companies that moved to Office 365 saw a 10.7 percent reduction in Microsoft licensing costs and a 12.6 percent reduction in third-party licensing costs.

- **Reduced IT labour costs**. In addition, by eliminating overlapping systems and moving to a cloud platform, Office 365 helped retail companies cut the amount of system administration and management of user accounts significantly; on average avoiding two additional hires.

Beyond the immediate savings, there are significant benefits and upsides in terms of:

- Improve PCI compliance and other data protection regulations

- Better disaster recovery and continuity provisions

- Increased worker efficiency with anytime, anywhere access

- Access to better management information, for example better customer and merchandising insights, leading to better decision making

- Better communications with access to systems like video conferencing and real-time chat

In addition, Office 365 now includes StaffHub. This online application makes it easy for managers to schedule duty rosters in busy shops or restaurants and for shift workers to share their availability and plan their week. Overall Forrester [reports](#) a return on investment for retail organisations moving to Office 365 of 190%. In short, there is no doubt that the cloud is good for retail.

Reducing the costs of staff fluctuations

But moving to the cloud is not the whole story. As the song says, 'it ain't what you do, it's the way that you do it.' The way you onboard new staff, help them get the most out of your IT systems and how you manage leavers' accounts can make a big difference to the overall IT cost of supporting your staff.

Because the retail sector has faster staff turnover and more seasonal volatility, costs relating to joiners and leavers are multiplied.

Piksel Retail's ID Flow helps retailers address four significant issues and reduce their impact.

	Over-provisioning	Slow onboarding	User and manager self-service	Slow deprovisioning ('offboarding')
What is it?	You're paying for more user licences than you have users or you are giving users access to more features and applications than they need.	It takes longer than necessary to provision IT services for new hires, either because of disconnects between HR, branches, and IT or because of poorly-integrated IT systems.	Store and branch office managers need to manage their colleagues' IT access as far as possible as they are closest to the staff in question. It's cheaper and faster for people do their own password resets and other routine IT administration rather than ask expensive IT specialists to do it for them.	Dormant licences and logins belonging to staff who have left the company are a security risk and an avoidable cost.
Why does it matter?	Over-provisioning is an expensive way to stay compliant with your licensing. It increases the IT cost of your staff. In particular, as vendors shift from per-device to per-user licensing and companies switch from on-premise to cloud solutions, giving your users the *right* licences at the right time (and no more) is essential.	Delays mean that you are paying salaries but staff aren't fully productive or unable to start work. Disconnects increase the cost of onboarding because they require manual intervention. There is also a risk of falling out of compliance with licensing agreements.	Routine support queries, such as password resets, are time consuming and expensive for the IT department to process. Self-service is cheaper. Managers, whether in HR or in shops or local offices, need to be able to add users or remove them easily	With user-based (rather than device-based) licensing, it's important to offboard leavers quickly to avoid unnecessary licensing costs. It also reduces the risk of ex-employees logging into company systems when they shouldn't.

Piksel Retail's ID Flow solution

Piksel Retail's ID Flow solves these problems and helps retail companies get the most from their IT investments and move to cloud technology.

- **Reduces the risk of over-provisioning**. ID Flow integrates with identity management tools, such as Microsoft Active Directory, so that new users and licences are added and removed faster. In addition, by putting more control and reporting in the hands of local managers, employee details are more likely to be accurate and up to date.

- **Speeds up employee onboarding**. ID Flow integrates with HR and payroll solutions so that new users are provisioned with software licences automatically. No delays. No manual intervention or rekeying.

- **Delivers user and manager self-service**. IT support tickets cost around £10 to process, so every change, support request and report that is managed locally by managers or end-users is a time and money saving for the IT department.

- **Offboards leavers efficiently and securely**. Automatically deprovisioning users when they are removed from Active Directory or other integrated systems reduces security risks and dormant licences.

ID Flow in the real world

Piksel Retail's ID Flow helps companies achieve real-world benefits, including:

- Reduced costs

- More accurate reporting

- Lower support costs

- Better licence compliance

- Faster time-to-value for new hires

- Automated user and licence deployment

- Integration with HR systems

With average retail margins declining to 4% or less, according to [Deloitte](#), every penny saved on IT costs is 24 pennies earned. That's an impressive contribution to the bottom line. Simply put, cost-conscious retailers cannot afford not to embrace Piksel Retail's ID Flow.

About Piksel

With over 10 years of experience delivering advanced retail technology solutions to household name brands, our offering of strategic, professional and managed services is underpinned by our deep technical expertise and understanding of the challenges of a highly competitive and unpredictable market.

Piksel Retail's unrivalled expertise is in designing, building, hosting and managing retail solutions for the likes of Charles Tyrwhitt Shirts, The White Company, and Pret A Manger. Our client list extends around the globe, powering our customers' ambitions.