

# Investment in retail tech solution to touch Rs 2,400 cr

**Mona Mehta**

Mumbai, May 17

**T**HE Rs 40,000-crore organised Indian retail sector is seen investing close to Rs 2,400 crore in retail technology service solutions in the current financial year. This could go up to Rs 6,000 crore in the next four to five years, at a CAGR of 40%, Kumar Rajagopalan, chief executive officer, Retailers Association of India (RAI) told FE.

"In a tough economic situation, today's organised retailers want retail technology solutions for utilising retail space better, creating a better merchandise and enhancing supply chain management, creating better customer-centric models, people management and financial management, apart from enabling retailers to create revolutionary models, especially in multi-channel retail technology," said Rajagopalan,

Retailers' increasing focus on multi-brand formats is expected to further drive growth in technology. Says Mukesh Mathur, director and business head—retail, Oracle India Private Ltd, "In times of global financial slowdown, the demand for cost-effective retail solutions is growing at a rate of 10% in Q1 FY10 and is expected to grow between 20% to 40% in the next three to four years with retail majors focusing more on multi-brand retail formats."



**Customers buy grocery items from a Suhiksha retail store in New Delhi** Bloomberg

"Indian retailers are interested in buying solutions and not retail technology. Pricing for every product has to be sensitive in India. We are setting up 12 to 13 new stores in the next two to three years at an investment of Rs 150 crore wherein we would indeed look at increasing investment budget in retail solutions as well," said BS Nagesh, managing director, Shopper's Stop Ltd,

Currently, Oracle, IBM and SAP are among the leading software solutions provider to multinational retail companies enabling large retailers to set up their base in India. Spencers Retail Ltd has rolled out SAP solution across all its existing stores and expects to start similar technology for its upcoming 100 Au Bon Pain

casual dining and bakery chain stores in India, Samar Singh Sheikawat, vice president (marketing), Spencers Retail Ltd said. According to him, this technology will help in increasing the volume of transactions. Among large retail technology providers, south-based Gofrugal provides technology solutions to small retailers running retail stores from a minimum of four to about a maximum 100 stores.

There are certain retailers who feel that the technology implementation partner plays a major role in enabling retailers to create its strong foothold at every level, compared to a technology partner. Jay Gupta, managing director, The Loot multi-brand discount stores said, "In comparison to a technology partner, technology implementation partner plays a major role in enabling retailers to create their strong foothold at every level. We are very soon planning to change our technology partner which can provide complete ERP solutions to us. For the purpose, we are in talks with TCS and SAP. In the next three to four years, we will increase our investment by Rs 10 crore in software technology solutions. Currently, we have partnered with Shoppers, a software provider in point-of-sale and distribution which can provide retail solution to about 100 to 200 stores."