Retail Software: Proprietary, Bespoke, or Open Source?

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Andrew Sykes. CEO of Open Plus Ltd (http://www.openplus.co.uk) takes a stroll through the technology options open to the multi-channel retailer and explains his own preference for open source.

For growing retailers particularly those in the multi-channel retail (http://www.openplus.co.uk/index.php/retail) market, technology can be a major hurdle to the smooth growth of the business. Software vendors can foster innovation at best and constrain development at worst.

Retail software vendors package features into generic modules, typically each module is licensed separately. A retailer with specific operational needs will find themselves drawing from a shopping list of features spread across many modules, but with only partial utilisation of each.

The constraints of the vendor's packaging policy can mean small experimental projects using new features can have disproportionate price tags if they happen to straddle the module boundary. Innovation as a result is stifled. Retail software (http://www.openplus.co.uk/index.php/home) vendors attempt to counter this problem by leading retailers down the "best practice" path for which the software was designed. Unfortunately, best practice implementation of generic software leads to homogeneity, the retailer's nemesis.

Bespoke software while addressing the homogeneity problem, comes with far greater risks, higher costs and a more profound and continued investment of money and energy in maintaining any competitive advantage that the software provides. Bespoke is therefore not an option for most, instead choosing a software provider with a base system which can be customised.

Having chosen a vendor and committed to the base license costs of the relevant system modules the multi-channel retailer has stepped deeply into a relationship with the software vendor. The software vendor is now in a unique position to serve the changing business requirements of the retailer. As the creator and license owner of the base system, the turnkey software vendor appears to be the only outlet for customisation assistance. Large proprietary base software systems bring with them a large burden of knowledge management and transfer, software professionals can't simply be recruited with fully fledged and relevant skills, training and retaining software professionals in the unique base system therefore accounts for the premium price tag which accompanies such customisations.

This principal of premium service costs and vendor lock-in, pivots around the retailers need to license a base system. Were the base system open and accessible to all software vendors to modify, the premium chargeable for those skills would be reduced significantly, and with the increased competition, the imperative to better serve the retailer's needs, conversely, would increase. Similarly, if the base system came without license costs, there would be significantly less constraint on the retailer with respect to innovative or experimental pilot projects.

Today the open source movement boasts many fully fledged base-system products for the multi-channel retail market and with these products a new class of software vendor has emerged. Open Plus Ltd is such a

software vendor, bringing industry vertical awareness once seen only in the turnkey providers yet using license free base system technologies and open standards that allow the retailer both to swap vendor at their leisure and focus investment on the uniqueness of their business rather than on a generic system that then must be modified at a premium. Because software vendors like Open Plus employ open standards in their software customisations, the ready availability of capable staff allows them to scale faster and access fully-formed knowledge workers in a fraction of the time a traditional proprietary vendor might.

The traditional retail software vendors see the value of open source too. Increasingly their product development includes open source products, yet there's not much evidence that these cost reductions are being passed on to the client. Perhaps the reasons for this are best illustrated by their ambivalence to open source. Scare stories about the lack of security involved in community projects abound, yet since most of the vendors outsource software development to developing countries, the model differs little. The criticism not only reveals a lack of understanding of open source, but of security issues in general. To make real gains from open source software that can be passed to the client, a business needs a complimentary culture not a set of internal conflicts.

Retailers selecting a multi-channel software solution have a number of choices open to them. Traditional (proprietary) software vendors can bring years of experience with them and well formed generic solutions, yet may ultimately constrain the direction of the business, either due to inflexibility of product, or required investment. Bespoke software development services are typically far more flexible, but can have a hidden cost in internal resource utilisation required to support the development process. For retail businesses with innovative plans and a careful eye on budget, a new breed of license-free vendors can, if carefully selected, offer the vertical sector knowledge, and production proven solutions of the traditional vendor, but with the flexibility and innovative technical mindset of the bespoke software development house.

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