# Department of OM&IS

# OMIS 697 – Digital Transformation Strategy

# Walmart Labs

# DTI - C

Under the guidance of Prof. Brian Bender

# By

# Srikanth Reddy Narra(Z1947038)

# November 28, 2022.

**Introduction**:

Walmart labs is a part of Walmart global tech which has more than 20000 employees who work in the technology part of the Walmart retail stores. Walmart is an American multinational retail corporation founded in 1962 to provide groceries and household products to customers within inaccessible distances. They started their business in Bentonville, Arkansas, and expanded their business throughout the world with more than 10500 stores and 400000 employees working for their operations providing services to the customers.

The basic business model of Walmart is to provide products to the customers at a minimal price and the best price that the customer could get from the options he can get, to provide the easiest shopping experience. Walmart provides various categories of products like perishable goods and non-perishable goods like clothing, furniture, spare parts, etc. Their vision of providing better services to customers has laid a new step in acquiring the E-commerce organization Jet.com in 2016, to serve their customers across the Walmart app, stores, and in-store and have been into online delivery services from their stores.

These all-operational facilities that Walmart has been managed by Walmart Labs, where the customer data will be analysed, and future trends of the business and the digitalization of the organization will be carried out. The organization relies on customer data from third-party providers and does various analytics on the data they acquire and estimate the trends of the business. This trend helps Walmart to only stock their inventory with the frequently selling products and to decrease the production of non-frequent ones.

Walmart, one of the leading retail organizations starts its business mostly in a place where there is more possibility of connectivity to the customers, acquisition of the property will be made at least prices. The pricing mechanism of Walmart attracts people from the lower middle class and poor class customers to fulfill their needs. It also has good deals for its regular customers and offers free home delivery on purchases. The flexibility and customer eccentric nature of Walmart stores is one of the key reasons for Walmart becoming an organization leading in the retail domain.

**Digital Capabilities:**

Walmart labs started developing its digital capabilities being the leader in providing retail services to customers as every organization should have some continuous improvement to sustain itself in the business world with emerging technologies. It uses various analytic tools and uses third-party data to get the weather data sets and visit data sets. These advanced capabilities of Walmart provide them with weather-driven demand for the products like the sales of pumpkins during Halloween and the increase in sales of thermal outfits during the winter.

With the invention of the Walmart application, customers have got extended flexibility in selecting products online and getting them delivered to their homes without any effort. This advancement has made the organization boost its sales and led it to be one of the leading retailers throughout the world. The customers have an option of providing feedback on the products they buy and this feedback will help the company to improve the quality of the products and also get a chance to improve their processes.

The Walmart application allows customers to locate the products at the store and helps to check the availability of products online or at the nearest store. The in-store mode of the application helps the customer to trace the location of the products placed on shelves in the store. The Walmart labs store links the products with the shelf numbers and makes the data available in their database. This can be updated at each store level, as the structure of the stores differs from location to location.

The new technologies that are used for self-checkout stations in Walmart are one of the automation that has been done by the organization to reduce the workforce and provide the customer with a better experience and also help customers to have contact-free billing for the purpose of safety during the pandemic. This extended option of billing helps the organization in managing any number of customers checking out at the same time. The organization has made the data of the customer available at various stores and stores the feedback received from them to analyze their process improvements for continuous learning and new establishments.

Walmart Labs is planning to use Artificial Intelligence technology in their retail stores for the detection of armed pupils near the store to restrict their entry into the store to provide a hassle-free experience for the customers during their visits. These AI cameras will be used to detect the arms having the capacity to detect the threat for a 2-mile radius. It has also implemented an automated way of generating purchase orders for the store based on the inventory levels of products in the store and on the racks. They will employ drone cameras to identify the products with low inventory levels, and inhouse stock and the analytics of sales forecast helps them in maintaining the inventory to meet the customers' demand. These advanced digital mechanisms always provide the customer with the best experience and make the organization handle its processes with ease and a higher customer satisfaction rate.

**Leadership Capabilities**

The word leadership defines the nature of the organization and the capabilities of the

organization in taking their decisions wisely. It takes a lot of time to emerge as a leader

capable of taking the right decisions at hard times to make the organization stable in the hard

times that it might witness in the future. The organization consists of approximately 15000 software engineers, data engineers, and data analysts. The organization is led by executive vice-president, chief development officer, and chief technology officer, Mr. Suresh Kumar, who also extends his work from Walmart labs to Sam’s club, Vudu, OneOps, and Electrode. The organization operates from multiple locations and each location will be under the regional managers who report to the chief technology officer. Each regional officer has multiple teams under him which will be led by a service delivery manager with a team of associates working on various technologies for the project. The employees of the team reach out to their Service Delivery Manager for their concerns at their initial phase and can escalate them to their chief technology officer in case of any support. The Walmart labs started its operations in 2005, to manage the foundational technologies on which Walmart. Inc user experience is provided including cloud data, the structure of the enterprise, DevOps, and security.

The innovations for the processes and new ideas at the Walmart labs are carried through an in-house innovation team. The idea of the employee can be brought to the manager in their weekly one-on-one meeting, which will usually be held to know the status of their sprint deliverables. This meeting boosts enthusiasm in the employees to come up with their ideas to transform their digital vision into solutions. Mr. Suresh Kumar motivates his colleagues in the town hall meetings to bring their digital initiatives for their organization to develop.

The employees working at Walmart labs are Data engineers, Data analysts, and Software development engineers. They usually have 2 internal team meetings on a single working day with the team. The host for the meeting will be the manager and most of the discussion will be on the progress of their work and building the proper rapport between the manager and the team. The manager’s in-turn have a weekly meeting with the regional managers and vice president on the status of their tasks or projects, he believes in the fact that communicating frequently with them makes the environment more comfortable for the managers and his team to reach him. Mr. Suresh Kumar is a good decision-maker, in the revenue of Walmart. Inc, the employee-friendly platform for innovations and the customer satisfaction rate speaks everything about his leadership qualities and his thoughts on making the organizational growth.

**Frame Challenge**

Walmart is one of the leading retail industries throughout the USA, the organization always tries to improve its operations by challenging itself with advanced ways of providing better customer experience to the customers at their store and the customers online. It always challenges its employees to improve the processes by adopting advanced technologies into its processes to remain the retail leader of the nation. The senior leader of the organization is aligned with the changes in the organization. Usually, it started as an offline retail store at the beginning then later it expanded its operations through E-commerce online with the help of Jet.com and Online application providing services to the customers at the doorstep with the help of a click and improving the process of billing at the store by implementing self-checking mechanism for the products. They always try to add new features to online and in-store purchases by adding new features and by providing benefits through Walmart membership cards.

The senior leaders of the organization have a clear vision of what the technology is and how it helps them to digitally transform their business in the future to stay ahead of their competitors. They also calculate the sales-risk percentage to check how much their competitors are affecting their business, this is based on the number of visits made to the Walmart store against the no of visits that its competitors got for a specific period. These metrics always help them to stay ahead of the competition and mitigate the risks in the future contributing to the development of the organization.

The organization believes in the customers as the major asset for their business operations, so they always try to impress their customers while providing the experience through digitalizing their way of operating the process. They have a clear picture of the digital transformation they should make and are towards the futuristic digital world to make the business upgrades.

**Focus Investment**

Walmart being a retail leader follows the top-down strategy of managing its operations, this is because all the employees within the organization should bring their ideas forward for making digital initiatives for improvements. They have attained the desired level of this digital transformation, so they always have a high-level roadmap for the transformation and their initiatives. Their dynamic way of handling the feedback and user responses always makes them focussed on their business processes for better acceptance.

Walmart employees are mostly the people who started their careers as hourly-based part-time with the company. The focus of the organization on retaining the employees by investing in the growth of the employee as well as the growth of its business makes it unique in handling the challenges in the digital world through its investments in continual learning. The decisions in the organization will be taken by the committee consisting of the leads of the verticals along with the vice president and the CEO. The employee decisions will also be taken into consideration on how much value it provides to the business in handling the effect of any cause. The development team of Walmart labs always invests their time in developing and automating their routine processes. They do have a clear roadmap of the steps that they need to adhere to while making any changes irrespective of the level of impact it has on its business, this makes their innovations focused to make easy returns on investment.

**Mobilize Organization**

Walmart has a leader with a great vision for its future. The decisions of the organizational success are not his decisions, but they are the best suggestions provided by their employees during their daily meetings. The employees of the organization will be addressed with the contributions that they should make and the work he needs to deliver to align with the organizational vision. The employees of Walmart get a lot of enthusiasm from their leader by sharing the impact of their work on the business after the project delivery. These organizations always believe in their senior leaders always are in line with the market needs to withstand competition and plan for the necessary digital transformation ahead of time to make an impact.

The freedom to express the ideas of everyone to their supervisors at Walmart labs paves a way for an individual to get recognition from the corporate level if the business need is met through it. Each employee has a one-on-one meeting with their immediate supervisor every week to get their feedback for continuous learning and communicating their ideas to present to the organization leaders. Through the freedom of expression, they are trying to build momentum toward their success, being leaders in the retail domain. They examine the services provided at the stores to the customers and always predict the additional needs for a better customer experience. The employees were provided with rewards for their innovative presentations and their contributions to their business process improvements, this helps their employees to stay motivated to provide the best out of themselves.

The organizational leaders of Walmart take the first initiative to adopt the changes to be made for the new work environment. These changes in their organizational leaders will gradually impose the same changes on their employees, however, the changes in the organization are not frequent because of the big organizational hierarchy and structure. They had few competitors but never looked back from their start to improve their processes compared with the competitors being a trendsetter with their processes in the retail industry. The customer satisfaction and services provided through their digital innovations makes their organization flexible to adapt to the changes easily in the digital world.

**Sustaining Digital Transformation**

Larger organizations like Walmart have more funds to invest in developing hassle-free processes for the customer as well as employees, by having the focus on making their products more reach customers. This investment in its process needs to hire skilled professionals in the required technology with great experience and knowledge on the business to adapt to the technologies. This organization is led by a vice president who is the head of innovations, he always maintains good rapport with IT and non-IT employees in terms of business.

The developers and data engineers who work on new process improvements and predictions always contribute to the growth of the organization. Their work will always be rewarded by the top-level management by providing bonuses and performance pays for each quarter. This way of employee benefits and rewards always helps deliver the best in them, and appreciation given to employees for their deliverables always keeps the employees motivated.

Every piece of work delivered by the employee is reviewed by the company's higher-level management team. They have frequent meetings to know the progress of the deliverables towards the deadlines and access on how it helps in the digital transformation of the organization. This information keeps track of their work and always provides a new way of transforming their business.