

INFORMATION TECHNOLOGY STRATEGY

2019-2022



UNDER THE GUIDANCE OF
DR. CHERIF AMIRAT

REPORT BY

APARNA SUBHA

SIMILOLUWA ADELORE

NIDHI THAKKAR

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Company Profile

JCPenney was founded in Kemmerer, Wyoming, in 1902 by James Cash Penney. The first store, named The Golden Rule, set the standard by which we have operated for over a century – to treat others as we would like to be treated. Today, we operate approximately 850 locations across the United States and Puerto Rico – and while fashion and shopping patterns have evolved, our focus on customer service remains unchanged.

At every touchpoint, customers will discover stylish merchandise at incredible value from an extensive portfolio of private, exclusive, and national brands. Reinforcing this shopping experience is the customer service and warrior spirit of approximately 95,000 associates across the globe, all driving toward the Company's mission to help customers find what they love for less time, money and effort.

JCPenney has a diversified supplier base, purchasing merchandise from approximately 2,700 domestic and foreign suppliers. In addition to the Plano, Texas home office, the company maintains buying and quality assurance offices in multiple locations across the globe.

JCPenney recognizes that sustaining strong relationships with our suppliers is crucial. The Company's supplier principles detail strict expectations of all suppliers that conduct business with JCPenney. Principles include expectations on business ethics, working conditions, safe products, social responsibility, and environmental impact.

JCPenney's Mission and Vision.

MISSION

To help our customers find what she loves for less time, money and effort.

VISION

At JCPenney, our goals are to WIN TOGETHER with our customers, by building more in-depth, more enduring customer relationships; Associates, by increasing associate engagement and retention; and shareholders, by delivering leading financial performance.

SLOGAN

"When it fits, you feel it."

PRINCIPLES

Associates-We value, develop, and reward the contributions and talents of all Associates

Integrity - We act only with the highest ethical standards

Performance - We provide coaching and feedback to perform at the highest level

Recognition - We celebrate the achievements of others

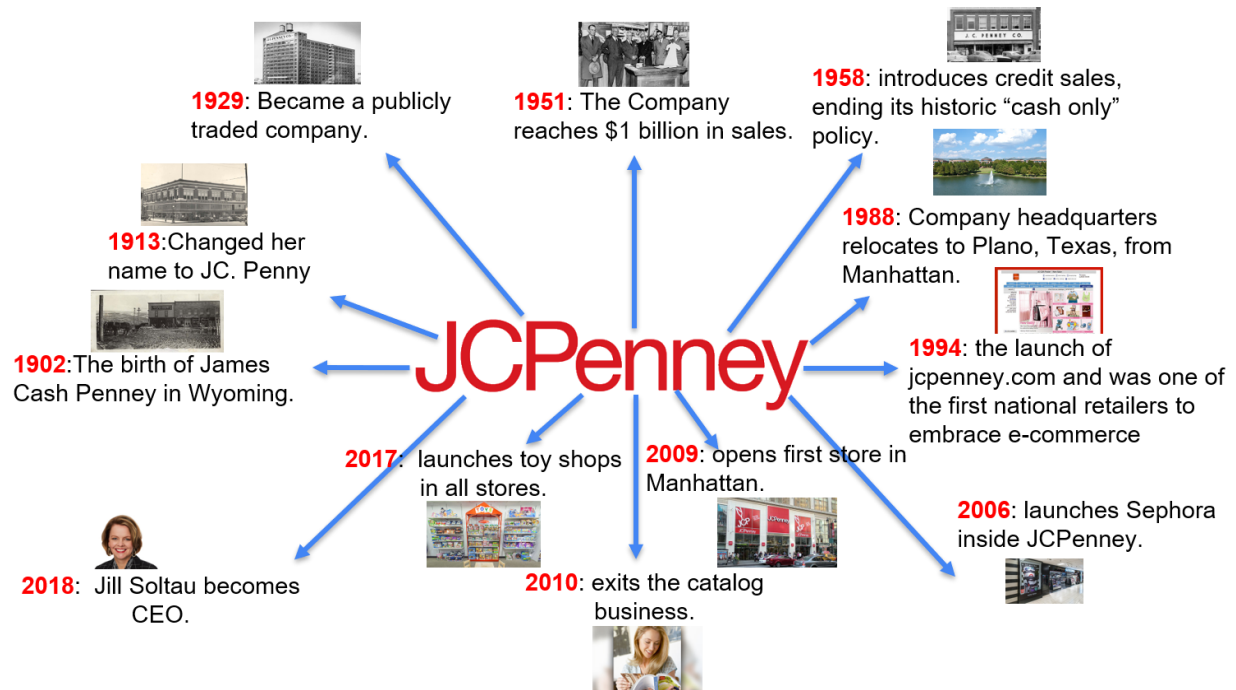
Teamwork - We win together through leadership, collaboration, open and honest communication, and respect

Quality - We strive for excellence in our work, products, and services

Innovation - We encourage creative thinking and intelligent risk-taking

Community - We care about and are involved in our community

TIMELINE



Porters Five forces Analysis

Threat of new entrants

- New entrants to the market can pose a challenge to JCPenney with a lowered pricing strategy with more focused marketing on its customer base and a better grip on the technology. JC Penney is a traditional retailer with a vast store network and brand name. A new entrant needs to have high finances backing their business up so that they can build a similar network and brand loyalty. (Weak Force)
- New entrants from not only the traditional retailing business but e-commerce companies burgeoning in the retail market can also disrupt the business model. The e-commerce retailers that do not use traditional channels of marketing and leverage the usage of social media. (Strong Force)

Threat of substitutes

- The threat of a substitute product or service offered by a new entrant or business competitor that has a differentiated or exceptional offering can pose a threat by shifting the consumer base (Strong force)
- Shift in shopping styles with the consumer base moving online with a reduced foot-traffic in malls where the majority of the company's stores are located. (Strong force)

Bargaining power of suppliers

- Suppliers with dominance in the fulfillment process can leverage their higher position to negotiate for higher prices that can negatively impact profits. A diversified supplier base

reduces the bargaining power of suppliers, and JC Penney is a big name in the department store industry. (Weak force).

Bargaining power of buyers

- Retail consumers who always seek great deals with a smooth and streamlined shopping experience can easily bargain for more discounts and deals, which can, in turn, affect profitability. JC Penney has a core consumer base of working-class women and mothers. (Strong force)
- The new generation of retail consumers looks for a diversified product range that requires revival and re-inventions of inventory to keep up with rapidly changing trends. (Moderate force)

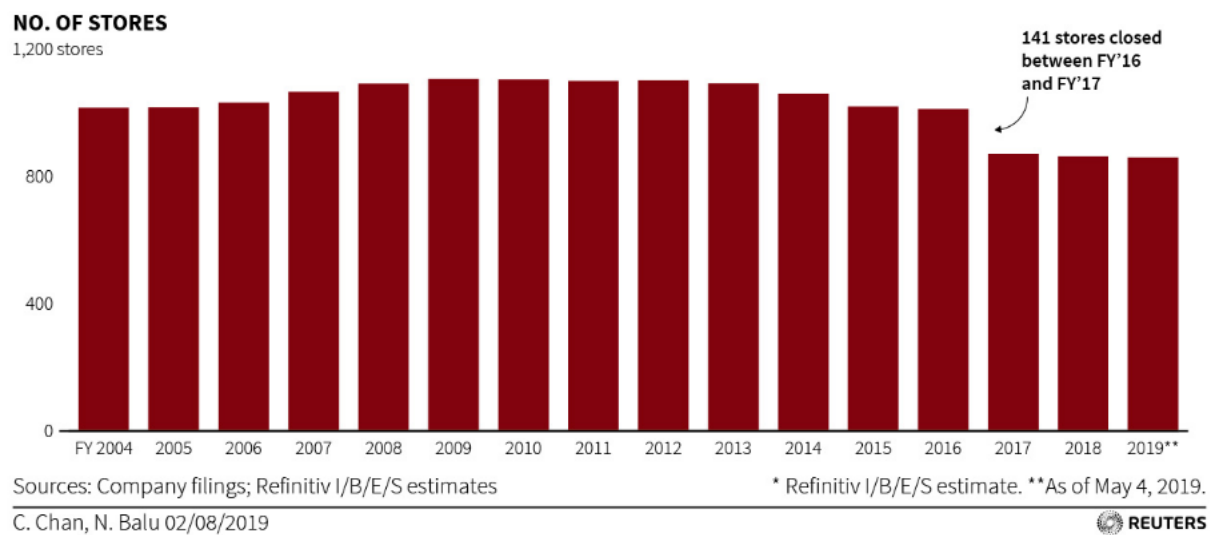
Rivalry among Existing Competitors

- Fierce competition in the retail and department store industry can drive the profitability down by huge margins (Strong force)

Issues plaguing the company

1. LARGE NUMBER OF UNDERPERFORMING STORES

JC Penney has been closing its full-line and ancillary furniture stores consistently given underperformance. The graphical representation below shows that the retailer closed a total of 260 stores since 2012, which is a rapid rate of closure for a 100-year-old company. Factors accentuating this problem include reduced foot traffic in malls where majority stores are located, delayed recovery from the past recession, low profits, and rising rents.



2. DEBT

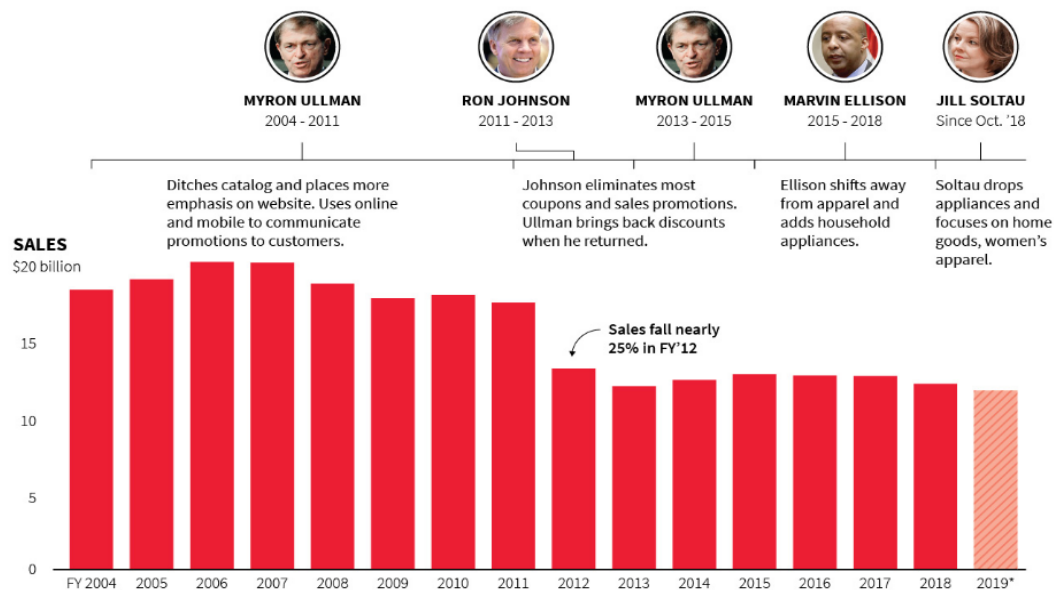
JC Penney has a colossal overload of debt that is maturing in 2023, and the company's cash flow has been negative for a few years.

Data for this Date Range

Oct. 31, 2019	4.158B	July 31, 2013	5.723B
July 31, 2019	3.786B	April 30, 2013	3.718B
April 30, 2019	3.918B	Jan. 31, 2013	2.868B
Jan. 31, 2019	3.808B	Oct. 31, 2012	2.965B
Oct. 31, 2018	4.253B	July 31, 2012	3.151B
July 31, 2018	4.002B	April 30, 2012	3.102B
April 30, 2018	4.184B	Jan. 31, 2012	3.098B
Jan. 31, 2018	4.012B	Oct. 31, 2011	3.102B
Oct. 31, 2017	4.271B	July 31, 2011	3.099B
July 31, 2017	4.068B	April 30, 2011	3.099B
April 30, 2017	4.373B	Jan. 31, 2011	3.099B
Jan. 31, 2017	4.602B	Oct. 31, 2010	3.099B
Oct. 31, 2016	4.772B	July 31, 2010	3.099B
July 31, 2016	4.697B	April 30, 2010	2.999B
April 30, 2016	4.709B	Jan. 31, 2010	3.392B
Jan. 31, 2016	4.769B	Oct. 31, 2009	3.392B
Oct. 31, 2015	5.253B	July 31, 2009	3.392B
July 31, 2015	5.253B	April 30, 2009	3.505B
April 30, 2015	5.343B	Jan. 31, 2009	3.505B
Jan. 31, 2015	5.255B	Oct. 31, 2008	3.505B
Oct. 31, 2014	5.357B	July 31, 2008	3.706B
July 31, 2014	5.351B	April 30, 2008	3.707B
April 30, 2014	5.507B	Jan. 31, 2008	3.708B
Jan. 31, 2014	5.512B	Oct. 31, 2007	3.809B
Oct. 31, 2013	5.518B	July 31, 2007	3.81B

https://ycharts.com/companies/JCP/total_long_term_debt

3. FALL IN SALES NUMBERS



<https://graphics.reuters.com/JC%20PENNEY-DEBT/0100B0D20T4/JCP.jpg>

Sales of JC Penney has poorly fallen over the last few years due to the rise in online shopping.

The company is also facing the threat of delisting from the stock exchange due to its underperformance.

Competition from within the industry and from online retailers

The retail industry has unrelenting competition from both the big names in the market and from small-scale shopping centers. The market is also being disrupted by the adjacent online retail marketplaces like Amazon, Alibaba, Asos, and Topshop.

IT Vision and Mission

(2019-2022)

Mission:

We provide enterprising solutions, value, and support for every organization in JC Penny so they can meet their goals, deliver results, and enhance the company's position.

Vision:

JC Penney IT will drive more strategic value by delivering innovative and reliable solutions for better customer satisfaction and increased sales, which would enable the business mission to provide the customer what she wants anywhere and anytime.

IT core values

Openness and Integrity: We give our best in everything through transparency and excellence.

Team Ownership: Everyone is responsible for each other and every project. Whether we win or lose, we do it together.

Result-driven: We result-oriented and are ready to take up any challenge

Innovative: A primary resolve for our team is to find unconventional ways to solve problems

SWOT ANALYSIS ON JC PENNEY IT

STRENGTHS

- **Improved IT capabilities with a partnership with Oracle**
 - **Implementation of oracle retail merchandising systems and e-business suite for business transformation:** JCPenney implemented a complete, open, and integrated suite of Oracle Retail solutions to streamline operations and improve the cross-channel customer experience as the company transforms its retail operations. The company transitioned to Oracle Retail Merchandising Operations Management, Oracle Retail Merchandise Planning and Optimization, Oracle Retail Supply Chain Planning and Execution, and Oracle Retail Stores solutions to simplify processes, reduce layers and equip business teams to better shape assortments and respond faster to customer preferences.
 - **Transition to Hyperion Planning:** Deploy Hyperion Financial Management to streamline and simplify the closing process and improve consolidated reporting.
 - **Implementation of Oracle Retail Merchandising Analytics,** a next-generation business intelligence application that provides merchants and planners with real-time, mobile insight to item and category performance, including key metrics such as inventory position, sales, stock ledger, cost, forecast, and promotions.
 - **Transition to cloud:** Marketing system deployment in the cloud-enabled rapid implementation and reduced IT overhead.
 - **Datalogix:** Data cloud connects offline purchasing data to digital media to improve audience targeting and measure sales impact

- **PeopleSoft in the Cloud:** The human capital management software to the cloud aids in consolidation and upgrade of systems and enable enterprise visibility & analytics

Omni Channel/eCommerce transformation

- **Transition:** JC Penney transitioned from ATG Web commerce platform to microservices-based homegrown application on moving the technology in-house to navigate the transition to digital, ultimately helping them reach consumers on the digital devices where they spend time while maximizing the performance of physical stores.
- **Mobile Strategy:** Bolstering mobile strategy by teaming up with visual product search platform Slyce enabling the app to recognize products for instant purchase.
- **Integrating BOPIS** - Buy online pick up in store for improving in-store purchases and eCommerce integration: BOPIS allows shoppers to complete online and mobile purchases with a variety of pick-up options. BOPIS is available in all 1,000 physical locations and synchronizes with the location capability on mobile apps and online platforms. Shoppers can make purchases based on the online catalog or available inventory in select locations. The shoppers can even choose which kind of pick up option they would like.

- **Move from waterfall to agile methodology in IT project management**

Iterative process aids in smoother and faster deployment and can strive for improvement in to-market times

- **New IT Leadership**

New leadership coming in with innovative ideas and changes.

WEAKNESS

- Dependency on vendors and third-party resources for operations and support technology
- Decreasing budget for technology to integrate the processes across the board that can hinder the improvement on the omnichannel capabilities
- Second movers in technology

OPPORTUNITIES

- Being second movers in technology JCPenney can leverage that position to learn from the mistakes of competitors
- Leverage customer data integration modules to design a more personalized shopping experience to customers
- Leverage the implementation of cloud innovation and technology to empower applications without an increase in budget

- Build on the continuous delivery and continuous improvement method of agile methodology for improving to-market times

THREATS

- Shortage of IT talent
- Usage of signal masking methods by shoplifters to interfere with the EAS and RFID systems that can cause declines in profit margins
- External attacks are threatening the leakage of intellectual property, consumer and employee data.

IT Strategy

Goal 1: Develop the IT organization

Objective 1.1. IT Team Training:

Key Strategy:

1. Train members of the IT team so that they can stay abreast of the new and fast-changing technological trends
2. Utilize intelligent workforce training methods driven by data eliminating conformation to roles and aides consistent learning.

Objective 1.2. Usage of open-source technologies:

Key Strategy:

1. Cultivate an environment for innovation in the IT organization where the team works on different ways to improve the platform they have with other developers.

Goal 2: IT enabling supply chain management and e-commerce integration

Objective 2.1. Continuous optimization of the IT systems

Key strategy:

1. With IT systems performance dependent on the input-output capacity, instant access for rapidly changing data requires constant maximization of the data throughput. Investing in targeted performance-enhancing software can speed up the optimization

Objective 2.1 Curbing the e-risks

Key Strategy:

1. Routine transfer of personal and payment information can make the company a target for cyber-attacks. In order to thrive in the eCommerce market place, JCPenney needs to make cybersecurity a key priority with an understanding of threats and right response strategies.

Goal 3: Focus on Customers with Data Analytics to drive sales.

Build on analytical tools to get an integrated view of the customer through data gathered using the omnichannel platforms.

Objective 3.1. Understand the emerging trends and opportunities for new products specific to each store location using data.

Key Strategy:

1. Perform social media analytics for customer opinion on your products (in different store locations) and your competition.

Objective 3.2. Work more on personalizing each customer's experience with data enabling curation and improved shopping experience.

Key Strategies:

1. Offer discounts and promos based on search/cart/Wishlist history of each customer.
2. Personalizes the homepage and navigation of each customer.

Goal 4: Drive traffic both on and offline with new technologies**Objective 4.1.** Expand checkout options

With a well-implemented self-checkout system, we can reduce staff-labor costs and a more seamless experience for the modern customer. SCO also enables the employees to utilize the time at the register to provide more attention to the customers making their in-store shopping experience more superior.

Key Strategies:

1. Enable self-checkout using barcode scanning on JCPenney's mobile application. This way, customers can walk into the stores and pay for the products on the go: no cashier, cash, or card needed.

Objective 4.2. Improve try out services with smart mirrors and augmented reality.

Key Strategies:

1. Place smart mirrors in stores. We can make use of interactive mirrors to alter lighting and fit selection where employees can get them as quickly as the customers choose.
Recommendation system that chooses the outfit and accessories to go with it.
2. Improve try out services and user experience using augmented reality where customers can preview their choices and can virtually try them on before making a final choice providing a fun shopping experience.

Conclusion

JC Penny is one of the most recognized fashion retail companies in America amongst customers, but they are finding it hard recently to maintain their footing in the retail sector, and fixing the issues would be a big step in winning the hearts of their customers and drive sales.

Information technology can work adjacently to the business by enabling the operations of the company. The IT strategies we have drafted a roadmap to solve the major issues plaguing the company at present .We believe these strategies would result in:

- Increased Sales
- Increased Productivity in the IT organization
- Cost reduction
- More Satisfied Customers.
- Company differentiation.

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