



Close Connections

Technology Combo helps Pandora eliminate store-opening snags By: Deena M. Amato-McCoy

With shoppers literally lining up outside of its stores, Pandora Jewelry cannot afford to have network connectivity unavailable when they are ready to make purchases. One Pandora store was able to avoid this with the help of a mobile high-speed broadband router, data modem and firewall that replaces hardwired Internet connections and provides continuous failover protection.

Founded in Denmark 30 years ago, Pandora made its way to North America in 2003. The company's business model of affordable, customizable luxury has appealed so strongly to consumers that Pandora doubled its sales between 2009 and 2010. Besides



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selling merchandise at more than 3,000 retailers in North America, the company also has 242 franchised stores in the United States and will open 40 new locations by the end of the year. Worldwide, the brand is sold in 65 countries through 10,000 points of sale.

Network connectivity is a top priority when Pandora prepares for store openings. "The connection is critical in our credit and debit card processing, as well as our nightly polling from POS to our corporate offices," says Jennifer Berkebile, Pandora's IT trainer who previously served as retail project coordinator.

Last November, however, as Pandora prepared to open a new concept store in the Park City Center mall in Lancaster, Pa., it faced a potential delay due to an Internet Service Provider (ISP) strike. Such a delay, Berkebile says, "would have subjected us to a fine from the mall for not opening on time, as well as put the store in jeopardy of

potentially losing holiday season sales."

High-speed networks are a priority for retailers to ensure that stores stay connected to critical POS applications and corporate offices, but backup systems can still consist of wired lines as basic as telephone dialup service, 56k-speed modems or ISDN networks operating at 128 kbps. If these connections experience bottlenecks — or worse, go down altogether — nothing gets processed.

On the right track

Pandora joined forces with eMazzanti Technologies in the fall of 2010 to work around the networking issue. eMazzanti packaged a solution combining a 3G/4G broadband router from CradlePoint with a 4G USB data modem, a WatchGuard XTM firewall and an HP networking switch. The solution temporarily replaces the need for hardwired Internet and provides continuous long-term protection should the ISP connection get interrupted.

The CradlePoint device, which resides in the store, is the access point that can securely connect to the Internet via any wireless carriers in the area. Data moves between the cell tower and the CradlePoint device, and is then moved into eMazzanti's security appliance, which also resides at store-level. This configuration builds the network for POS units and a separate network for back-office processors operating at store-level.

For Pandora, this configuration supports the flow of payment card authorization and processing and end-of-day data polling between POS units and the corporate office, as well as network protection in case the primary data service fails.

"We already had experience with the technology in other locations, so when we hit the potential stumbling block in Lancaster, we knew we had a viable, reliable option," Berkebile says. "eMazzanti often discusses with franchisees how disruption to Internet service can make or break the opening of a store, so we always

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—Jennifer Berkebile, Pandora

strongly encourage them to utilize the tool."

When factoring in the costs associated with dispatching a technician, other related labor and inconveniencing shoppers who may abandon their orders during delayed or halted payment, a typical Internet outage can cost a store between \$600 and \$2,000.

"We would have lost a minimum of \$10,000 in month-to-month sales having to wait out the ISP's strike," Ashley Walther, Pandora's Park City Center store manager, said in a company statement. "Furthermore, there were certain fixed-overhead costs that continue regardless of whether the store is open or not, making delays even more costly."

Since the Lancaster store was opening in late fall, the networking solution also saved holiday sales opportunities. "Being able to open [on time] meant we were able to build the awareness necessary to maximize holiday sales," Walther added. "Just missing opening our doors by a few weeks could have cost us more than \$50,000 in sales and expenses."

Most importantly, the integrated CradlePoint technology with the WatchGuard firewall provides failover protection to ensure business continuity and data security for both transaction and customer information. "This offers huge piece of mind," Berkebile says. "While Internet services are more readily available these days, this configuration ensures we are less restricted when it comes to accessing Internet services."

Going mobile

Pandora hopes to further utilize the functionality of the mobile high-speed broadband router, data

modem and firewall combination, especially as it explores new initiatives like mobile retailing.

While some retailers are upgrading telecommunications networks to provide shoppers with in-store mobile web access, others are using their networks to support internal mobile device strategies. More associates are being armed with mobile devices that allow them to take the customer relationship to the next level. Besides accessing marketing and loyalty data, users can quickly conduct store operations with instant web access to retailing channels, inventory levels, marketing functionality and tendering capabilities.

A majority of retailers (93 percent) are partial to smartphones for these projects, although 76 percent are deploying more tablet-based initiatives, according to the Aberdeen Group's report, "Mobile and Tablet Shopping Demystified: Adoption and the ROI Business Case."

Intrigued by the value a mobile platform can offer, Pandora has several franchisees exploring different projects. "Some are using tablets in-store [as kiosks] to connect to our online bracelet builder service, while others are testing iTouch devices as mobile POS devices," Berkebile says.

As many as 20 stores are currently testing various concepts; pending positive results, Berkebile expects more stores to add the functionality in time for the holiday season.

"As we utilize more network functionality and devices, our network becomes even more important," she says. "We require Internet connectivity for so many things today, so it is more important than ever that we can ensure there is store-level connectivity, whether our ISP is up and running or not."



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