

Case Study: Retail Stores

Every week, more than 22 million customers visit The Home Depot. The World's Largest home improvement retailer operates more than 1600 stores across North America, with 2002 sales topping \$58 billion. The Home Depot is also the country's fastest growing retailer.

Keeping an eye on safety, security, and the bottom line

Recently, The Home Depot decided to implement digital video surveillance as part of a \$250 million store remodeling program. The company had three objectives in mind: first, to ensure a safe and secure environment for its 300,000 employees and millions of customers; second, to stem losses from theft, fraud, and error; and third, to use knowledge gained through video recording to increase productivity and improve customer service.

Last year, US retailers lost approximately \$31.3 billion to inventory shrinkage, and US businesses and financial institutions lost almost \$48 billion to identity theft. But, by leveraging video intelligence to actually improve store operations - to keep productivity high, prices low, and customers loyal - The Home Depot saw that it could strengthen its market advantage while multiplying the return on investment in video recording.

An extensive review of The Home Depot's existing video surveillance revealed a wide array of local store security programs, with no clear way to share information, few economies of scale, and little integration with critical business systems. There was no cohesive security strategy in place. Each store manager made the decision about what kind of security to have at his or her store. Stores with high levels of theft had several cameras, while other stores had none.

The first goal was obvious: standardize on a solution for our 1,600 plus stores. The Home Depot began installation of the digital video solution with 600 locations operational by the end of 2003 and the remaining company facilities installed the next year. Each Home Depot location has cameras monitoring checkouts, receiving docks, store aisles, parking lots, and other areas of operation. The Home Depot can monitor store activity from virtually anywhere on its IT network. The system allows the Loss Prevention Manager at each store to view video on site or remotely. And the District, Regional, and Corporate Loss Prevention Managers can view video for all stores under their control. This facilitates rapid identification and investigation of repetitive sales, suspicious returns, and potential instances of identity theft.

As for the future, The Home Depot looks forward to improved customer service and increased productivity. Once completed, they expect to have a network of 40,000 video cameras nationwide delivering intelligence for improving The Home Depot's security and enhancing its profitability.