Lessons learned:
Applying the BSI Guidelines
in textile retailing

Expert Symposium

November 25th, 2011

GERRY WEBER
International AG

Overview GERRY WEBER

- Fiscal Year 2009/2010 (Oct. 31st) was the most successful year in company history
- Turnover increased by 4,7% to 621.9 Mio. EUR with an EBIT margin of 13.4%

- Approx. 145 new HoGW will open in FY 2010/2011
- Estimated turnover 700 Mio. EUR / EBIT 14,0% in FY 2010/2011

- More than 2.400 Shop-in-Shops in Germany and worldwide

The Brands

GERRY WEBER

GERRY WEBER EDITION

TAIFUN

SAMOON by **GERRY WEBER**

G.W.

- Clear brand strategy and brand positioning

- Increased brand visibility through retail growth

- GERRY WEBER STADIUM in Halle/Wetsphalia drives brand awareness with sports (Tennis/GERRY WEBER OPEN, handball, boxing) and concerts (eg Anna Netrebko, Pink, Roxette)

Houses of GERRY WEBER

HOUSE OF GERRY WEBER

Hamburg, Jungfernstieg

- About 500 HOUSES OF GERRY WEBER worldwide, for example Berlin, Hamburg, Dubai, Kairo, St. Petersburg, Moskau

- EDI data is received from own retail and 2.600 wholesale customers

- Daily analysis of sell-through and success of new fashion ideas

- Usage of RFID along the complete supply chain

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The Gerry Weber Project

- Starting mid-2010, Gerry Weber fits all 28m garments annually with embedded RFID tags at time of production.

- In most cases, the RFID tag is embedded in the care label

- Since January 2011, all deliveries to own stores and retailers are tagged with RFID.

- All retailers get the RFID tags and the associated data for free

- In Gerry Weber's own stores, we support goods-in, Replenishment and EAS with RFID

- Gerry Weber invests 2,7m Euro, expected ROI < 2 years

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What's new?

- We combined the care label, the EPC (electronic product code), and the EAS functionality in one product

- Gerry Weber is a first-mover in Europe
  - to sew in the RFID tags
  - to use RFID for EAS purposes
  - to support the complete supply chain from production to POS with RFID

- We invite our market partners to join:
  - competitors
  - customers
  - suppliers
  - logistics providers
  - soft- and hardware suppliers for wholesale and retail

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Privacy by Design: the starting point in 2009

- In initial project setup, privacy was a major concern to Gerry Weber

- Even without a loyalty card, personal data could be recorded at POS
- No real guidelines existed, besides the (new) EU recommendation and German privacy laws

- Decision: Stay on the safe side!
  - Don't store personal data together with EPC data
  - Separate data in cash process in a way it cannot be joined afterwards
  - Make RFID usage and tags clearly visible to the customer
  - Go for EuroPriSe certification of processes and IT systems

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The customer doesn't care… so we have to care

- A survey among customers (April 2011) showed zero knowledge about RFID, and little interest to learn more

- Customers trust Gerry Weber to use new technologies carefully

- We must not disappoint our customers!

- The BSI guidelines are the first hands-on approach to RFID privacy suitable for fashion retailing

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Learnings from doing the PIA

- In general, we did a pretty good job in 2009, even without PIA…

- A well-done PIA will (potentially) substitute the Advance Checking („Vorabkontrolle") according to German Privacy Law (BDSG)
- Given this, the extra effort for doing the PIA is low.

- The BSI Guidelines are best applied in the design phase of your project
- After implementation, you should re-check

→ In our case, we used the BSI Guidelines for a re-check only
→ Only minor adjustments were needed (training material, staff guidelines)

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How many PIAs should we do…?

- Gerry Weber takes an active part in GS1 Germany

- In EPC/RFID Advisory Board, we felt the need to define more specific Industry Templates, as mentioned in the PIA

- GS1 is working on a tool-based PIA, expected for release in December

- What's the difference?
    - The BSI Guidelines are universal, GS1 PIA is retail specific
    - Risk assessment is more thorough with BSI
    - Small and medium sized companies could prefer GS1 because it's simpler

- Ideally, threats, risks and mitigations should be the same → if we have a threat, we should identify it regardless of the toolset used

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What's still missing?

- The customer doesn't know… more awareness on RFID in the public!

- Some basics should be regulated, not just recommended:
    - Standardized sign for RFID chips and readers (ISO Logo?)
    - No hidden RFID tags
    - For retail purposes, tags should be removable.

- Integration of PIA with EuroPriSe and national law (BDSG etc.)

- Some way to tell if you did PIA right → PIA validation process

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Thank you!

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