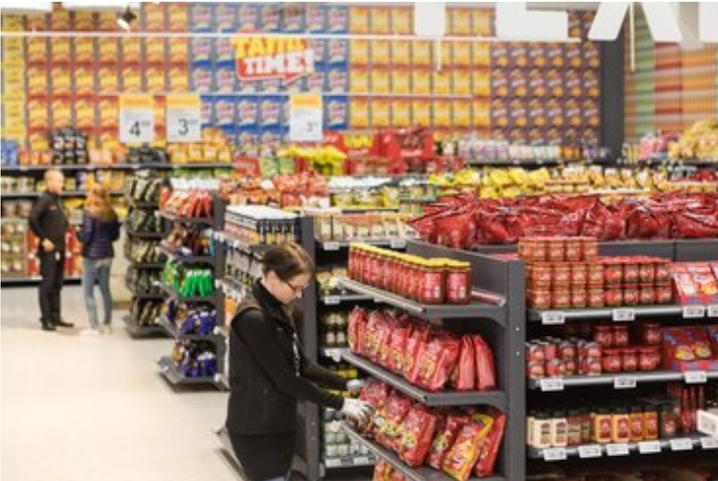


## Kroger, Microsoft jointly to market RaaS to the industry

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**"Our partnership brings together Kroger's world-class expertise in the grocery industry with the power of Azure and Azure AI"**



The Kroger Co. and Microsoft Corp. announced a collaboration to redefine the customer experience using Kroger Technology products powered by Microsoft Azure, the retailer's preferred cloud platform for Retail as a Service (RaaS). Through this innovative partnership, Kroger will pilot a connected store experience and together with Microsoft, jointly market a commercial RaaS product to the industry.

"Kroger is building a seamless ecosystem driven by data and technology to provide our customers with personalized food inspiration. We are identifying partners through *Restock Kroger* who will help us reinvent the customer experience and create new profit streams that will also accelerate our core business growth. We are excited to collaborate with Microsoft to redefine grocery retail," said Rodney McMullen, Kroger's chairman and CEO.

"Our partnership brings together Kroger's world-class expertise in the grocery industry with the power of Azure and Azure AI," said Satya Nadella, CEO of Microsoft. "Together, we will redefine the shopping experience for millions of customers at both Kroger and other retailers around the world, setting a new standard for innovation in the industry."

The Kroger Technology team has developed a smart technology system, powered by Microsoft Azure and connected by IoT sensors, to transform two pilot stores located in Monroe, Ohio and Redmond, Washington, respectively, near each company's headquarters. The pilot stores will leverage RaaS, establishing a way to quickly add innovations to create new customer experiences, enable higher levels of personalization through insights and enhance store associate productivity.

By using Microsoft Azure to store and process the data generated in stores, near the smart shelves and on Kroger's app, the digital stores will introduce never-before-seen shopping experiences, including the latest generation of EDGE™ Shelf

(Enhanced Display for Grocery Environment), a shelving system that uses digital displays, instead of traditional paper tags, to indicate everything from prices and promotions to nutritional and dietary information. Using Microsoft Azure AI, EDGE Shelf will connect with Kroger's Scan, Bag, Go®, creating a unique guided shopping experience for customers.

For store associates, a pick-to-light productivity solution can reduce the time it takes to fulfill curbside pickup orders by using visual cues to help them quickly find items. Additionally, solutions like Microsoft Azure-powered video analytics will help store associates identify and address out-of-stocks to ensure customers can locate products on their shopping list.

In addition to transforming the customer experience and enhancing productivity for store associates, the EDGE Shelf will enable Kroger to generate new revenue by selling digital advertising space to consumer packaged goods (CPGs) brands. Using video analytics, personalized offers and advertisements can be presented based on customer demographics.

The new pilot will guide expansion plans in 2019 and beyond.