POS Systems
BUYER'S GUIDE

6 tips to help you choose the POS system that best suits your business

TOUCH DYNAMIC

POS Systems Buyer's Guide

The prospect of purchasing a new POS system may seem daunting; however, this need not be the case. Choosing the right POS technology is a painless process, providing you approach it in a strategic fashion. Heeding the easy-to-follow tips in this eBook will ensure that you choose a POS system that is suited to your business.

TIP #1   Identify Business Needs

Completing this step may take a while, but it's important because it will prevent you from wasting time and money on a solution that does not have the capabilities you require or incorporates features for which you simply have no use. To identify your business needs:

Solicit employee feedback.
Ask staff members what capabilities of a new POS system would help them to be more efficient and productive in handling their day-to-day responsibilities. Poll them about what enhancements to the business and its procedures they believe might result from implementing POS technology.

Distinguish between "must-have" POS system features and capabilities, and those you merely want.
Identify what belongs in each category, and rank priorities, by asking yourself:

- Which issues you want to address?

- What problems you want to solve with with POS system?

- How much time you devote to operations-related tasks (and whether it is excessive)?

- Which initiatives you would like to start in order to grow your business if you had the time to do so? For example, if you own a restaurant, are you losing customers because of errors in orders? If you own a retail store, is business down because customers are forced to wait too long for their purchases? Do you frequently run out of inventory? Are you spending too much time training and managing staff or trying to find the cause of shrinkage? Do you want to market to customers more aggressively?

Determine Hardware Requirements

Ask yourself:

How many systems are needed?
The answer depends on the amount of space available to accommodate the equipment. If space is tight, consider a more ergonomic solution with a smaller footprint, like an all-in-one POS system that incorporates all the staple peripherals (such as magnetic stripe readers, customer displays, etc.) or a tablet POS solution. In addition to saving space, all-in-one and tablet POS options yield other benefits. With an all-in-one system, all hardware is compatible. One vendor handles all maintenance and repair, keeping costs down. And if your POS system was made by one vendor, the quality of the peripherals is likely to be similar. Replacing an entire POS system is much easier – and probably less expensive – than doing so piece by piece. Meanwhile, many tablet POS solutions can be used for mobile POS, enabling you to improve operating efficiencies and customer service.

What is the preferred interface?
Some retailers and restaurant operators still favor a traditional keyboard or scanner interface, but touch screen may be a better bet. A touch screen interface enables faster data input at the POS, meaning better customer service and, consequently, increased customer loyalty. It can also effectively enhance operator accuracy, reduce training time, and improve overall operational efficiencies, thus keeping costs down.

What add-ons/peripherals are required?
Besides mobile POSs (tablets), you may want PIN pads, biometric readers, bar code scanners, and equipment for data backup.

How will payments be processed?
With mobile POS and mobile wallets becoming increasingly popular, you may want the ability to accept contactless payments. This necessitates selecting near-field communications (NFC)-compatible POS terminals. Keep in mind, too, that the Europay/MasterCard/Visa liability shift, wherein merchants assume liability for fraudulent transactions unless they have upgraded their equipment to accept chip-enabled credit and debit cards, goes into effect in October of 2015. So, choosing POS terminals that are ready to handle chip cards is also a good idea.

TIP #3 — Create Your Budget

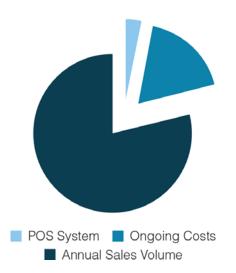*To decide how much to spend on a POS system:*

Review annual sales volume.
For retailers, the industry average investment in POS systems totals 2% to 3% of annual sales volume. For restaurant operators, this figure ranges from 1% to 1.5%.

Factor in ongoing costs.
Such costs include software maintenance/updates (12% to 18% of the software being licensed) hardware maintenance, and, depending on the vendor, additional training.

Consider total cost of ownership and return on investment.
The price of a comprehensive POS system may seem high, but the technology will save you money throughout its life span by decreasing labor expenditures, improving order accuracy, enhancing cash-tracking and inventory control, and minimizing or eliminating shrinkage. It will also allow you to increase sales through more effective marketing/upselling and customer service enhancement/retention, as well as afford real-time insight into every aspect of the operation—yielding a healthy return on investment (ROI).

Now is a perfect time to investigate various purchasing options as well. You can:

Buy equipment.
Purchasing a POS system entails a significant upfront investment, but once you have made that investment, the system is yours, with no monthly bills to pay.

Lease equipment.
Leasing equipment removes a sizeable initial financial outlay from the equation and makes it easier to upgrade your POS system without blowing your budget. But while leasing involves little to no upfront investment, long-term leasing expenditures may actually exceed those of buying a POS system because leasing fees cover depreciation, obsolete hardware and other expenses.

Sign up for software-as-a-service (SaaS).
Following a "pay-as-you-go" SaaS model, in which software operates in the Cloud, turns software costs from a capital expenditure to an operating expenditure, eliminating the need to purchase software licenses. However, the ongoing cost is usually higher than buying a system outright.

TIP #4 — Set Plans In Motion

Once your budget is in hand, proceed to:

Establish a timeframe.
Decide how quickly you want to make a purchasing decision, as well as how much time you think you will need for deployment and training.

Develop a short list of vendors.
Based on how closely their POS offerings match your list of needs and wants.

Send RFPs.
Include all of your requirements and your proposed schedule, and request price quotes.

TIP #5 — Conduct Vendor Assessments

Evaluating POS vendors as thoroughly as you do POS systems themselves is essential, as you'll need a good match to fully leverage your technology investment. The "right" vendor:

Has experience with and understands your type of business.
A vendor whose staff is well-versed in the type of retail or foodservice establishment you operate will add invaluable expertise to the implementation, training, and ongoing support processes. To assess whether a vendor possesses such experience and understanding, cite the top three problems you would like to eliminate or the top three objectives you would like to attain via a POS system, and inquire how their system will fit the bill. If you receive vague answers or a sales pitch that emphasizes technology bells and whistles, cross that vendor off your list.

Demonstrates financial stability.
Only a financially stable vendor possesses the resources to support POS system enhancements and other initiatives that will foster your business' growth. Financial stability can be assessed by reviewing each vendor's Dunn & Bradstreet rating and current financial statements. Seriously consider only those vendors that have a proven track record and, preferably, have been in existence for at least five years.

Can support your business as it grows.
The vendor must be flexible enough to accommodate any plan to expand your operation—whether out of the area, out of state, or to another part of the country. Consistency, stability, and logistics necessitate working with a single POS vendor, rather than with several different vendors whose systems may be too disparate to support a cohesive retail or restaurant organization.

Can be vetted through multiple references.
Check with several references whose operations are similar to yours. Ask them to share, in as much detail as possible, their experiences with the vendor in question—from installation and training to maintenance, troubleshooting, and other follow-up. Find out if the vendor delivered—and continues to deliver—on its promises and how it has handled problems.

Offers comprehensive training and installation services.
Find out whether the vendor provides training and whether it is available online, in person/in-store, or both. At a minimum, training should cover implementation, inventory entry, purchasing/receiving, reporting, and of course, equipment operation. Full installation services are preferable, so you can focus on your own core competencies.

Provides adequate technical support.
No matter the caliber of your POS system, you'll eventually need technical support. Such support should be available not only during regular business hours, but also after hours and on weekends and holidays for critical issues. It's desirable for the vendor to have a dedicated telephone line so that support-related issues may be handled quickly—before they have a negative impact on your business.

Releases periodic software updates.
For best results and minimal surprises, find out how often these updates are issued, and whether there is a charge for them.

TIP #6   Create a Vendor "Short List" and Demo Their Systems

Assessing vendors against the above criteria will allow you to eliminate some from the running and devise a short list of the remaining candidates, but only hands-on demos will allow you to determine whether a POS system is really right for your business. Invite all of the vendors on your short list to conduct on-site demos of their offerings. During these demos, assess each system for:

Compatibility with your list of "must-have" features and capabilities.
Benchmark every POS system you are considering against this roster.

- **Ease of use.** For example, how intuitive is the equipment? How intuitive is the interface to other systems? Is the hardware bulky and awkward to operate, or is it optimized for ergonomics? The easier the POS system is to use, the less time you will need to train employees and the more time you will have to perform other critical business functions. Similarly, the less "clunky" the hardware and the simpler the operation of the POS system itself, the fewer potentially costly mistakes employees will make.

- **Speed and reliability.** The POS system should handle tasks in seconds, not minutes. If checking out customers and processing transactions takes time, you are partially defeating the purpose of your technology investment. The system should also operate the same way every time. For example, it should not take two seconds to process a transaction on the first try and two minutes on the second try.

- **Scalability.** The configuration of your POS system should allow you to add POS terminals in existing locations as needed to support expansion so it runs seamlessly across all sites.

Conclusion

No matter how many retail stores or restaurants you operate, deploying the right POS system is essential to the short- and long-term success of your business. Carefully plotting out a course of action, evaluating solutions according to the needs of your particular operation, comparing different financing options, and evaluating vendors will bode well for your bottom line and keep you at the top of your game now and in the future.