Point of Sale Total Cost of Ownership

The goal of this white paper is to understand the differences in long term expenses between Revel Systems Point of Sale (POS) and legacy Point of Sale.
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The Point of Sale Evolution

If only a few decades ago, the point of sale was simply a cash register for many businesses around the world, it has tremendously evolved over the past 10 years to become a critical part of any business. And it is now so powerful that it is seen as the central nervous system of a business. Technology advances such as tablet devices and cloud technologies have enabled new POS vendors to come to life and offer a completely new approach that is placing the Point of Sale at the center of all business operations.

In today’s highly competitive landscape, being able to offer an outstanding experience to customers when they visit a store or restaurant is critical to win against convenient online stores like Amazon.com or the ever-growing list of food delivery services. In April 2016, Forrester Research conducted a study commissioned by Revel Systems, Step Up The In-Person Experience, that surveyed enterprise restaurants and retailers with over 25 locations. 90% of respondents agreed that it is important to infuse digital capabilities into physical locations to improve customer experience, and indicated they were currently working on integrating new technology.

Digital technologies and empowered employees go hand-in-hand

Top three qualities for excellent in-person experiences according to retailers and restaurateurs:

1. Ability to engage customers through digital channels 44%
2. Up-to-date in-store or in-restaurant technologies 41%
3. Knowledgeable and helpful employees 38%

Source: Forrester Research study commissioned by Revel Systems in April 2016, “Step up the in-person experience”
The Point of Sale Industry

There are a few large players in the Point of Sale industry that have dominated the market for years. Their systems work on back office servers and require regular maintenance.

While these systems have been deployed at many large enterprises globally, they show a number of shortcomings that are making new innovative vendors gain rapid traction. These new vendors are leveraging modern technology that offers a sleek in-person experience while requiring low maintenance due to their modern hardware and hybrid cloud deployment model.

With a smaller hardware footprint, secure cloud-based technology and a streamlined user experience, these new solutions have the potential to replace old legacy technologies and benefit both the business owner and the customer in the long run.

In addition, when looking at the total cost for a merchant over a 1, 3 or 5 year period when using these new technologies, it can make the switch even more enticing.
The Next Generation Point of Sale

In today's world, customers consider their cell phones to be their sidekicks and expect a seamless experience - from mobile ordering to payment, takeout and much more. To stay competitive, it's imperative to connect all customer channels while also maintaining a trustworthy backend to easily access and analyze all business-critical data.

The next generation Point of Sale is a powerful digital platform that fully integrates all purchasing channels with the Point of Sale—one in which data can flow seamlessly between the Point of Sale and all other applications making it quick and easy to check the health of the business, reconcile sales and expenses for accounting and much more.

In addition, this next generation POS offers an extensive set of tools that enable merchants to easily track the end to end customer experience. It also gives them access to valuable customer data that can help them make better decisions to grow their business.

Source: Omni-channel platform offered by Revel Systems
Hybrid-cloud technology allows these modern POS systems to facilitate purchases glitch-free, while providing insightful data. These new systems ensure offline functionality, real-time reporting, enhanced security and improved overall performance.

Today’s restaurant and retail chains also value a Point of Sale’s third-party integrations. To engage customers and employees, you must know them. By combining insights such as inventory, loyalty, customer relationship management, online ordering and other systems, the Point of Sale becomes a treasure full of data and engages the customer in a whole new way.

86% of the aforementioned Forrester Research respondents said they are drawn to tablet-based POS systems because they provide opportunities to collect new or expanded insights on customers, operations and products.

Finally, the sleek design of the platform using modern touch technology helps enhance the customer experience and make the merchants’ brand look more appealing.

“Digital experience isn’t complementary to customer experience — it’s central. When asked what qualities are most important for in-store or in-restaurant customer experience, the greatest number of the decision-makers we surveyed cited the ability to engage customers through digital channels and up-to-date technologies, and a whopping 93% agreed that it is important to infuse digital capabilities into physical locations to improve customer experience.”

Forrester Research - From study commissioned by Revel Systems in April 2016, “Step up the in-person experience”
Risk of Not Keeping Up with Technology Evolution

Many merchants have settled over the years on a legacy POS system and are not looking at making a switch as it has been working relatively well for their business. While making a switch for such a critical element of the business can seem daunting, looking closely at what these merchants are missing out on can show the status quo is probably costing their business much more than they think.

Expensive maintenance:
Legacy POS systems rely on a backend server that requires regular maintenance and can bring the business down if it breaks. When the backend server goes down, it not only becomes impossible to process sales, but it will also take days to get a new one shipped and installed causing the business to stop or slow down.

Security issues:
Legacy systems are built on Windows Operating System and are highly exposed to hackers and viruses. When a virus hits the system, the merchant will be unable to take orders or process sales. Tablet technologies are much less prone to viruses as most of them run on the highly secure iOS and integrate security technologies that ensure the POS system will not be compromised and customers’ and merchants’ data will remain safe from hackers.

Inability to gather insights about customers [See Chart A]:
Legacy POS systems have very limited, if any, capabilities to gather customer, operations or product insights. Being able to gather and access such data in real time is critical in today’s digital economy to be able to compete against online retailers or food services as they offer such convenience and seamless experience to clients.

Inability to integrate with other business critical systems [See Chart B]:
While being able to integrate with other applications seems like a “not-so-critical capability” for a POS system, merchants who have experienced the convenience of these integrations will not go back. They save countless hours reconciling accounting data or managing their employee schedules and much more.

Inability to modernize the business and deliver an optimal customer experience:
As the Forrester study states, not being able to provide an outstanding in-person experience puts the business at risk against the convenient online ordering and shopping services.

Leave the brand behind the times:
When merchants fail to leverage modern technology at their location, they run the risk of falling behind the times and looking less attractive to an increasingly technology-savvy audience.

Chart A:

![Chart A: Data insight opportunities drive businesses to advance POS](source)

Chart B:

![Chart B: MOST BUSINESSES DEEM POS INTEGRATION TOO COSTLY OR COMPLEX](source)

Source: Forrester Research study commissioned by Revel Systems in April 2016 - Step up the in-person experience
Total Cost of Ownership Comparison

Revel Standard Enterprise Pricing:

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Legacy Enterprise Pricing:

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The Hidden Costs of Not Making a Switch

The four elements below should not be overlooked as they have a significant impact on the bottom line over time.

**Security**

Hackers, virus, data breaches, etc. are serious issues that can impact a brand very negatively. No company will benefit from being publicized for customers’ credit card details having been stolen or exposed to fraud. Point of Sale systems have often been identified as a weak link for security in a business, and choosing a secure POS is critical to establish trust with customers and avoid unwanted negative publicity.

**Customer insights**

Being able to gather data about customers, their buying patterns and what they are interested in puts a business at a strong advantage against the ones who do not collect this information. Relationships with their customers and the ability to send targeted marketing messages are critical, and lacking these insights can be very detrimental to a business and a brand.

**Modern brand**

The impression customers have when they visit a business, the feel of the place and the brand is critical to the success of a business. With the current rapid technology advances, customers now have high expectations and can be turned off and not return to businesses that lag behind in this area.

**Connecting the POS with other key applications**

Being able to integrate the POS with other business critical applications can save a business valuable time and money by helping them manage employees more efficiently or automatically reconcile accounting data and more.
Pizza Patrón Case Study

For over 30 years, Pizza Patrón has been serving up “Más Pizza. Menos Dinero.” to communities across the country. The Pizza Patrón franchise continues to excel due to its bicultural concept and modern Point of Sale. Over the past two years, the company added nearly $7 million in sales with 10% fewer locations thanks to “powerful new tools that make Pizza Patrón more competitive than ever.”

One of these solutions is Revel’s Point of Sale, a secure, cloud-based technology that can easily scale with the company. Andrew Gamm, Executive Vice President, says, “The most significant difference lies in our ability to customize with Revel without paying for the costly ‘module’ add-ons our previous legacy vendor required. Revel’s open API allows my team to develop online ordering, mobile payments, and customer loyalty programs that strengthen the company’s position in a very competitive marketplace.”

“Revel’s enterprise platform is a great fit for our franchise system. At nearly 100 locations and growing, we have real-time access to analytical data that helps us make smarter decisions every day.”

“Revel is more cost-effective for Pizza Patrón compared to our previous legacy system. Keeping POS fees low is critical to our business model and to the success of our franchisees.”

Revel’s contribution to Pizza Patrón’s success is shown in the numbers. In 2016, Pizza Patrón saw all-time sales records from 44 out of their 95 stores. Over the last two years, the chain has seen a 12.4% increase in same-store sales that have adopted the system.

$7M increase in sales in 2 years
2x more locations
12.4% increase in sales per location
Conclusion

While changing Point of Sale can seem like a large undertaking, the cost of keeping with the status quo can be tremendously higher. Not only have modern tablet-based point of sale systems been proven to be undeniably cheaper than legacy POS systems, not being able to leverage the features of modern systems in today’s digital and fast-paced world can be extremely costly. Finally, customers’ expectations have changed and the experience delivered by a brand can make a huge difference in consumers’ adoption and recurring purchases so serious attention to the in-person experience is crucial.

About Revel Systems

Revel Systems iPad POS was founded in 2010 in San Francisco, CA, with the goal of changing the point of sale market and empowering entrepreneurs with the tools they need to succeed. Founders Lisa Falzone and Chris Ciabarra developed a quick, intuitive and secure Point of Sale system by combining cloud-based technology with the mobility of the iPad.

Revel Systems’ software offers a feature-rich POS solution for restaurant, retail and grocery establishments with integrated payroll, inventory tracking, customer relationship management and more. Revel’s open API allows users to integrate directly with third-party applications, including mobile payments, online ordering, gift or reward cards and advanced financial software suites.

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