KEEPING ROI ON TRACK

Six mistakes to avoid when buying pos

Maitre'D®
Software that serves you better

With technology buys, it sometimes seems like there are so many ways to do things wrong, and so few ways to do things right. It seems that way because it's true. At the heart of POS is a solid return on investment: growing revenue and cutting costs at the same time. But sometimes, as often as not, decisions that look like smart ROI turn out to be exactly the opposite.

In this paper we discuss how the hunt for ROI can lead down some very unprofitable paths.

Keeping ROI on Track

Here's a simple fact about any IT purchase—one you probably already know: it's all about money. Either making it or saving it. There's no other reason a business of any kind implements technology of any kind. Whether it's virtualizing servers, integrating supply chains, creating mobile order entry . . . or implementing a restaurant POS. "Save It Or Make It" is the business mantra beneath IT.

It's likely that saving and making money is on your mind as you think through a POS implementation. If it's not, it should be.

1. Restaurant POS makes money—through better customer experiences, innovative marketing, fewer errors, and more.

2. Restaurant POS reduces costs—through operational efficiencies, optimized resources, centralized data, and more.

Each POS function—the core system, the add on modules and the third-party offerings—must be evaluated not by how interesting, or trendy, or technologically superior it is, but by where it falls in the make-or-save calculus of your business. Sometimes it's easy—knowing how many bump boxes to order for instance. Sometimes, it's not so easy. Loyalty sounds like a great idea, but after all costs are calculated and forecasted, it might just cost too much and bring in too little.

The Make/Save focus brings with it a danger. Building a POS system that saves money and makes money can also be the primary reason why the POS ultimately fails to deliver on its ROI. They're the right objectives, but restaurant owners, time and again, look to accomplish them in the wrong ways. They cut the wrong corners, license the wrong modules, establish the wrong protections—all in the name of saving money or making money.

Here are some of the mistakes companies make that turn ROI on its head.

Bumping the Plan

You can't draw the blueprint after construction is finished.

"Plan your work and work your plan." Sometimes the dullest cliché makes the sharpest point. Why is the planning stage so often skipped? It's not because owners think planning is unimportant. Sometimes it's because they don't have the right resources with the right expertise. Sometimes, they overthink things, complicating planning to the point where they're just overwhelmed by the process. Sometimes it just seems like there's no time to plan. The reasons planning doesn't get done may be many. The result is always the same—and never good.

Owners fail to plan for some, and sometimes all, of these areas:

1. Technology plans have to be set, from the transport protocols you'll use to the APIs you'll call to the storage and horsepower you'll need.

2. Security plans have to be in place to protect your business data and the inviolable identities of your customers.

3. Marketing plans have to quantified to ensure you have both the resources and the expertise to make them work.

4. Training plans need to be formalized. Many owners use "viral" training: one employee trains the next—a great way to preserve and even codify bad habits.

Buying Second Hand Licenses

Discount software quickly reaches premium price points

Increasingly, with the growth of online channels, POS systems are offered for sale online. Done honestly and legally, some good deals can be found for things like desktop software and games. But for restaurant owners building a POS environment, those good deals come with so many traps that often the purchase in the end exceeds the original license fee. Sometimes Buyers don't require documentation of the license chain all the way back to the software vendor, only to discover that it requires a reactivation fee. Licenses often allow a specific number of users: what are called "instances." If the original owner hasn't deleted all of its instances, you won't be able to use all the instances you paid for. Frequently, since the license is in the name of the original restaurant, that restaurant's name appears in the system, including reports. To change that requires a new license.

Using Archaic Technologies

Radios with vacuum tubes still work, but why would you bother?

Owners often try to avoid software and hardware purchases by squeezing every last ounce of life out of their existing systems. Today, many different POS systems running on different hardware work very well with each other and with other systems and applications (the phrase is "heterogeneous environments"). Many, but not all. Some software, or versions of software, are simply too old to operate well in a modern IT world. Some hardware has neither the capacity nor the horsepower to adequately perform. When that happens, POS becomes a whirlwind of workarounds, manual steps, errors, incompatibilities and service delays. The net result is that the entire environment is tuned down to accommodate the capabilities of the least-functional POS in the system.

Underestimating Data Security

Failing to follow security standards can put you out of business.

Without security expertise, it's hard to even recognize all the security threats you face, much less successfully confront them. Firewalls aren't enough protection. There are so many other weak spots where data thieves can attack. Restaurants configure their system for remote-access support across shared instead of secure, dedicated lines. They ignore issues of file integrity—the ongoing monitoring of timestamps and sizes. And they overlook specific wireless security measures, like encryption strength. More importantly, owners don't understand the severity of the consequences if a data beach occurs. Forfeiting payments and paying for unauthorized transactions is just the beginning. Breaches also result in severe fines for non PCI DSS compliance, and can end in expulsion from the card networks.

Future Buying

Like some of your customers, your eyes might be bigger than your stomach.

POS systems are often modular, which is great because it allows owners to buy "best-fit" functionality and nothing else. There are modules that deliver rewards, consolidate reporting, allow mobile ordering, and more. Each delivers great opportunities to save money (like integrating inventory) or make money (like a Loyalty program). But, far too often, owners buy modules with an eye towards a future that is too far away on a growth timeline or too uncertain. Owners also frequently underestimate all the collateral and hidden costs associated with each module. An ambitious inventory integration plan could have implications on the supply chain. A loyalty program brings with it all the costs of promoting, fulfilling, and managing it. The result is the same: a lot of dollars spent on functionality that's left unused.

Buying Futures

It's OK. Just wear layers.

No one would buy a car if the heating and air conditioning unit was "in development" and would be installed as soon as it passed all of its tests (which is a nice way of saying "once it works'). But restaurants buy POS that way all the time. They mistake a near fit, or a "soon-to-fit" solution with an exact one. And they end up waiting, and waiting, and waiting. It's the nature of software development: release dates shift easily, projects get delayed, reprioritized, or even cancelled for a variety of reasons. In the software universe there are only two status levels: Available or Non-existent.

Keeping ROI Intact

Saving money and making money through IT is never as simple as the ROI calculator says it is. It is a path that's not always smooth, and one with more than its fair share of traps. Without proper planning, an able and agile environment, and careful product and product component selection, there are plenty of pitfalls on the way to a POS purchase.

We'll leave you with a few guidelines to help you make the best decisions.

1. Establish baseline standards for what you require in your POS and in the environment in which it runs. That way you know that every element can deliver the right functionality and performance.

2. Ensure you're buying something you'll actually be able to use: your spreadsheets have to match your reality.

3. Make training formal. It doesn't have to be fancy. But it does have to be complete. And accurate. And up to date.

4. Be safe. Implement security that delivers both protection for your customers and compliance for you.

Maitre'D by Posera has worked with restaurants around the world, implementing Maitre'D in a countless number of different environments, and with restaurants with a diversity of methods, markets and menus. We've worked with the most sophisticated IT organizations, delivering the expertise they need to fine tune their environments. And we've worked with restaurants with a minimal IT organization that need the kind of expertise and advice that only an industry-driven POS vendor like Posera can provide.

We can help you too, defining, specifying, implementing, integrating and supporting the right POS for your business.

1 888 404 2662
www.maitredpos.com

Learn more about POS.

For more guidance on how to avoid common buying mistakes, and to talk about how Maitre'D can help you find a smooth road to POS ROI, contact us today at info@posera.com 1-888-404-2662, or visit our website www.maitredpos.com.

Maitre'D Software is a leading provider of POS applications for restaurateurs worldwide. With 20,000 customers worldwide, Maitre'D boasts an international presence.

Maitre'D®
Software that serves you better

Leading provider of restaurant POS & management solutions