

# 10 Things You Might NOT Have Considered When Choosing Your Shiny New Retail Software






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# This Is You.

## This Is You **After...**

-  Buying your new retail software system.
-  A very bumpy deployment.
-  Your system goes down for the first time.
-  Your system goes down for a second time.
-  Realizing you may not have considered everything when purchasing your retail software system.

## Introduction

Choosing your retail management software isn't the sexiest decision you'll make when executing your retail strategy, but it is one of the most important decisions you will make. The impact of the retail management software and strategy you choose is far-reaching and will affect all aspects of your business processes, from point of sale (POS), inventory management, employee management, security, back office management and ultimately, customer experience. In fact, due to its impact in each of these areas, retail management software is one of the most important variables in improving cost & operational efficiency.

**33% of  
retailers plan  
to upgrade  
their POS  
within 12  
months**

Some retailers do not fully appreciate the impact that good (or not-so-good) retail management software can have on their business, but for most it is an essential part of their infrastructure. Despite this, recent a survey of retailers by VSR Magazine found that 33% of retailers plan to replace their POS within 12 months.<sup>1</sup> As you can see, many retailers tend to fully comprehend their retail management software's shortcomings *after* purchase and use.

The important question for you as a retailer is this: How can you avoid this type of scenario, especially with such a critical infrastructural component? If you are one of the 33% of retailers looking to upgrade within 12 months, how can you choose a retail software option that evolves with, as well as stimulates growth in your company? Many retailers tend to realize the high opportunity cost of a poor retail management system too late and underestimate the research needed to make a proper choice. This whitepaper is written provide retailers insight on the important, and at times, subtle variables you need to consider *before* (and not after) choosing your retail management software.

## Different Types of Retail Software Systems

Retail management software is actually one type of retail software system. Selecting the type of retail software system most appropriate for your company will depend on your business's specific needs, the type of industry you are in, and the size of your business, in terms of revenue, locations or both. There are three major types of retail software systems, and it is important to be clear about the differences in these when choosing a retail software system. Most of the content within this whitepaper will focus on important considerations to make when selecting **POS software** or **retail management software**.

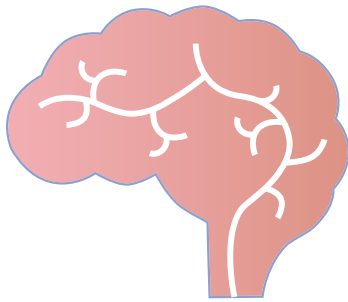
### *POS Software*

POS Software, or "point-of-sale" software is designed for managing transaction-related elements of your business. This includes register/ point-of-sale functionality, employee security, and inventory integration. There are a wide range of POS solutions on the market, and some also add functionality such partial customer relationship management (CRM),

<sup>1</sup> Paul, Reid A., "The State of POS 2013", VSR Magazine, July 2013, p.14

order management and industry customization, depending on the size and scope of a business's need.

POS Software is generally thought of as simply 'software for the register', but one would be ill-advised to think all POS software is created equal. Many POS systems are designed with a specific industry in mind. You can imagine that a POS system designed with the food and hospitality industry in mind might not be the most effective for a department store or warehouse based business. Conversely, many POS systems are designed for a more general usage. This can work for or against a business depending on its needs, as general systems, while simpler to use, may lack the industry-specific features that make another choice more effective and appealing.



**If POS software is the 'heart' of any successful retail business, then retail management software serves as its 'brain'.**

### *Retail Management Software*

If POS software represents the 'heart' of any successful retail business, retail management software serves as its brain. Retail management software is a comprehensive solution that should fluidly integrate a company's core elements of POS, Inventory, Order & Employee Management, Back Office & Data Administration, and Reporting into one system.

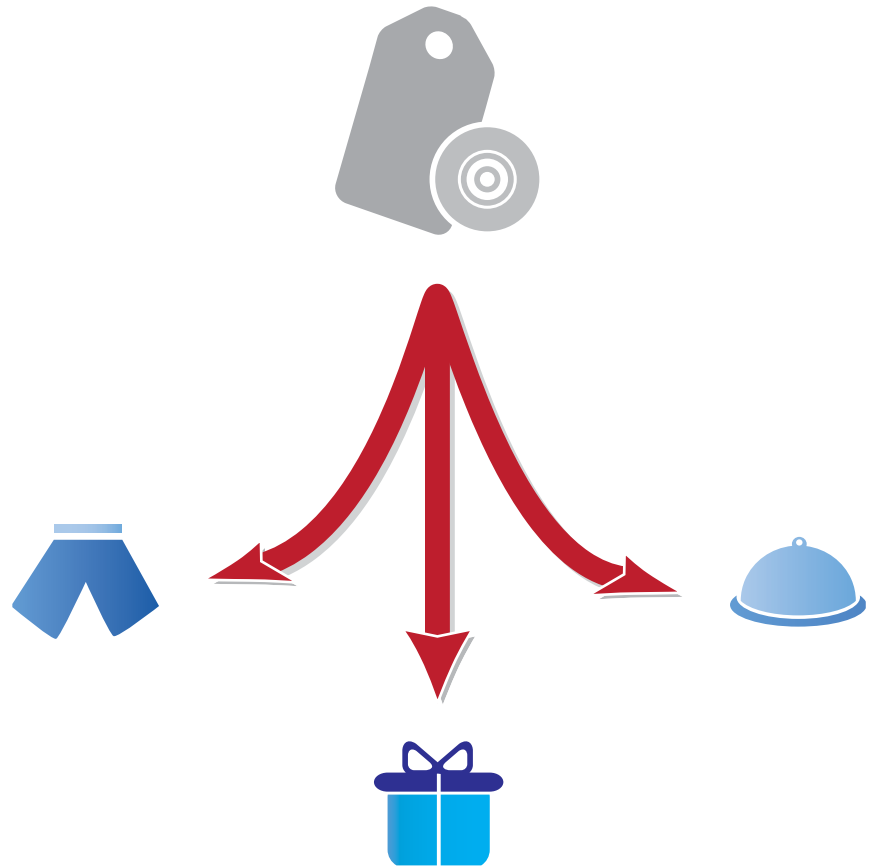
The features of retail management software generally overlap with POS software functionality. It is more robust in nature and so researching retail management software generally requires more time to understand what combinations of options will work best for your business. A company with 1-5 stores has different needs and priorities than a 50-150 store operations. Both will have different needs and priorities than a company that franchises its brand internationally. While you are strongly encouraged to begin your own initial research, at some point it is best to consult with a qualified retail strategist when evaluating your retail management software options.

### *ERP Software*

Enterprise Resource Planning, or ERP software systems, integrates internal and external management of information across an entire organization<sup>2</sup>. ERP systems are typically used within very large organizations, and are

<sup>2</sup> [http://en.wikipedia.org/wiki/ERP\\_software](http://en.wikipedia.org/wiki/ERP_software)

used to manage all elements of the retail process, as well as finance & accounting, manufacturing, CRM, data management & more. An ERP system encapsulates all of the business processes within a large organization and integrates them into a single system. Changing ERP software within an organization is a major event highlighted by significant research, planning and deployment time.



## Is It Made For Your Industry?

### Sector

Retail software systems tend to be catered to one of the primary sectors of retail: *food/hospitality*, *soft goods* (also known as specialty/gift) and *durable goods*. There are more generic systems available, but are typically not equipped to handle the complexity and customization that each sector requires, and are ineffective with in larger operations. Some retail solutions, while focused on a sector, still may provide some effective industry overlap.

Generally, it is best to find out what retail software solutions target your industry, and find references that give you unbiased opinion on the system's use and quality. It's disappointing to find out less a year or so after your purchase that your retail solution was actually designed for a completely unrelated industry.

## Size

The size of your operation is an important determinant in selecting the retail software solution best for your business. It is extremely disappointing to find out that the software you've just invested in is designed for 1-20 store operations when you run a 100-150 store operation. Or, perhaps your new solution can manage an enterprise of that size, but is optimized for domestic application, so that you need to create workarounds to manage the language, currency and tax variables that exist in your company's international locations.

Do your research and consult references to gauge a retail system's capacity, because while many software solutions go out of their way to tell you about what they can handle, very few are clear about what is beyond their capacity.





## Who Made It?

### What Is Their Track Record?

Performance history and quality assurance deservedly create buyer confidence, and retail software systems are no exception. Some companies have been designing retail software systems for 25+ years, while some have just entered the market in the past 5 years. Some focus exclusively on designing retail software systems while some companies have added it to a collection of other software services that they offer.

None of these criteria alone can guarantee the quality of a retail software system. However, a combination of your values, industry needs, and consumer feedback are vital in helping you decide what type of weight to assign to a company's reputation when it is time to make

a purchase decision. If the nature of your business places high value on craftsmanship and performance history, a company's track record of success may impact your decision. You are encouraged to research a company's background, even if features and functionality are your primary concern in choosing a retail software system.

## How Long Have They Specialized In Your Industry?

While we have covered the importance of knowing a retail software system's industrial specialization, it's advisable to get a sense of how long they have been serving particular industries. Perhaps the solution you are targeting has been providing POS software solutions for 20 years in the food/hospitality and soft goods sectors. A little more research might uncover that perhaps they have provided food/hospitality solutions for 20 years, yet only for the past 3-4 years have just begun offering soft goods sector solutions. If you are a fashion retailer, also considering another solution with 15 years' experience, all within soft goods, this type of nuance may impact your decision.



## Who Have You Consulted?

### Who NOT to Consult

Getting feedback from a variety of sources is important during the process of choosing a retail software system. Just as important however, is remaining aware not to overvalue opinions from misinformed sources. Despite great intentions, many times these sources do not possess the understanding or experience required to lend influence on such a pivotal decision as purchasing a retail software system. While, of course, we don't discourage seeking input, we advise being aware when receiving advice from the following sources:



Keep in mind that another manager's good or bad experience in another industry may not be applicable to your own industry.

### *Managers in Unrelated Industries*

It is good to get advice from anyone you know who understands the nuances of retail software systems and their uses, but be wary when consulting managers of unrelated industries. Again, the functionality, in retail management software and POS software can vary greatly between industries. A great (or poor) experience for a manager in another industry may not be applicable to your situation or industry. Keep this in mind when seeking opinions from peers in unrelated industries.

### *Friends*

While peers in unrelated industries tend to be misinformed about the relevancy of retail software system, friends with minimal retail experience tend to be *uninformed*. While this would seem to be obvious, it is easy to speak with someone who has *used* a retail software solution, but not managed with it, meaning that person may not have experience with key elements of the software. If you are speaking with someone you suspect may have a limited perspective with a retail software systems' complete scope, find out in what capacity they used the system.

### *Your Computer Consultant*

This can be admittedly sticky, especially if working in a company with a dedicated IT manager, or if you are even the IT manager. Obviously, an IT expert should be a part of the discussion and decision when choosing a retail software system. The reason they are listed here is that many times the bulk of the decision in choosing a retail software system is left to a company's IT leader, which is ineffective and unfair.

Retail management systems encompass a variety of functions that are typically beyond the range of many IT managers. IT managers will provide expert input on a retail solution's technical requirements, data management and customization, but may not be qualified to evaluate a retail software solution in terms of customer & employee experience, marketing/CRM or administrative efficiency. Unless otherwise qualified, it is a good idea not to let the full weight of a retail software solution rest on your IT manager. Both that person and your company will thank you down the line.

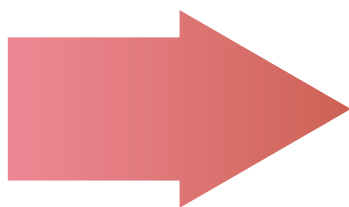
## Who To Consult

As stated, diversity in feedback is encouraged, however make sure you assign the appropriate weight to the type of feedback you receive, based on the source. You definitely want to get feedback from the types of sources below, and give those opinions some weight in your final decision-making process.

### Peers

A “peer” refers to a friend or associate that holds a decision-making position in a relatively similar industry. Peers can offer great, relevant feedback and often times point out nuances that are important from a decision-maker’s vantage point. We also tend to interact more casually with our peers, which creates a more open dialogue. When consulting peers on their retail software solutions, make sure to ask questions like:

- “What do you like best about your system?”
- “Where has your software solution impacted your business most?”
- “We really need a system to help improve \_\_\_\_\_. How would you rate your system in that regard?”
- “Is there anything you forgot or neglected to consider when choosing your system?”



**4 great questions to ask your peers about their retail management solutions:**

### VARs (Value Added Resellers)

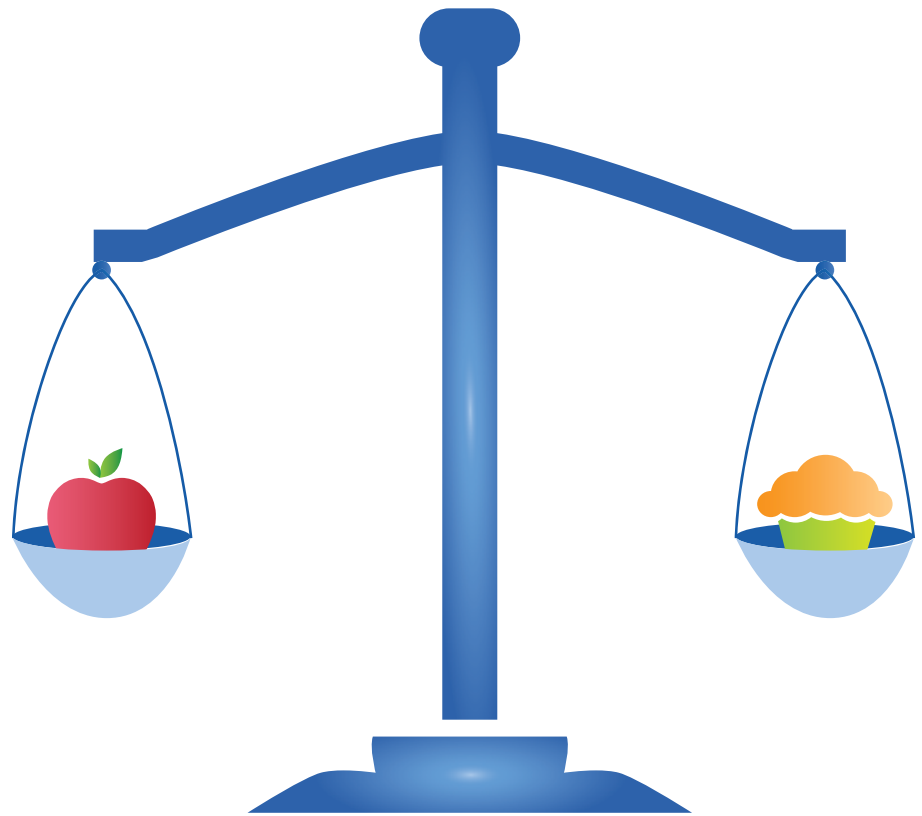
It is understandable to be cautious when approaching salespeople for objective information about a product, but in truth, since retail software systems aren’t exactly “hot-ticket” consumer items, in many cases the most informed sources about them are the vendors that sell them. Known as Value Added Resellers, or VARs, they typically sell, test and research the majority of retail software options on the market, and ultimately, are usually the best source for matching your needs with what is available, when you are ready for a new system.

Conversely, not all vendors offer all retail software solutions, so it is advisable, after getting some initial information matching your needs with software types, to do a little extra research on your own, or even initially consult multiple VARs.

### References

After choosing a VAR to work with, you should ask to speak to a

reference, or experienced user of the retail software system. A reference should be able to provide you with an unbiased review of their experience with the software system in question, and as we discussed, should be in a field of business close to your industry. You should prepare your questions in advance when consulting a reference.



# Evaluating Needs Vs. Wants

## Identify Your Needs **FIRST**

There are hundreds of retail software solutions on the market today, each with their own strengths, weaknesses and industrial focus. Many may promise to do “everything”, and while several solutions do offer feature sets that do, in fact, cover most aspects of retail, it’s *how* they do this that’s most critical to your future business productivity. In addition, the priority of your needs may vary greatly. Here, we’ll consider lower priority needs as ‘wants’. It’s important to separate the two, because when choosing

retail software solutions, it is easy to put the proverbial 'cart before the horse'.

This is why, before aggressively pursuing retail software system options, first identify your business needs and list them by priority. For instance, you may really *want* to integrate sales and purchase orders into a single transaction but really *need* to be able to award employees flexible sales commissions and SPIFs from POS. There are systems that do (and don't do) both, so establishing the priority of your needs in advance is an effective way to filter and narrow your list of options. For your convenience, [we've added a checklist of common needs and wants at the end of this whitepaper](#) to help determine and prioritize what's best for your business.

**First, identify your business goals.**  
**Next, list them by priority.**

## What Is Your Budget?

Establishing your budget shapes your needs/wants radius perhaps as well as any other tool. If your budget is limited, and you foresee on upgrading your retail software system *again* in the future to correlate with expected business growth, it is best to hone in on systems within your budget that meets your core needs. If you are searching for a retail software system capable of growing with your business, you will have more options in your search. The price of retail software systems varies greatly, from hundreds to hundreds of thousands of dollars, so it is best to set a flexible range when initially pricing systems, eventually working with software vendors or companies to find solutions that fit within the range of your budget.





# What's Your Growth Plan?

## The Importance of A Growth Plan

A retail software system is an integral part of any retail business; thus a business's growth plan will have a significant bearing in any decision to select a system. As mentioned, many POS and retail management systems have the ability to grow and evolve with your business. This is important, not only for expanding in store number and revenue, but also when expanding beyond borders or expanding the business model, to accommodate franchisees, for instance.

Make sure to review your company's current growth plan *before* making a decision on your next retail software system. It is critical that these two elements complement each other moving forward. This review process gives you the opportunity to reprioritize needs and wants, and even revise your growth plan if necessary. **Listed below are five growth factors that may impact your retail software solution decision:**

## 5 growth factors you need to consider:

- Total stores
- Revenue
- Geography
- Licensing/  
Franchising
- Online Retail

## Growth Factors

### *Store Numbers*

The functionality of a POS or retail management system equipped for 1-10 stores is vastly different than a system equipped for 50-250 stores. The customization, architecture and speed of smaller systems can be problematic when pushed beyond their limits. Many a retailer has made the mistake of choosing a lightweight system while still within the threshold, and then exceeded it quickly due to rapid expansion, only to inherit a new, undesirable, organizational problem: over-performing stores managed by underperforming retail management software. If you have not created a growth plan yet, be clear about how many stores you plan to expand to in 5 years, and use this number to evaluate potential retail software options. Oh, and get started on your growth plan.

### *Income*

Perhaps you plan on expanding your existing locations, or are preparing for a huge influx of new traffic based on changes in a competitor's. Significant increases in store income typically translate to increases in that store's offerings, which adds to the organizational complexity that your retail software system needs to be equipped to handle. If you foresee a significant spike in revenues, make sure your system is a.) capable of evolving to your projected scale of growth with your business b.) possesses robust reporting features that can accommodate for increases in organizational complexity.

### *Geography*

Adding another layer of complexity is the decision to expand beyond borders. Some retail software systems are capable of managing a high volume of locations and inventory, but are limited in their ability to manage multiple language and currency translation. For example, some systems offer language translation, but it maybe automated, and not translated by a native speaker, which results in, at best, unprofessional grammar errors, and at worst, a cultural faux pas that could impact business. Inquire about a product's *localization* (capacity to work as local

**Inquire about localization. A cultural faux pas can have a devastating impact on your business in other countries.**

as possible in any geography) when considering expansion beyond borders.

### *Licensing/Franchising*

Franchising is an attractive mode of expansion for many retailers, yet it can create organizational challenges with separating, managing and reporting data accurately. If you expect to franchise your business in the near future, make sure to inquire about a retail system's capacity for managing franchisees when doing your research. Some features you should expect are the ability to view data across the franchise, as well as allowing visibility for franchisees without compromising security across the organization.

### *Online Retail*

If you expect your web presence and sales to grow significantly over the next 2-5 years, you need to strongly take in consideration a retail software system's ability to integrate your brick-and-mortar stores and your online stores. Integrating inventories, managing promotions and creating a seamless experience for your customer are all essential to co-managing successful online and brick-and-mortar stores. For more about this important subject, refer to **page 28** (*Chapter 9, Marrying Brick & Web: Ready To Commit?*).

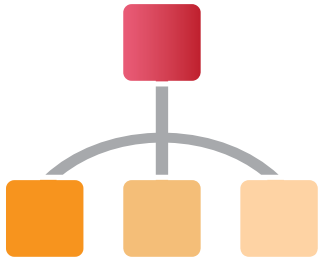


## How Strong Is Your Server?

### Why That Matters

In today's hyper-connected mobile age, a tremendous amount of data is collected and exchanged each second. Even relatively small organizations with 1-10 retail stores store and transfer large amounts of data that must be both accessible and secure. Supporting a retail management system and the data that an organization moves through it requires much more storage and computing power than a standard computer.

To accomplish this, computers across an organization are integrated to work together as a system called a network. Computers built to manage large networks and volumes of information are called servers, and your business will require one to run a retail software solution. The computers that are managed by servers (typically standard computers) are called clients.



**Networks** are made up of powerful computers, called **servers**, that manage standard computers, or **clients**.

Your business's size and organization have a huge impact on the type or amount of servers needed. For instance, simply running a POS system in a single store operation may require one relatively light server. However, running the same POS system in a multi-chain operation where transactions occur on 50-75 registers simultaneously across multiple locations may require a network of servers. Each retail software system differs in its requirements and it is important to be aware of what they are prior to selecting one.

## Don't Buy Your Hardware First!

It may seem like the responsible thing to do to purchase your server before purchasing your retail software system, but it is generally a bad idea. It is difficult to estimate the amount of resources a retail software system will require. Some are designed to consume a significant server load, while some are designed to be "thin client", meaning they require fewer resources to do the same amount of work. You will save yourself time, money and headache by purchasing your hardware *after* selecting your retail software system.

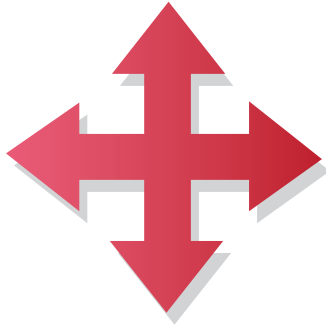


# Can It Grow With Your Business?

## Can It Grow With Your Business?

Making sure you can meet your retail software system's requirements is obviously critical. Just as important, is your retail software solution's ability to meet *your* requirements. In terms of functionality, the two most important criteria for a retail software solution are flexibility and longevity.

### Flexibility



**Extensibility:**

The ability to add programs and apps with features and functionality specific to your business.

Flexibility in a retail software system refers to that system’s ability to fit the unique shape of your business and its needs. Every business is slightly different, and there are obviously more businesses than retail software solutions. A good retail software system adapts to the needs of an individual business through extensibility – the ability to add programs and apps with features and functionality specific to your business. A good retail software solution should also be loaded with a highly customizable internal feature set. This is why it is so important to clarify your needs, wants and priorities in advance. A system may offer what you desire as a built-in option or an extensible option, and understanding this also allows you choose an option based on your preference.

Longevity

Longevity reflects a retail software solution’s flexibility *across time*. Technology continues to advance at an accelerating rate, leaving this year’s shiny new system, figuratively, covered in rust. Quality retail software solutions that were not designing and preparing their product for mobile integration just 2-3 years ago find themselves at the lower end of today’s spectrum of options. It is very likely that payment options and feature sets that do not exist today will penetrate mainstream commerce within five years. Perhaps social media accounts will be integrated with CRM and EFT and accessible from POS within 5 years. Who knows? Will the retail software solution you choose be able to handle future changes, or will you be facing another necessary upgrade? It is important to ask questions concerning longevity when researching your retail software system.



## Is It Mobile?

### Is It Mobile?

The biggest shakeup within the retail software system industry is now the emergence of the mobile POS. Mobile phone integration is the #1 requested POS feature among retailers, and the biggest driver for retail software system upgrades among retailers.

Retailers want to improve customer experiences by offering information and even completing transactions from any point in the store, not just the register lanes. They also want to have an app that can handle transactions and update inventory and administrative data up to the minute.

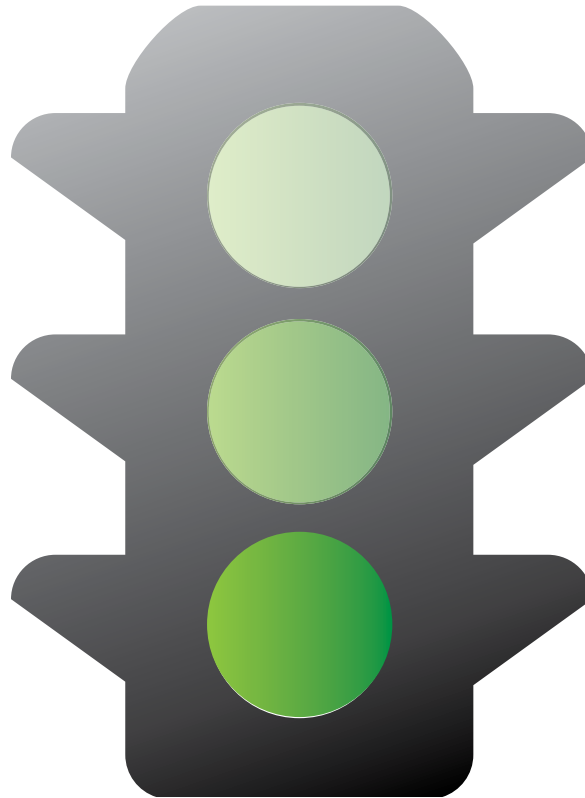
While this type of functionality is not the norm for most retailers,



**Mobile phone integration is now the top requested POS feature among retailers.**

especially those in small business, it probably will be before 2018. At that point, offering this type of functionality may allow businesses to stand out in consumers' eyes, or may even be an expectation, much the way a web page and Facebook page have become business requirements today.

Unless you exist in one of the few industries in which a mobile/online presence is irrelevant, it is better to be prepared for this eventually early than need to scramble to create it when the time comes. When gauging a retail software system for longevity, finding out its capacity for mobile POS and retail management should be at the top of your list.



# What Is The Deployment Time?

## Give Extra Time For Deployment

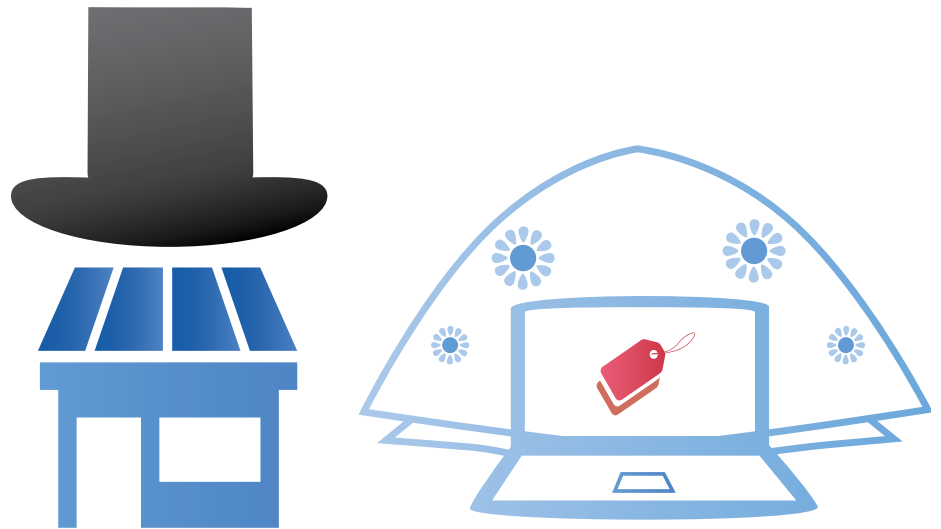
Deployment describes the time it takes to install, test it, and bring retail software solution live within your operation. Planning for deployment is important, and while the deployment process is as much a people issue as a technical issue, it's still is an important consideration to make when choosing a retail software system. Every system will have different requirements, and a system requiring a significant infrastructural change or upgrade will definitely impact your deployment, and perhaps, your purchasing decision.

## System Architecture

System architecture plays the most important technical role in a system's deployment. Sometimes, a creative use of system architecture can allow powerful applications to run on relatively lightweight clients. One such example is multi-tier or N-tier architecture that allows a software to separate processes like presentation, processing and data management onto separate clients, eliminating the necessity for massive (and multiple) servers to handle that integration of processes.

**Thin client architecture is great for multi-store operations with a limited infrastructural budget.**

Thin client architecture refers to the installation of software on a client that is capable of "pointing" to (and essentially operating from) a remote location, which is great for multi-store operations with a limited infrastructural budget. Due to the high infrastructural demands of many retail management systems, a trend towards thin client architecture has developed, and both N-tier and thin client architecture are both important to consider when evaluating the infrastructural impact of a retail software system.



## Marrying Brick & Web: Ready To Commit?

### What Is The Purpose Of Your Website?

A major step for many retailers is the addition and integration of an online store into their revenue stream. Even at moderate levels of commerce, managing and maintaining an online store is no small undertaking, and requires a formidable commitment of time and resources. Managed correctly it can add significant revenue, exposure, and value to your enterprise. Managed poorly, it creates challenges throughout each aspect

of your organization and contributes to poor customer experiences.

The first important question to answer when contemplating an online store is “What is my online store’s true purpose?”. This may seem like an obvious question but it isn’t always so. An online store requires starkly different amounts of effort to maintain at different commitment levels, and the quickest way to get yourself into trouble is to launch a bustling online store that lies beyond your capacity to maintain. It is much easier to grow your online store as your sales and capacity increase, but ultimately important to set initial boundaries and work within them. Once you understand exactly what you trying to do with your online store, you can select a retail software solution that makes it easiest to do that.



**Answer this question FIRST when contemplating an online store:**  
**“What is my online store’s purpose?”**

The statements below define three basic commitment levels your business will most likely fit in:

*I’m not on the web, but I know I really need to be.*

You may need a web presence (a business requirement), and not necessarily an online store right away. If you don’t have any tangible expectations for online sales, or just feel pressured to offer an online store for image reasons, you may fall in this category. It is also easy to confuse a web presence with a web store, if you are new to or just beginning to familiarize yourself with the web. If your main priority is for existing and new customers being able to find and contact you online, you belong in this category, at least initially. If you wish sell items online at some point in the future, you should explore the next two categories further.

*I want the ability to at least sell some limited product online.*

In this scenario, your online store supports your operation much like an additional register in your store. You probably expect low to moderate sales, with most traffic coming from existing customers. You are not aggressively marketing online beyond basic search engine optimization techniques.

If this reflects your online store expectations, at least for the next few years, make sure your retail software solution offers basic brick-to-web, or e-commerce, integration features. This will ensure that online sales are accounted for in inventory, sales, purchase & transfer orders can remain consistent across the enterprise, and ultimately don’t create confusion for

accounting when reporting. Consider dedicating a part-time employee to manage the online store, depending on its sales levels and expected growth. If your online store is already at this level and you expect it to grow significantly over the next few years, the next scenario may reflect your true needs.

*I want an online store that can function as its own channel.*

In this scenario, your online store functions as a true virtual store within your organization, with its own inventory, policy, accounting and reporting. Typically you expect moderate to high sales revenue and traffic in this scenario, are aggressively marketing the online store, and typically assigning a dedicated employee to manage it.



Understanding what makes you **stand out** from your competition helps you better understand what you need from your retail software solution.

At this point, your retail software solution needs to provide a robust e-commerce integration that allows you 1.) integration of your online and brick-and-mortar store inventories 2.) comprehensive management of your online store (like a brick-and-mortar store) and 3.) the capacity to create a seamless experience for your online and in-store customers.

## Where Do You Stand Out?

Knowing what makes your offering unique informs your online delivery strategy, expectations, and will help you highlight essential features when choosing a retail software system. Is your product itself unique? Or is it the way you offer your product that is unique?

For instance, let's say that you offer a commodity that is readily accessible, but get great store traffic based on your location. What will be your strategy for competing with retailers online, where geography is no longer a factor? Will you promise greater customer service, a superior return policy, better deals, or will you simply temper your expectations until you have found a unique advantage?

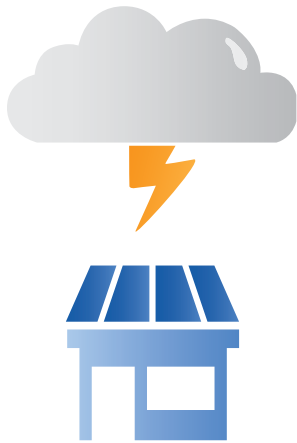
There is no wrong answer, however you should make sure the answers you find are consistent with the features your retail software solution is able to provide. Since "uniqueness" exists relative to others, it is a good idea to research your competition for things that do (and don't) work.



# 2015 & The Future Of Mobile Payments

## Understanding EMV & Smartcards

Global card fraud has risen incessantly over the past three decades, rising over 600% in a seventeen year period covering 1993 -2010. Over \$6 billion in fraud-based losses worldwide were reported in 2010, and a staggering 47% of those occurred within or to US-based account holders.



**After October 1, 2015, credit card companies will no longer assume liability for fraud cases stemming from non-chip (or non-smartcard) enabled terminals.**

The term EMV describes the interoperability between a new type of payment card technology and the payment terminals needed to process its use. This new type of payment card effectively describes chip-enabled credit & debit cards, or “smart cards” embedded with microchips capable of interacting with point-of-sale or ATM devices in a contact-based or contactless format.

While available in a variety of formats, most EMV smart cards will feature chip + PIN validation. This means to complete a transaction, an EMV card must have an authenticated chip, which can only be produced by the card’s manufacturer, and a valid pin assigned by the cardholder. This dual-layered authentication reduces the possibility of fraud by theft or loss of card or personal data significantly. In addition, advanced encryption, signature and biometrics security enhancements are already available in certain markets.

## EMV, 2015 & The Liability Shift

The EMV standard is managed by EMVCo, LLC, equally owned by Mastercard®, Visa®, American Express®, and JCB®. To spark adoption, **Mastercard and Visa have announced an impending liability shift from card issuers to merchants for non-EMV enabled terminals.** This means that, after the cutoff dates set, Mastercard & Visa will no longer assume liability for fraud cases on non-chip-enabled terminals. Mastercard’s qualifying date was April 19, 2013, and Visa’s qualifying date is October 1, 2015.

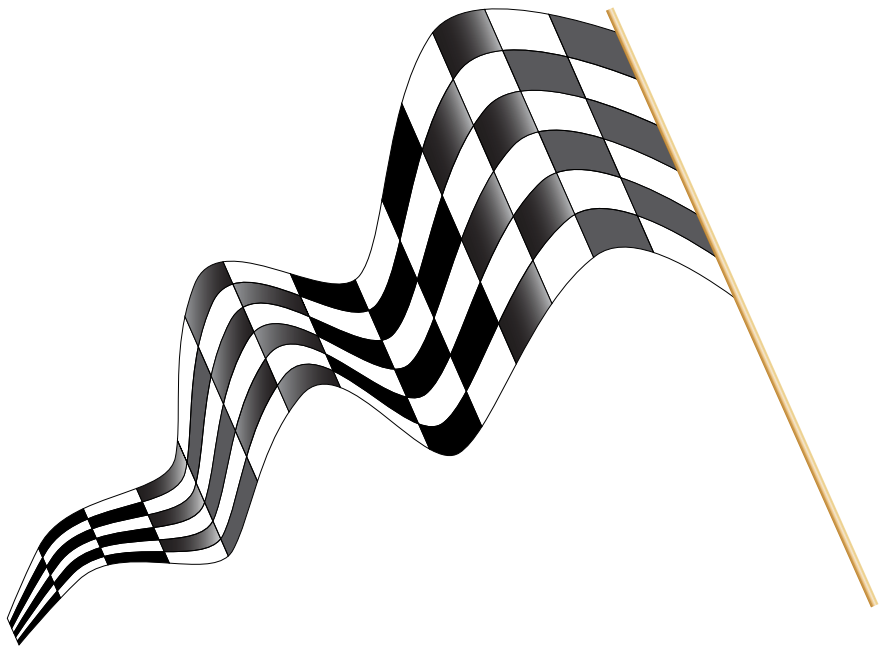
Visa’s Technology Innovation Program (TIP) also promises to eliminate the need for merchants to validate their PCI compliance in any year in which 75% percent of merchant transactions originate from chip-enabled terminals. However, this benefit will only apply to terminals that support contact and contactless chip acceptance.

## Preparing Today For Tomorrow

This is big news for retailers as 2015 approaches. Retailers must evaluate their ability to accept smartcards and multiple forms of



payment, just as many retail software providers will be shuffling to offer this functionality as the date approaches. Your retail software system is a multi-year investment and the coming smartcard transition is likely the most important shift in EFT payments this decade. This means that the perhaps the most important criteria to use when choosing a retail software solution from this point forward, regardless of your size, is the capacity to accept smartcard payments. You will be able to accept new forms of payment and remain protected against fraud. The earlier your business is capable of accepting smartcards the better.



## Conclusion

There is much more than meets the eye to consider when evaluating retail management software. If you are considering new retail management software, don't be intimidated. We'll summarize this white-paper's lessons into a few bite-size chunks that will be easy to keep in mind when begin scheduling demos for new systems.

### 1. Know What Type Of Retail Software You Need

*a. Do you just need a POS, or do you need the comprehensive inventory and back office support of a retail management system?*

**There is no way you can be serious about your retail business without being serious about your retail software.**

If you are unsure, reassess your needs. Are you more than satisfied with your current back office/inventory, or would you improve productivity with an integrated system? While it is unlikely to mistakenly purchase an ERP system instead of a POS or retail management system, targeting the wrong system can waste weeks or even months of valuable time spent on the wrong research.

*b. Who are the leading POS and retail management software providers for your industry?*

Due to the nature of their product, the restaurant industry manages inventory very differently from apparel retailers, and the retail software options for these industries reflect these nuances

*c. Get some outside feedback*

...but make sure it's the *right* outside feedback, or this strategy can come back to bite you. Although you'll ultimately end up consulting a vendor in most cases, it's good to consult qualified peers in related industries first.

## 2. Assess Your Needs/Goals

Evaluate your business and technical needs & goals, and then align them with the choices that provide what you need most.

*a. Assess your business needs & goals*

Discern your priorities for today and remain focused on your goals for tomorrow. Make a list clearly separating your needs from your wants, and start reviewing your growth plan. This will help you in understanding which, of all the glittery features that POS and retail management software can offer, you can glaze over and which should get your utmost attention.

*b. Assess your technical needs & goals*

Understand the requirements needed to run the retail software options you are considering, and find out the optimal system architecture for your company and budget. Assess your technical goals, and each option's capacity for meeting these. For example, mobile POS is currently the most requested retail software feature among retailers and demand will only grow over time. What does this mean for your business? Is this a current or future need or a want? What separates a mediocre mobile experience from a high-quality one? You want to ask and answer these types of questions at this stage.

### 3. Evaluate Future Positioning

*a. Understand your deployment schedule well in advance*

Work with your vendor to develop a solid plan that doesn't interrupt your flow of business. Although this seems something you should be able to take for granted, after making the investment with a mediocre vendor, you could find deployment issues interrupting a month or more of sales, which could have a significant impact on a store location's (or organization's) annual revenues.

*b. Quantify your commitment to e-commerce*

Once internet sales reach a certain threshold, it becomes counter-productive not to integrate your on-site and online inventories. You may not be ready to tackle this issue immediately, but at least quantify your current and future online sales, traffic and revenue share expectations now, if you are considering substantial e-commerce. This way you make sure your retail software is capable of fulfilling your need, at the level you need, lest, when the time comes, you be forced to consider the process of searching for retail software all over again.

*c. Be ready for smartcards early*

In October 2015, primarily for fraud prevention purposes, Visa, MasterCard and American Express will no longer provide fraud liability to businesses that do not accept smartcards. Make sure your next retail management system meets these requirements to avoid future headaches, and to take advantage of the opportunities this new technology affords, such as contactless payments and mitigation of PCI scope compliance.

At this point, you should feel a bit more knowledgeable about selecting a retail management system, and how to approach the buying process. Again, retail software isn't the sexiest part of running a business, but it impacts efficiency perhaps more than any other element. There is no way to be serious about your retail business without being serious about your retail software. Your search will be an intense investment of time and consideration, one that will truly yield great dividends of return in the near future. Continue to empower yourself with knowledge, and we wish you all the best on your search!