Eight Step Checklist for Retailers Making the Move to a New POS System

For many years, point of sale was simply a process to sell products to a customer and capture payment. As more functionally was needed, retailers added applications to existing systems. In most cases, these functions were bolted on to an older application, rather than being properly integrated into the system. The temporary solutions often caused more agony in the long run with high customization costs and ongoing integration issues. To meet today's business demands, many companies have come to terms with the fact that they must replace their aging system.

However, retail executives often have little experience evaluating and selecting these more integrated and omnichannel POS systems. Many retailers remember POS implementations taking years to complete with complications and budget overruns. That's no longer the case. Today's best practices for POS software implementations have dramatically improved with quicker implementation times and more functionality.

From empowering associates with mPOS and allowing customers to order online and ship from store or pick up in-store, to improving security and EMV payment authorization compliance, today's POS software improves the ability to manage new processes, maximize sales and increase customer engagement. Whether evaluating your existing POS system to determine if it is time to make a change or selecting new point of sale software, make an informed decision by

> ## Steps to Review When Selecting a POS System
>
> 1. **Develop a Software Roadmap**
> 2. **Outline a Hardware, Platform and Infrastructure Roadmap**
> 3. **Assess Tender and Payment Authorization**
> 4. **Review Ease of Management**
> 5. **Evaluate Basic Functionality**
> 6. **Understand Modern Functionality**
> 7. **Address Security Concerns**
> 8. **Estimate Costs and ROI**

following this timely checklist. Choosing the right POS platform to meet today's business demands will benefit you now and well into the future.

1. Develop a Software Roadmap

Benefit: Accommodate future retail industry requirements and company growth plans.

A software vendor should be committed to continuous improvement of its retail software offering and be able to accommodate future retail industry requirements as well as support internal growth. Developing a software roadmap where all third party applications are identified provides a complete understanding of the software's scalability and expansion capabilities and the vendor's support and maintenance. This advance research and roadmap helps to avoid any surprises later in the POS process. Be sure the roadmap also includes backup requirements and disaster recovery steps for all software.

> **STEP 1**
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> **Benefit:** Accommodate future retail industry requirements and company growth plans.

To begin, evaluate all third party applications required to support the point of sale system, such as database application, payment applications, Java and messaging systems. For example, if Java

is used, examine how the POS application and vendor will respond when Java updates are created. If newer versions of the supporting applications are not supported, determine the impact to PCI compliance, especially regarding vendor security patches.

Explore and understand scalability and expansion capabilities. Applications should support scalability as the company experiences growth and provide a comprehensive suite of retail applications. Roadmap what costs may be involved with expansion growth, such as additional servers, load balancers or other hardware.

Maintenance that provides meaningful vendor support, aiding responsiveness and time to resolution, is essential. Be sure to understand and include in the roadmap future upgrades that are provided under the maintenance plan.

2. Outline a Hardware, Platform and Infrastructure Roadmap

Benefit: Avoid disruptive and costly upgrades and ensure POS interfaces with other key systems.

In developing this roadmap, consider the platforms the applications will run on, implementation costs and the support costs from each vendor. This should include items such as communication ports, 64 bit, multi-core CPUs and operating system upgrades. While some platforms may seem relevant today, there may be concerns about future hardware and availability of knowledgeable personnel to continue long-term support. Peripherals and connectivity protocols change over time, and the vendor must be willing to update the application as necessary.

STEP 2

Benefit: Avoid disruptive and costly upgrades and ensure POS interfaces with other key systems.

Store systems require a number of interfaces to other systems. These interface points should be reviewed and included in the roadmap to ensure they adequately fill business needs.

- Host Systems - Merchandising, Financial, Payment
- Customer Relations Management
- Unified Commerce Applications
- Tax Applications
- Human Resources / Store Personnel Accounts
- Work Force Management

Determine the network infrastructure that will be required by the POS applications and all supporting processes. It's very important that a customer sale can be completed regardless of the network status at a store location.

3. Assess the Tender and Payment Authorization Process

Benefit: Meet PCI compliance and EMV requirements while protecting the brand and preventing potential data breach.

Any POS system change should include a full review of the payment process. Many older POS systems need to be replaced or upgraded for the new payment options, including EMV (Europay, Mastercard, Visa). Also known as

STEP 3

Benefit: Meet PCI compliance and EMV requirements while protecting the brand and preventing potential data breach.

chip and pin, EMV has been in use around the world, except for the United States. It was designed to reduce fraud caused by counterfeit cards.

New options should be carefully considered such as upgrading to an end-to-end encryption (E2EE) process that would remove most of the merchant's exposure. Tokenization and multi-currency requirements should be considered, such as currency exchange rates and Canadian penny handling.

Mobile payment acceptance may also be a reason to update a POS system. There are strong indications that this is being well accepted by customers. Mobility also brings a need for system security improvements to ensure that any wireless networks or devices are properly installed and configured.

4. Review Ease of Management

Benefit: Provide real-time data to stores for greater accuracy while reducing support costs.

Review ease of management to determine what processes should be available centrally, what support will be required for this capability and what exposure may occur because of the central applications. A vertically integrated solution translates into "less moving parts" for ease of management, resulting in greater accuracy and reduced support costs.

STEP 4

Benefit: Provide real-time data to stores for greater accuracy while reducing support costs.

Processes to consider include:
- Real-time data to stores that provides reduced issues, greater data accuracy and minimal support
- Human Resources, including employee user and password controls, along with ability to lock or unlock users centrally
- Return validation capability
- Parameters, options, configuration settings and how these are changed centrally and how are they applied to the store system
- Payment configuration settings such as merchant ID, URL
- Maintenance of PCI compliance and security
- System upgrades
- Standard alerts at various levels of data flow to reduce manual monitoring, ensuring new product and price data is available and sales performed are sent to the host

Care should be taken to review how the POS application will operate when network connections are down. Questions to ask may include how the store system is updated for new product data from the host, how the payment process flow works while offline, and how the sales from an offline transaction will be uploaded to the host, once back online.

5. Evaluate Basic Functionality

Benefit: Smooth process flow ensures a good fit for today's business needs and in the long term.

STEP 5

Benefit: Smooth process flow ensures a good fit for business needs today and in the long term.

Most current POS systems provide basic functionality, but what are the most

important modules for your business, and how are those processes handled? The following are some of the basic functionalities that should be evaluated to ensure business needs are met today and well into the future.

Basic Functions

- Search and lookup capabilities
- Customer capture and management
- Pricing and discounting
- Voids and corrections
- Refund handling
- Tax
- Tender payment

Extended Functions

- Sale commissions
- Layaway
- Special Order
- Send Sale/Pickup
- Online order handling

Back Office

- Corporate reporting
- Store reporting
- Labor management
- Training mode
- Loss prevention/audit

Inventory Operations

- Associated store on hand
- Online order inventory flow
- Store replenishment
- Transfers
- Receiving
- Physical inventory

6. Understand Today's Modern Functionality

Benefit: Provide management more pricing options and customer relations tools to improve business, drive sales, and build brand loyalty.

Centralized customer management, loyalty programs and clienteling can provide a differentiated shopping experience. Knowing your customer is a "must have" to build brand loyalty. Determining your approach to customer interaction is extremely important when choosing a store system to ensure it contains the desired modules to meet your needs.

Learn how your new point of sale system will handle:

- How customer data is captured and shared
- Available loyalty programs
- Customer pricing capabilities, such as tailored promotions, discounts or services
- Access to browse purchase history, return tracking
- Consistency across the brand

Consider the following points:

Pricing Capabilities
Ease of use for creating deals with support for the type of deals desired and the ability to update the price is necessary. Some of the considerations are the handling of regular price changes, BOGO, free gift card with purchase and customer specific pricing.

> **STEP 6**
>
> **Benefit:** Provide management more pricing options and customer relations tools to improve business, drive sales and build brand loyalty.

Mobility Capabilities

Mobility influences many customers' purchase decisions, but mobility can mean different things to different people. It is important to define specific business needs and requirements. Here are ways mobility applications/hardware might be used and defined.

- Product research tool for sales persons
- Search and select merchandise
- Rebates and coupons
- Payment for merchandise or services
- Lane busting
- Loyalty programs
- Shopping apps
- Wi-fi for customers
- Push notifications
- Employee assisted selling, customer service
- Targeted messages based upon previous purchases

Focus on Omni-Channel

Verify that the POS application has the ability to purchase, order, and send products from any location, including the e-commerce store. Typically, an e-commerce site is seen as just another location for on hand lookup, transfers and product shipping. The following are points to review:

- One version of the truth – product information, customer profiles, transaction data, and order management across all channels
- Distributed Order Management (DOM) – between stores and between stores and the web
- Inventory visibility, endless cart
- Buy on line, return to store
- Buy on line, ship from store or pickup at store

7. Address Security Concerns

Benefit: Meet compliance requirements, prevent user errors and reduce the loss prevention footprint.

Review the current system and any prospective system for security gaps. Consider customer data, the process flow and storage. Especially evaluate the payment processes to ensure that sensitive data is not stored. If storage is required, be sure that encryption is used and key management is performed properly. If tokenization is used, determine the type of controls that are used and how the token is handled.

> **STEP 7**
> **Benefit:** Meet compliance requirements, prevent user errors and reduce the loss prevention footprint.

Be sure to check the user access rights required on the store systems. Administrator level credentials should not be required or used at the store location. Remote access by corporate users or third party support teams should be carefully designed, monitored and maintained. Many of the recent breaches have occurred using accounts that were not properly set up or maintained.

Many merchants are providing wi-fi access for customers. While this can be helpful in many ways, it also adds a need to keep this network properly separated from the payment authorization network to prevent unauthorized access to sensitive data.

8. Estimate Costs and Understand What's Included

Benefit: Ensure ROI is controlled during the system selection, design and implementation process.

Costs of upgrading or replacing a POS system can vary greatly. Check for license fees, maintenance and support fees, payment processing charges, and other application licenses required (such as database applications, centralized management tools, utilities, etc.).

Implementation costs should also be considered. Determine how difficult the application will be to roll out to existing and new stores, how challenging it may be to apply updates later, and any other management costs associated with the implementation.

Support costs can be difficult to assess early on. If specialized training or knowledgeable people are required, determine ease of obtaining or retaining these technicians.

STEP 8

Benefit: Ensure ROI is controlled during the system selection, design and implementation process.

POS System Review Checklist

If you have been frustrated with the functional limitations of your current Point of Sale system and are considering an upgrade or replacement, begin the evaluation process by identifying key requirements in the Module column and comparing your current system with today's newer functionally-rich systems. Check off if your current system and the new system under review provides these requirements. Reviewing these key areas will help you identify a new Point of Sale solution and desired applications to meet your business needs today and into the future.

Module	Requirements	Current System	New System
Software Roadmap			
	System is current and application is not reaching end-of-life with no roadmap.		
	Required third party applications are current versions and supported.		
	Supports future retail industry requirements and enhancements by a vendor committed to continuous improvement of its retail software offering.		
	Meaningful vendor support provided with language and culture that aids responsiveness and speeds time to resolution.		
	Future upgrade builds included in maintenance.		
	Maintenance or licenses that are supported and enhanced.		
	Supports scalability as company grows; provides a comprehensive suite of retail applications.		
Platform and Infrastructure Roadmap			
	Current and future hardware and OS upgrades are supported, such as communication ports, 64-bit and/or multi-core CPUs.		
	Interfaces to host, CRM, tax applications, human resources and work force management are supported.		
	Network infrastructure and required bandwidth is provided.		
Payment Authorization			
	PCI compliant or is not required.		
	E2EE or P2PP is supported.		
	EMV (chip and pin) is supported.		
	Offline capabilities offered.		
	Tokenization offered and type determined.		
	Mobile payments supported.		
Ease of Management			
	Real-time data to stores provides reduced issues, greater data accuracy and minimal support.		
	Solutions are vertically-integrated for "less moving parts."		
	Central Management modules such as associates, security settings are available.		
	Return validation and tender restrictions are centrally-controlled.		
	Payment settings are offered.		
	System upgrade is supported.		
	Alerts and notifications tools available.		
	Offline capabilities, product and price flow to POS and sales flow from POS to host available.		
Basic Functionality			
	Basic functions are being met.		
	Extended functions are being met.		
	Back Office functions are being met.		
	Inventory Operations are being met.		
	Corporate reporting functionality for standard reports with ability to create or alter as needed available.		
	Store reporting with functionality for automated reports and ad-hoc reports available.		

Module	Requirements	Current System	New System
Modern Functionality			
	Pricing capability offers ease of use for creating deals and more options to improve business.		
	Pricing capability offers customer specific pricing.		
	Mobility enables managers to complete tasks faster, such as product lookup, inventory processes.		
	Mobility includes queue-busting for periods of high-volume footfall traffic.		
	Mobility offers kiosk functionality, enabling customers to perform their own product lookups.		
	Customer module and loyalty programs available.		
	Omni-channel has ability to purchase, send and order products from any location, including the e-commerce store.		
Security			
	Customer data is secure.		
	Associate rights and controls are in place.		
	Remote access requirements are defined.		
	Wi-fi access is secure.		
Costs and ROI			
	Cost to upgrade existing system is known.		
	Maintenance and support costs are known.		
	Implementation costs are known.		
	Hidden support costs are known.		

Notes:

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