

The Most Important Considerations for Purchasing POS Terminals

When budgeting is tight, every dollar is scrutinized. In this environment, it is understandable why so many companies look at the price of acquisition of POS (point of service) terminals first when considering what to upgrade for their customer transactions. That approach is the result of two underlying assumptions: (1) all terminals are basically the same since each contains a powerful central processing unit (CPU) and similar hard drives and operating systems; (2) warranties will cover any issues that may arise during much of the terminal's lifespan, which should limit their operational costs. Both assumptions are flawed.

One reason is that a state-of-the-art CPU does not guarantee optimum performance in the daily grind of POS use. Instead, it is the performance of the entire system that is just one of the factors that dictates the consistent output required by the retail business over a lengthy time frame. Another is the terminal's ability to effectively control and dissipate heat. One does not need IT expertise to understand

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that heat is the biggest impediment to a terminal's effective and long-lasting service. Problems with heat dissipation will cause internal components (ICs) to overheat and fail resulting in downtime, which is always costly regardless of warranties.

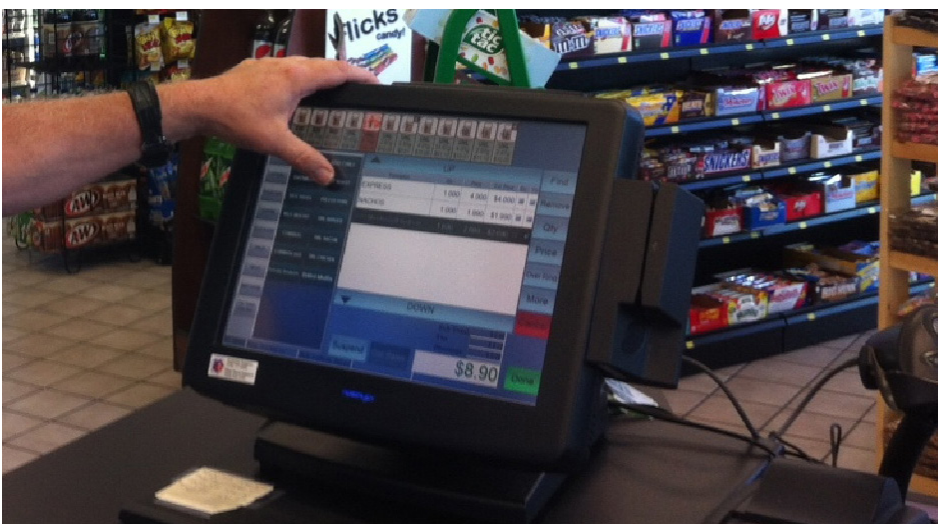
The issue also explains the flaws of the second assumption. Replacing a terminal under warranty still translates into lost time and, worse yet, dissatisfied customers who

experience longer lines and, in their view, unnecessary waiting. The loss is intangible but it is no less costly. Customers with memories of long delays for completing a sale or paying a restaurant bill are less likely to return even during times of high seasonal activity.

Lost revenue due to these problems can be averted. The answer is to consider durability and reliability along with an understanding of the actual costs of POS terminal operations before a company makes its final decision.

Determining Durability

There are several methods for determining a terminal's durability. One is to have IT personnel examine whether the terminal is composed of consumer grade or commercial grade material. Commercial grade costs more, but for good reason. Consumer grade materials are not made to endure the intensive usage, sometimes 24/7, is required of POS touch screen terminals. They cost less because private or home terminals do not require the workmanship and materials



of business machines. They also are not built to withstand the harsh environments (i.e. constant use, occasionally inadequate climate control, restaurant conditions) of commercial grade technology. Terminals undergo the equivalent of a constant pounding during a five-to-seven year period, the normal lifespan of touch screen terminals in a busy retail environment.

Plastic terminals are fine for consumer usage, but problematic for business. For example compare heat dissipation capabilities in plastic-cased terminals with those housed in aluminum magnesium. Aluminum dissipates heat more quickly than plastic because its thermal conductivity is significantly higher—extremely important considering that POS terminals tend to be used non-stop. Heat that too slowly dissipates as is the case with terminals that are plastic-encased will eventually take its toll on internal components and likely result in downtime at best or a shortened lifespan at worst.

Another method of judging durability is HALT testing during the design stage and HASS testing during final production, both of which should be conducted by third parties. HALT (Highly-Accelerated Life Testing) exposes the product during design to such environmental variables as temperature, shock, static electricity, emissions and vibrations. Weaknesses uncovered by such testing are corrected. HASS (Highly Accelerated Stress Testing) is a screening test performed on regular production units including internal components. HASS verifies that the units operate properly and efficiently when subjected to the variables of the challenging business environment. Potential buyers of POS terminals should insist upon third party HALT and HASS testing as an insurance policy for reliability, durability and long-lasting effectiveness. Without such purchasing requisites, an operator is unwittingly testing POS terminals during day to day operations, an unacceptable scenario by any standard. A live restaurant environment should never be a test site.



The Real Price

Cost is and will always be a major issue for companies that are planning technology upgrades. Some may approach the upgrade with a specific price point. Like the proverbial line in the sand, they will not cross it. Yet budget planning based solely on acquisition costs overlooks two other elements that have budgetary consequences: maintenance and the long-term cost of ownership. The latter is critical. Terminals that have a tendency to break down or crash become a drain on the budget when the cost of repairs is overwhelmed by the expense of downtime. An analysis of frequent repairs and downtime on long-term ownership costs will show that the expense is no longer acceptable even though the terminal was purchased at what the business assumed was a bargain price.

A less efficient POS terminal maybe adequate for today's specifications, but what about tomorrow's? Technology's one constant is change. Customers, even those who are not tech-savvy, recognize when their POS experience at the store or restaurant is lacking, which can mean the business has to adapt or face an unacceptable loss of revenue. Upgrading technology every few years is not the best solution particularly when so many retailers are budget-strapped. That's why it is important for hospitality to consider whether their technology solution allows for future capabilities such as advanced

data migration and addition of peripherals without having to return to purchasing mode.

In addition, it is essential to pay closer attention to warranties and insist upon the following warranty protection:

- Coverage of service and parts
- Person-to-person contact
- Sufficient turnaround time for repair and/or replacement
- Remote management capability
- Availability of overnight delivery
- For larger hospitality companies, installation and support of a national deployment.

A 2011 study among quick-service restaurant operators found that when annual maintenance costs and the impact of breakdowns are averaged in, switching to more reliable hardware pays for itself in several years and conserves costs well into the future.

The message is clear: There are building blocks to quality that differentiate a robust touch screen terminal from a typical black box. ■

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