CUSTOMER SERVICE BECOMES COMPETITIVE EDGE:
THE TRANSFORMATION TO POINT OF SERVICE

IN A MARKETPLACE UNDER INCREASING PRESSURES FROM MEGA-RETAILERS, in-store differentiation is becoming the primary focus for many retailers today. Enhanced service offerings, improved employee training and more on demand capabilities are helping these retailers use customer service as a competitive edge. In this environment, point of sale technology is taking on a variety of new roles within the store and throughout the enterprise—while continuing to perform its mission-critical functions quickly and cost-effectively. One result is that the initials "POS" are increasingly likely to stand for "point of service," as retailers seek solutions that enhance their customers' experience while empowering their employees and increasing their operational efficiencies.

Even before this point of service transformation, the point of sale has always been a key investment area in retail: not only is it the one piece of technology all customers must interact with, it's often the last opportunity for a retailer to create a positive impression—or a negative one. Today's market conditions have ratcheted up retailers' desire to make the best possible POS technology investment. Price-oriented retailers see POS as key to controlling costs; service-oriented retailers are also using POS to enhance their customers' overall shopping experience.

For all retailers, the POS is the business-critical epicenter of their business—holding transaction, merchandise and customer information. By integrating the POS with systems, data and devices throughout the enterprise, retailers can use this critical data to support real-time delivery of information and services to the consumer, as well as to store associates—helping to improve customer service, create operational efficiencies and enhance employee productivity. In short, retailers are using the POS to become on demand businesses. Delivering on demand capabilities and transforming the POS to a point of service requires the optimal combination of robust functionality and broad flexibility in POS technologies.

IBM® and Intel® combine considerable industry expertise to address these retail requirements. IBM's 30 years of retail industry leadership is reflected in its more than two million POS systems installed worldwide. Intel has built up a solid reputation for technology leadership, safety and product quality. Both companies' market leadership and commitment to open standards allows IBM retail solutions to work with Intel technology now and in the future.

POS INVESTMENTS INCREASING

Leading industry analysts and numerous research reports agree that retailers are backing up their interest in the POS with action. According to the 2005 *RIS News*/Gartner 15th Annual Retail Technology Study, nearly two-thirds of responding retailers either have up-to-date POS technology in place or are in the process of a major technology upgrade. For both POS hardware and software, an additional 15% of respondents are planning to start a major technology upgrade this year.

What's behind these investments, beyond the upgrades that are required by normal product life cycles? Several converging trends are fueling the transformation from point of sale to point of service:

• **Expansion of customer touchpoints**: Today's customers expect a more personalized, dynamic shopping experience, with information and options available in real time. Consumers are better-informed than ever before, thanks
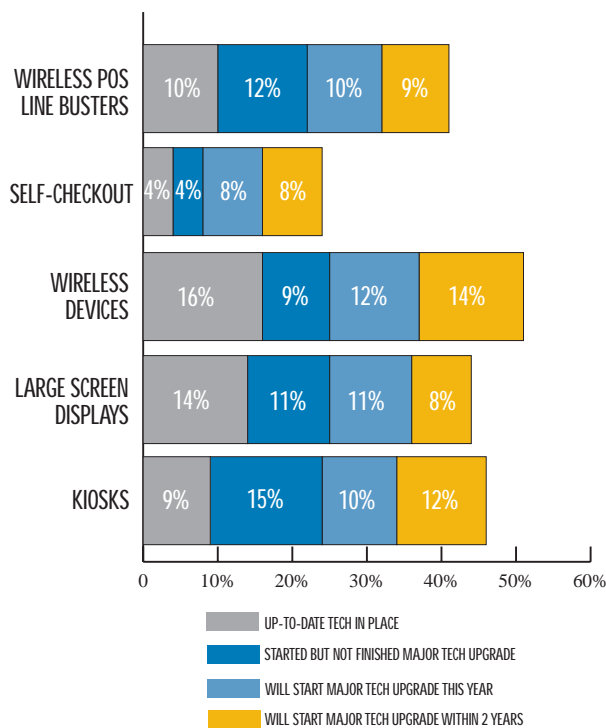
"**Nearly two-thirds of responding retailers either have up-to-date POS technology in place or are in the process of a major technology upgrade, with an additional 15% of respondents planning a major POS hardware and software upgrade this year.**" —*RIS/Gartner Tech Trends Study*

in part to the Internet's ability to provide product information and price comparisons. As retailers seek to create interactive experiences for these savvy, knowledgeable customers, they are employing an increasing array of in-store technologies: informational and transactional kiosks; handheld or cart-mounted tablet PCs; mobile wireless devices; and self-checkout technology. The traditional point of sale is itself an important customer touchpoint, and virtually all of these technologies must be seamlessly integrated with the POS—both to optimize the customer's experience and to operationally tie these technologies together for the retailer. An open standards-based common store infrastructure is crucial to tying these disparate touchpoints together. IBM Store Integration Framework provides retailers with a best-of-breed middleware foundation that helps enable these on demand capabilities.

• **POS as information collection point**: Both price- and service-oriented retailers remain focused on improving operational efficiencies in order to compete in today's marketplace, and POS solutions are increasingly being used to collect information to feed a wide range of applications throughout the retail enterprise. For example, up-to-the-minute sales data is being fed to inventory systems, providing a more accurate picture of on-hand inventory. Some retailers are sending aggregated POS data directly to suppliers' systems, helping to ensure a steady flow of products where they are needed most. POS data powers forecasting solutions, improving merchandising, planning and purchasing. Sophisticated loss prevention systems can even spotlight POS activity patterns that indicate the likelihood of fraudulent behavior, cutting down on shrink.

• **POS as information distribution mechanism**: As noted above, the point of sale is one of the last opportunities for retailers to enhance the shopping experience for customers, as well as a key location for improving profit

Retailers Expand Store Technology Investments

Category	UP-TO-DATE TECH IN PLACE	STARTED BUT NOT FINISHED MAJOR TECH UPGRADE	WILL START MAJOR TECH UPGRADE THIS YEAR	WILL START MAJOR TECH UPGRADE WITHIN 2 YEARS
WIRELESS POS LINE BUSTERS	10%	12%	10%	9%
SELF-CHECKOUT	4%	4%	8%	8%
WIRELESS DEVICES	16%	9%	12%	14%
LARGE SCREEN DISPLAYS	14%	11%	11%	8%
KIOSKS	9%	15%	10%	12%

Source: RIS/Gartner Tech Trends Study 2005

IBM SurePOS 700 model 782 with optional components: IBM SureMark Printer, IBM SurePoint Solution and ANPOS Web-enabled keyboard with pointing device.

margins. With faster processing speeds that allow for more graphics-intensive applications, retailers can provide entertainment and information to customers waiting in line. The point of sale can provide store associates with accurate, real-time information that allows them to offer customers cross-selling and upselling suggestions, including product warranties or other services. Improved processing can empower sophisticated employee training modules that associates can use during down time to add to their skill sets or brush up on the basics—a significant time and money saver in the high-turnover retail environment.

    • **A faster pace of change**: Retail industry economics mandate a long product life cycle for POS technology, but changing customer demands and a rapid pace of technology development means the POS must be flexible enough to adapt as business conditions change. Retailers are seeking a balance between technology that provides them with maximum value and functionality today, while offering the ability to run applications and peripheral devices that are not yet in widespread use, such as RFID readers, biometric identification and payment devices, check scanning technology and newer iterations of wireless technologies. IBM selects technology on Intel's embedded roadmap for the latest technology available for an extended life, up to seven years.

The combination of multiplying roles today with the need for future flexibility puts a premium on the use of open standards. Open POS platforms, including operating systems, can more easily integrate with other store technology as well as with applications and systems throughout the retail enterprise. In addition, technology designed with growth and change in mind helps "future-proof " retailers' investment, allowing them to cost-effectively add new products and services as customers demand them.

Even as the POS becomes a multi-faceted point of service, these mission-critical systems must continue to provide the reliability and near-100% uptime that they always have. The point of sale must be retail-hardened, able to operate in virtually all conditions and to be used by associates with widely varying degrees of expertise. And because it is the final opportunity to enhance the customer experience, the POS must always operate quickly, accurately and efficiently. IBM's "retail-hardened" technologies have kept most of the world's top 100 retailers' front end systems highly available and reliable for over 30 years.

INTRODUCING THE SUREPOS 700

In designing and building the IBM SurePOS™ 700, part of IBM's comprehensive line of SurePOS solutions, the company took into account all of these retail industry trends and requirements, creating a POS solution based on open standards that offers excellent performance today while creating significant "headroom" for future store technology advances.

The SurePOS 700 provides maximum flexibility and investment protection. With selectable and upgradeable SurePort connectivity options, the SurePOS 700 supports virtually any peripheral. It can be configured with numerous slots and bays, giving retailers the ability to scale up or down as their requirements change.

Many of the SurePOS 700's speed and performance improvements have been enabled with IBM's use of Intel technology, including the Intel® Pentium® 4 Processor 531, the Intel® Celeron® D Processor 326 and the Intel® 915GV Chipset. Use of newer chipset technology like the Intel 915GV enables the SurePOS 700's compatibility with processors 3GHz and higher. The Intel 915GV chipset is a scalable solution, allowing IBM to use several speeds of Intel's Pentium and Celeron processors to meet retailers' price and performance requirements. This allows retailers to choose the best technology value available for their environment.

In addition, the SurePOS 700's use of Intel processor technology allows compatibility with 64-bit operating system environments, allowing retailers to implement new operating systems as they are introduced and thus easing migration paths for a wide range of retail customers.

The embedded RAID (redundant array of independent disks) offered in the Intel 915GV chipset provides the safety net of an additional data repository when used with two hard drives—a benefit for smaller retailers who are not using a server-based system to store their mission-critical POS data. Embedded RAID also reduces the risk of POS down time, which helps minimize lost sales or customer dissatisfaction at this crucial interaction point.

Another way Intel's technology helps "future-proof" the SurePOS 700 is with its support of PCI Express options, which allow retailers to easily upgrade graphics and add advanced networking capabilities as their business needs require them, and to get better speed and performance from these technologies when they are deployed.

The SurePOS 700 represents a major move forward in performance, flexibility and scalability. It can also serve as a key integration point for store technology, as the hub for the multiple touchpoints that reach customers while they are making their purchasing decisions. The IBM Store Integration Framework gives retailers the ability to integrate touchpoints with the POS, creating new opportunities to enhance the customer experience. Like the SurePOS 700 and all of IBM's POS systems, the Store Integration Framework is based on open standards, making integration easier and more cost-effective.

IBM and Intel understand retailers' need for long-term investment protection. IBM makes it simpler for retailers to port their trusted POS applications to the SurePOS 700 Series platform today. The SurePOS 700 is designed for maximum adaptability for the changing demands of a service-oriented retailer. In addition, Intel's large retail industry installed base provides the SurePOS with a high level of application compatibility, which aligns well with IBM's support of open standards and the SurePOS family's support of open environments. Most crucially, the system's open platform design supports a broad range of operating systems, including IBM Retail Environment for SUSE LINUX®, or IRES, IBM 4690 and Microsoft Windows.

Intel enjoys a reputation for technology leadership, innovation and product quality. A broad network of retail hardware and software providers have built their solutions on Intel processor-based platforms. Intel's investment in research and development continues to produce the new technologies that are needed to meet the constantly changing environment of retail. Through engagements with some of the world's largest retailers, Intel has developed and deployed solutions that have transformed how retailers sell and consumers shop.

With the SurePOS 700 and the combination of IBM and Intel, retailers can boost their store technology's performance today while ensuring that their investment will continue to serve their business needs—and to help them create dynamic, positive customer experiences—throughout the entire life cycle of the product. ∎