HARBORTOUCH

Create Multiple Technology Touchpoints To Differentiate Your Offerings

Flexibility and a diverse product/services stack create the "stickiness" VARs seek

Every VAR faces the challenge of differentiating itself from the competition, and to do so inevitably requires more than just a strong product line and excellent customer service. But given the varied clientele that VARs serve, there's no single secret formula that works for everyone. However, an emerging strategy involves boosting your "stickiness" level by integrating yourself, your products, and your services into multiple aspects of your customers' businesses.

Creating an integrated stack of technology and service offerings is proving to be an effective route to greater stickiness for VARs in today's market. Several leading VARs are creating POS-centric technology offerings that are tailored for individual customers' business requirements. Their menus have expanded from break-fix maintenance and training to include payment processing, payroll, customer loyalty programs, mobile POS, inventory management, business reporting, and analytics. Many are delivered via the cloud and use as-a-Service models and creative financing to overcome traditional hurdles. These VARs are moving beyond simply making hardware sales with thin margins toward packaging integral services to produce recurring revenue streams.

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Owner & President,
Restaurant Software
Solutions

Particularly in the retail and hospitality verticals where both POS hardware and software are threatening to become bargain-priced commodities, such a flexible approach has become critical to expansion in a slow-growing economic climate. "Point of sale is our wedge into the door," says Scott Spitzburg, owner and president of Restaurant Software Solutions, West Orange, NJ. "Once we're in, we try to sell complementary services such as electronic menus, online ordering, and tablet systems. For several customers, we've expanded our existing base by installing tablet systems on top of already-installed legacy terminal-based POS systems."

The need for technological differentiation is acute, Spitzburg adds: "Everybody has a perception that all POS systems do the same thing. They really don't, but we have to convince our clients that there's a reason why they're buying our solutions over our competitors.'"

Spitzburg complements his company's expanded range of offerings with a personalized approach to service. "I often call us a boutique-type firm; we don't go for quantity, we go for quality," he says. "When you call for service, you're getting someone on the phone who knows your installation personally, who has probably been there at your location and knows your infrastructure. This allows us to solve a problem faster than someone who has never been there before and doesn't have any idea where things are located or how they are wired and hooked up."

For Brian Harrison, owner of POS Touch Solutions, Mt. Vernon, NY, personal service is also critical when dealing with small businesses that have little internal IT expertise. "If you order a computer for your personal use, you can sit at home, play with it, and essentially teach yourself how it works – you have time to do that," says Harrison. "Small business owners don't have that time, so they need someone to hold their hand and get them up and running, and also to give them someone to reach out to when things are not right. That's where my business comes in.

"Because we're in their place of business and see what's going on, we understand their problems," Harrison adds. "We become an important middle person in that whole process, and service is what really puts us over the top and keeps us in business."

No Two Deals Alike

POS technology can get a VAR in the door, and personalized customer service should keep it there, but VARs also need to make the economics work for all parties involved. Within the art of the deal, having a wide range of options available is itself becoming a point of differentiation.

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Brian Harrison,
President, POS Touch Solutions

"For our customers, obtaining the funding they need for technology is their No. 1 challenge," says Jim Stewart, president of Munster, IN-based Advanced Data Systems. "There are no more 'cookie-cutter' transactions; we have to constantly think outside the box. I recently did three funding deals, and one was a traditional lease arrangement, one was done through a credit card processor, and one was a self-funded SaaS-style program."

Stewart explained that self-funded deals involve his company purchasing the POS hardware and software applications and then, in essence, renting them as a service to customers for a flat monthly fee. "It's not that different from a lease, but in some cases we'll fund people where the lease companies wouldn't," says Stewart. "The risk we take is that people won't be able to maintain the payments, but that's not been a problem so far.

"It's done on a case-by-case basis, but there are opportunities out there," Stewart adds. "There are also credit card processor companies that offer rental arrangements [of POS hardware and software], and then we can stack services on top of them."

Maximizing Revenue Over Time

Moving away from simply selling or leasing product and into a service provider role gives Stewart the chance to become integral to his customers' operations. "I have a longtime customer who has always just bought cash registers from us, but he was getting into a new business for which he bought six terminals, a 32-camera digital surveillance system, an eight-camera system, and six menu boards, as well as credit card processing through one of our partners," Stewart notes. Topline revenue for these additional technologies and recurring services is more than triple what it would have been for simply selling a POS system, even though it's spread out over a longer time period.

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For Ted Kramer, a co-owner and VP of sales at POS of Michigan, Swartz Creek, MI, business growth is tied to diversification. "We're a POS and a credit card processing company; we like residual income coming from both streams," he says. "We also have maintenance contracts with many of the POS systems we sell, as well as third-party integration that contributes residual income, such as loyalty rewards and accounting programs. That makes for a lot of new items, new thoughts, and new ways for our customers to gain business and manage their businesses."

Being able to offer programs that bundle products, credit card processing, and training for a low monthly payment, such as those from Harbortouch, is a benefit for Kramer. In the economically depressed Detroit area, many customers don't qualify for traditional leases or lack the liquid capital for a large down payment, but "this way they can get started right away," says Kramer.

He provided three examples of how his company has been able to tailor offerings for the needs of different customers:

● A quick service Mexican restaurant located in downtown Grand Rapids, MI, had rapidly become the busiest place in its location. The restaurant had started with just a cash register with credit card processing from Harbortouch, because the customer initially believed a full-scale POS system would be too expensive. However, as lines at the register grew longer, the customer reconsidered. "We installed a one-terminal POS system – but the lines just kept getting bigger," says Kramer. "We then moved to an iPad-based line-busting system, which his people can use when the line is 50 people deep. They can take food orders from people on the line, send them to the kitchen, and the food is waiting for them by the time the people get up to the counter."

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● With a five-store Mexican restaurant, a rewards program in one location was the wedge in, and the program was so successful at attracting additional customers that installations at the other four locations followed. "They're building another store, and we are installing a POS system there, and we hope to get POS into the other restaurants as well," Kramer says.

● A restaurant with three owners new to food service (but with corporate and retail experience) started with a basic POS solution. "They opened to great success, but after a year found they were struggling to make money," says Kramer. He hooked them up with a full accounting software package that bundles payroll and inventory management functions. "This produced weekly financial statements, which is big," says Kramer. "Otherwise, something could be happening at the start of April that you don't find out about until mid-May. More frequent reporting allows you to react to an issue in the week after it surfaces versus four to six weeks later, by which time it could have escalated and cost you thousands of dollars."

Information, Please

Technology that provides small business owners with a more accurate window into their operations is becoming an increasingly valuable offering. "You can't grow unless you can measure yourself," says POS Touch Solutions' Harrison. "Today's POS systems make so much information available to you: if you sell hamburgers, you can see how many you sold in the last two hours, the last two days, or the last two months. This gives them the ability to know how well or how badly they're doing; in this way, the POS system will help keep them competitive."

Harrison also values the cloud-based elements of solutions such as those offered by Harbortouch. "The owner/operator can see what's going on no matter where they are in the country, as long as they have a smartphone or tablet and Internet access," he notes. "That's tremendous. For us, a cloud-based system means it's easily accessible for us to sign on and fix whatever problems they have. In addition, their information is backed up every night, so they're never at a major risk of losing their data."

Becoming a 'Trusted Advisor'

For VARs, these new business opportunities involve more than simply expanding their range of product and service offerings. It can mean a more fundamental shift in how they approach their own organization and customer relationships.

"We had traditional salespeople until 2010, which was when I moved into a sales position. I had been a programmer/installer for 20-plus years, so all the technology excited me," says Advanced Data Systems' Stewart. "We realized that we were doing things all wrong. You don't want the traditional salesperson, you want someone who can understand and get excited about technology and convey that excitement to the end user. At that point, you're not selling it any longer, you're presenting it, and getting feedback from the customer who is telling you 'This is what I can do with my budget.' This completely changes the conversation, because you're now consulting. It's not features and benefits anymore, it's taking care of customers' needs and addressing their pain points.

"Customers are getting smarter, and their buying habits are changing," Stewart adds. "You have to have a diverse product offering and a diverse thought offering as well."

For VARs seeking growth — which means VARs looking to thrive and survive — flexibility, diversity, and customer service are more essential than ever before. Goals need to shift from what can be made from an individual deal toward how each interaction contributes to the overall "stickiness" of a VAR's long-term relationship with its customers.

About Harbortouch

Harbortouch is a leading national provider of touch screen point of sale (POS) systems and payment processing services. As pioneers of the "as-a-Service" model, Harbortouch offers an unprecedented "free" POS program that allows the company's sales partners to offer a full-featured POS system with no up-front costs. For more information about Harbortouch, visit www.isoprogram.com.