A Buyer's Guide for Restaurant POS Systems
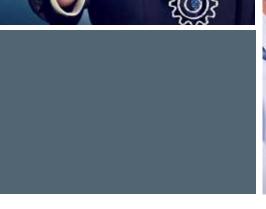
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Why should you read the "Restaurant POS Systems" buyer's guide?

In the last five years, much has changed in the restaurant POS system market. A new wave of operational realities and technological capabilities have attacked traditional systems and compelled restaurant owners to make the leap to more modern, cost-efficient, and future-ready systems -- sometimes with tremendous payback, sometimes not. As with any transitioning market, the POS vendor landscape is characterized by an abundance of marketing hype surrounding new systems and vendors. While they make for excellent marketing, never decide without carefully considering whether each system delivers the features you need how you need them as well as how well you'll be supported. In other words, be wary of 'new' and rely more on 'current and proven.'

To help you decide which modern POS system is right for your restaurant business, we designed this guide to answer the questions we hear from restaurant owners about this topic every day. The guide discusses the key features of a POS system you should consider, the right time to do so, and the characteristics your POS system vendor should offer to help you succeed. It also delves into the most common POS systems in use today and the operational realities (benefits and drawbacks) of each type in typical service scenarios, with all analyses from the restaurant owner's point of view.

In the end, the guide should help you develop a short list of potential systems based on real-world restaurant issues. It will help you move beyond watching canned vendor demos to making a decision grounded in the way you do business today and plan to do business over the next few years.

As you consider replacing your restaurant POS system, start by evaluating the things that will most affect the success of your restaurant, based on your unique way of servicing customers.

The four key areas with the greatest impact include the following:

- POS system features
- Support and on-site help
- Deployment options
- Pricing models

While these four areas are unquestionably the driving factors behind the ideal choice for your next POS system, there are two other things to consider: *timing and inflection points*.

Timing is critical to achieving the desired outcomes you've established for acquiring a new POS system. If you purchase a high-powered system too far in advance, you won't realize the efficiency gains promised and will likely feel as if you overspent for too much horsepower. This is where your business inflection points come into play and serve as an important driver of new system acquisition.

First, honestly answer this question: "Has something in my business been causing chronic pain that can be solved by a modern POS system?"

Several common points among restaurant owners that compel them to say, "Yes, I need a new POS!" include the following:

- Sharply higher sales volume
- Desire to provide new services
- Need for different and better vendor performance and support

Given the advances in POS systems and the related infrastructure in the last five years, you'll likely benefit from substantial improvements made in the following areas:

- Reliability of cloud computing
- Data security/PCI compliance
- Device cost

By turning to the cloud, current and proven POS systems eliminate the need for restaurateurs to maintain a POS computer server in their restaurants. This means you no longer need to jump into emergency mode to fix a system crash or perform a reboot.

When your server goes, so too go your data security concerns. Why? Because your customer's credit card data doesn't ever reside in your POS software when you use a modern POS system. Moreover, since none of your customers' credit card data is stored locally, the need to ensure PCI compliance is much simpler and your can let go of worries of being hacked.

Device costs have fallen dramatically, although not because of cheaper traditional terminals or cheaper Windows software; the lower costs are attributable to POS systems now being based on iPads/tablets versus traditional terminals. A typical iPad costs $350 – a full $1,650 less than the typical tradition terminal from MICROS or Aloha. And, when you consider repair and replacement costs, iPad/tablet technology widens the price gap even further – you can easily run out to the store, buy a replacement iPad on a moment's notice, return to your restaurant, download the POS system app, and have your new terminal running immediately.

Key POS System Features

To operate more profitably and earn as much revenue as possible, you need to have a full-featured POS system that enables the services and conveniences your customers expect – and are likely enjoying at other restaurants.

We have grouped these key system features into five categories:

- Flexibility & Modularity
- Online Ordering
- Mobility
- Tip Handling
- Loyalty Program Support

Flexibility & Modularity

A modern POS system should provide the functionality you need today while having an architecture that allows for easy upgrades, expansions, and new service add-ons. For example, consider restaurateurs who have a traditional POS system (e.g., MICROS, Aloha, etc.) that will soon extend its feature set to include accepting Apple Pay, mobile ordering, and more. To take advantage of any of those features, the restaurateurs will have to update the software, troubleshoot when the new software doesn't work, perhaps change to a matching POS system version, and buy new hardware. That introduces too much potential business disruption.

With a flexible, modular POS system, adding new functionality is easy because app updates that incorporate them occur as normal system functions via cloud-based system updates.

Thus, it's important to ask, **"How will updates be done, and how will new features be supported?"**

Online Ordering

Online ordering is booming right now and will soon be table stakes (excuse the pun) for nearly all restaurants. If you purchased your POS system more than a couple of years ago, you'll probably need to perform an integration to make online ordering part of your services. With at least one current and proven system we know of, online ordering is included at no extra cost and already exists as part of the core database. The advantage over traditional systems is obvious – they simply cannot make the easy addition.

Also, be careful when considering start-up vendors for online ordering. Many restaurateurs tell us, "I can get online ordering via GrubHub or ChowNow"; while those apps do provide basic online ordering functionality, they're not truly integrated with your system. This isn't a problem if your restaurant has an annual sales volume of up to approximately $700,000, but any more than that will require integration. That way, you don't have to manage two different data sets, and any price changes you make to your menu will automatically propagate on your online menu.

Thus, it's important to ask, **"Is online ordering included in the cost, and is it part of the core system database?"**

Mobility

Modern POS systems take advantage of the explosion in mobile device popularity to bring POS costs way down for restaurateurs. Instead of basing everything you do on $2,000 terminals, you can use iPads/tablets for just $300-$400. Moreover, if an iPad breaks, you can run out to a local retailer and buy another or use a spare you keep around the office. This makes traditional systems seem archaic – why deal with support calls or expensive repair visits that require a two-day wait when you can be up and running again in minutes? In fact, a two-day wait is optimistic for adding a device – it's more realistic that you'd have to wait two to three weeks to have a fully-functional terminal when using a traditional POS system because you have to order it, configure it, and suffer through the shipping time. When adding an iPad, you simply download the app and get to work. Mobile devices also cut down on your training time and costs – most people have iPads at home and require very little training to start working with an i-based POS system.

Thanks to Bluetooth communication, you can also offer new services that wouldn't be practical without iPads/tablets. With one in hand, your staff can perform 'Line Buster' maneuvers by traveling the length of a customer line or drive-thru queue and take orders. It's equally effective when customers enter the restaurant, see it's busy, connect though a mobile app, and order while standing at the back of the line. They don't even need to log in – all they need is the restaurant's app. These types of speed and convenience features lead to increased revenue and long-term customer loyalty.

Thus, it's important to ask, **"Do you provide your POS system as a modern, commoditized infrastructure based on mobile devices or are you still relying on expensive, outdated terminals?"**

Mobile Devices Make for Faster Recovery in Online Ordering

If a POS system has truly integrated online ordering (not an add-on service), restaurant managers can automatically recover that functionality simultaneously with other system functions. The same is not true when online ordering isn't part of the base system.

> **"We see fast food restaurants increasing their revenue and drive-thru by 20% to 30% while seeing an uptick inside the restaurant where they have the volume – all because they can move people through faster."**

Tip Handling

With so many people paying their restaurant tabs with credit cards, restaurants rarely have a lot of cash on hand, and many are opting to pay their tips at payroll rather than at the end of each shift. If you want to withhold 20%, 50%, or 100% and pay out at payroll time, your modern POS system should allow you to choose – and to change your mind with the push of a button.

Thus, it's important to ask, **"Is flexible and easily-configured tip management functionality built into your system?"**

Loyalty Program Support

If a customer has given you information before or has purchased from you on several occasions, they expect to be treated better than casual diners via a loyalty program, so you need a sophisticated loyalty program that doesn't require you to integrate a third-party app to your POS system. A modern system should have app-based or phone-number-based rewards tracking so your cashier automatically sees a customer's current reward standing; other standard features of built-in loyalty programs include the ability to call out daily specials, highlight happy hours, and even have customers' phones welcome them to the restaurant while displaying marketing programs specifically targeted at them.

Thus, it's important to ask, **"Can I configure and change loyalty programs within the base POS system?"**

The restaurant business is a 24/7 world, which means you need service – now! It's unpredictable, and very often you have POS system problems that fall outside the standard scope of the vendor's help desk hours. This is inconvenient, especially when it happens at 7:00 on a Friday evening or 11:00 on a Sunday morning and you need the right answers fast. As such, your POS system vendor should offer 24/7 support from professional technicians who are intimately knowledgeable about the system you are using. It's even better is to choose a POS system vendor that is able to offer on-site support if ever needed. During your busy time, you simply cannot afford to be on the phone troubleshooting with someone that doesn't know what they are doing or is working off of a troubleshooting script.

Where that support starts depends on your in-house technical skills; most restaurants have bare-bones technical capabilities, which is why iPad/tablet-based systems are so attractive. But because they can't solve all the problems related to system outages, here's what today's best-in-class POS vendors can provide for support and on-site help.

Hardware Replacement & Repair

Hardware replacement and repair for traditional POS systems has always been a major point of concern for restaurateurs – no one wants to take down a system to fix it or purchase new hardware and take the time to configure it. That all goes away with modern POS systems, particularly those based on iPad/tablet technologies. First, you can easily replace terminals with a trip to the local Best Buy; an equally beneficial aspect of modern replacement and repair is that it can be managed ahead of time as part of a service package. In a world of auto-updated apps and cloud communications, the whole POS system can be updated rather than replaced. It leaves only your printers to be managed via physical repair and replacement, which many vendors now include in the service package.

Training

Training is an area where many modern vendors have tripped themselves up and diluted their turnkey, all-in-one messaging. Most offer web-based, remote training either with a trainer or via a series of 'how-to' videos. Even vendors who offer on-site training with a trained professional are using a third party consultant with general systems knowledge who isn't trained specifically on their technology.

That's not good enough if you want your business to thrive for the long haul. Modern POS system vendors using one-size-fits-all tactics are unacceptable; instead, find a modern POS vendor that provides consultative training. In other words, look for vendors who take the time to find out what makes your operations and business unique. With this knowledge, they can program and configure your system to get as close to optimal as possible for the way your staff works. And, of course, when it comes to your staff, the vendor's training program should involve on-site training.

Next, the vendor should perform the physical installation, making sure the POS system works as expected. This means being on site at launch time, whether you're opening a brand new restaurant or going live with a new system, and that's because remotely programmed and configured systems don't always arrive as planned. It's not uncommon for a POS system to need support right out of the gate, and nobody wants their first experience to be on the support lines. Plus, there are additional installation factors that require on-site support, including unusual circumstances related to power sources, data cables, networking quirks, and other factors no one would anticipate and that are extremely difficult to troubleshoot over the phone.

iPad-based systems make training easier because servers understand the system much faster and it works the way they anticipate it will. Using iPad-based systems, therefore, increases launch pace; ongoing operations also happen faster.

Beyond the initial launch phase, you know your menu and services are going to change over time. As you consider the various available service options, be realistic regarding how much you should tackle on your own versus what you should have an on-site support specialist handle.

> **"We have experience with customers who had their servers ringing up orders on the iPad before they were actually installed – it's just that easy!"**

Because traditional POS systems are fading away and the more commoditized, cloud-based systems are starting to dominate, the number of deployment models has increased.

Currently, however, the following three are the most common deployment models:

- Traditional server in your "closet"
- Web-based communication
- Web- & premised-based hybrid

Traditional Server in Your Closet

This model is disappearing fast because restaurants have less room for equipment and owners/managers who aren't IT professionals – and don't want to be IT professionals – would prefer to pass the responsibility onto someone whose specialty it is keeping the system up and running.

If the system is in your closet, you're subject to more vulnerabilities. If a manager opens an email with a virus, for example, your entire system could get infected or, worse yet, a phishing ploy could grab customer payment data. And, of course, there are still the traditional problems that occur with traditional servers in the closet, including liquid spills and pipe leaks onto the main computer, which calls for a wholesale replacement.

And what about the new services restaurants are adopting? Many of them, like mobile ordering and online ordering, involve the internet and lead to having to troubleshoot problems involving the computer in the closet in addition to having to diagnose whether the root of the problem is on the internet, your connectivity to the internet, or within your local POS infrastructure. These issues have added up to lead to the demise of the 'server in your closet' deployment type.
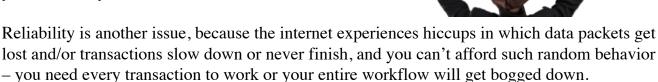
Web-based

Web-based deployments are the most common for today's startup POS system vendors. While they promise that the cloud is as robust as ever, this deployment introduces different problems when it's your sole source of POS operations, with the two main issues being that you don't have unified data shared across devices and you lack reliability in real-time operations.

Take, for example, the use of a cloud-based system in a drive-thru environment. If you have a busy drive-thru, you have an order-taker device and a payment device. For many systems, to make the devices sync, you either need to add a computer server (which introduces a single point of failure) or lose the ability to share guest checks across multiple devices, which limits the ways you provide service in the restaurant. It forces you into a 'one server per table' format in which people are unable to hand checks off to one another, limiting your flexibility.

Reliability is another issue, because the internet experiences hiccups in which data packets get lost and/or transactions slow down or never finish, and you can't afford such random behavior – you need every transaction to work or your entire workflow will get bogged down.

Web- and Premise-based Hybrid

The beauty of the web- and premise-based hybrid is that you gain the flexibility of the cloud while also being able to perform all functions locally, without a server, even if the Internet goes down. The way this deployment model works is simple – you leverage the cloud so you can log in from any remote location and keep an eye on operations; at the same time, you have all the same functionality you had with a traditional POS system. Your iPad terminals are connected via local Ethernet, your iPads can still connect to a local hotspot, and therefore both your mobile employees and terminals function as normal, no matter how the internet is functioning.

Another advantage to the hybrid model is data security – With Cloud companies like Amazon Web Services managing data security and redundancy, you don't have to worry about viruses or system hacks. In addition, the POS system will continue to operate internally even during an internet outage, caching data locally for eventual transfer to Amazon when the internet returns to normal.

> **"I love the hybrid model. Our internet was shoddy last night, but we still rang up every order."**

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Current, proven POS system vendors have innovated everywhere else, so you shouldn't be surprised that they've also innovated how you can pay for their systems. Mostly gone are the days of paying $2,000 per device in a large capital outlay only to have the devices depreciate 90% in their first week of use. Similarly, paying up front for software and annual maintenance fees is a thing of the past (mostly).

Modern POS vendors who are willing to stand behind their system's quality have turned your POS system into an operational expense versus a hefty capital expense. They offer the familiar software-as-a-service pricing model wherein you pay a fixed monthly fee that makes your cost management easier. The fee covers hardware and software, upgrades, bug fixes, and more. Those with deep support experience and expertise go even further by offering monthly payment programs that also cover related hardware and phone support models. Thus, it becomes system-as-a-service and removes the burden from your capital budget.

As you shop for a new POS system, it should be clear that a system based on new technology, while a leap forward from traditional systems, may not be enough. Instead of new technology, seek current and proven technology that's backed by the type of support that keeps your business going.

The common pitfalls we see for restaurateurs include the following:

- Narrowing vendor selection based on web demos and cursory reviews
- Underestimating the value of support expertise by local vendors
- Failing to understand features that are native versus add-on

Not all cloud-based POS systems are created equal. There are those that rely solely on the cloud, and therefore, your internet reliability. Then there are those that leverage the cloud for your security and redundancy benefit, while also leveraging mobile devices that keep your operations humming along smoothly whether the internet is operational or not.

As always, we are here to help and provide answers beyond those you have found in this guide.

About the author

Spark Solutions Group has over forty years of continuous operations, dedicated to food service technology. We've been part of thousands of restaurant grand openings and get to enjoy hundreds more each year by providing the most current Point of Sale offerings as well as credit card processing services for restaurant, retail and office locations. We emphasize customer support and specialize in providing our customers with staff that has extensive restaurant and POS technology experience. We like our employees to be able to speak "restaurant."