

Out with Legacy,
in with the Cloud:

The Future of Point of Sale

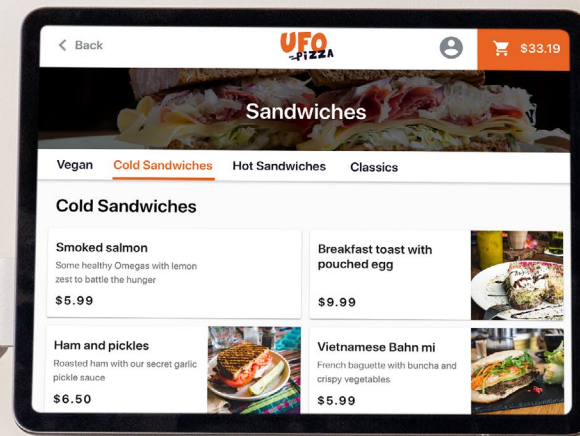
Revel
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Introduction

Restaurant customers today expect a lot from their dining experiences: seamless ordering, delivery, and payment; menu choices that suit their dietary preferences; and consistently high-quality food which is also affordable, sustainable, and served quickly.

This type of mindset is pushing the restaurant industry to inject more technology into their business operations.¹

What makes innovation even more necessary for restaurants is that their customers avidly use technology when ordering food, and believe it creates a better experience overall.²

As with restaurants, retailers are seeing similar changes in customer expectations and digital technology in their stores. Those that fall short on delivering the experiences their shoppers crave risk losing revenue to competitors keeping pace with the trends.

In this dynamic scenario, point of sale (POS) systems play a crucial role. Since their introduction at the end of the 1970s, these systems became

an essential tool for successful restaurant and retail management.

Over the years, the impact of POS systems has expanded from handling cash transactions to include other mission-critical areas, such as managing inventory, optimizing staff shifts and menus, accepting orders from multiple channels, and processing different payment methods.

A modern POS system is expected to do more than process payments. It is a foundational part of enhancing customer experience, improving business operations, and maximizing revenue.

As the expectations of a POS have changed, restaurants and retailers are in the process of migrating from legacy systems to modern, cloud-based solutions. Cloud technology is better suited to business management in a rapidly changing marketplace. This paper outlines why restaurant owners and retailers should consider making the switch to a cloud-based POS.

¹ <https://home.kpmg/content/dam/kpmg/tr/pdf/2017/04/An-Appetite-For-Change.pdf>

² <https://www.pymnts.com/restaurant-technology/2018/qsr-payment-acceptance-technology-restech-index/>

The advantages of cloud technology over legacy systems

Simply put, a native cloud architecture is more flexible, open, faster to modify and update, and cheaper to maintain than a legacy system. The shift from legacy to cloud technology is making it easier for POS systems to meet evolving expectations in the market.

With legacy systems, the POS is managed on-site through a dedicated server. One machine is responsible for massive amounts of data storage and acts as a hub, connecting all of the workstations to one another, and most technology upgrades and maintenance have to be dealt with in the store.

With cloud technology, the ownership and management of hardware and software infrastructure is managed remotely, freeing business operators to focus on the essentials of their day-to-day operations.

This key difference has several advantages for end users.

“I live by Revel. My office is in Indiana, my home is in Kentucky and my store locations are in Kansas. I can monitor my hourly sales, labor costs, as well as the products being sold easily.”

- Buddy Utley, Owner, Taco Tico



Category	Cloud	Legacy
Product Updates	Software updates and maintenance are sustained by the provider.	Software updates and hardware maintenance may require on-site visits and factor into the cost of ownership.
Product Updates	Updates are virtually pushed through an app to all restaurant locations.	Updates are typically applied manually to each main server.
Product Updates	New functionalities are added constantly and deployed remotely. With our 'open' API, we are able to respond to new trends quickly by partnering with 3rd party integrations partners	Adding new functionalities often requires new hardware and on-site support.
Implementation	Deployment requires a few weeks.	Deployment requires months.
Hardware Requirements	No need to have a dedicated server, freeing space, simplifying updates, and allowing real-time access to data from anywhere.	Requires an on-premise server, properly housed with appropriate temperature and humidity levels.
Pricing	The pricing structure is transparent and predictable, based on the number of users and functionalities.	There are several unpredictable costs due to hardware outages and unplanned upgrades.
Pricing	Vendors can change easily at the end of the subscription period.	Vendor lock-in makes it more difficult and expensive to change.
Support	Remote support is accessible 24/7.	Support may have to be provided on-site by technicians, often with extra costs.
Security	A higher level of security is achieved with much of the technology out of the store.	Systems are more vulnerable to hackers as well as data loss due to fire, flood, or other incidents.



Roadblocks and misconceptions around cloud adoption

This upward trend, however, is somewhat slowed down by concerns of IT buyers. [A survey by International Data Group \(IDG\)](#) to 550 IT decision makers highlighted the five main objections.³

Top challenges to implementing the cloud technology

37%	Vendor lock-in
34%	Security concerns
34%	Location of data storage concerns
31%	Missing skill sets for managing and deriving the maximum value from cloud investments
29%	Integration concerns

If we exclude vendor lock-in (which can be a real issue, but isn't exclusive to cloud technology), the rest are due to common misconceptions.

³ <https://www.idg.com/tools-for-marketers/2018-cloud-computing-survey/> (page 7)



Misconception #1:

The cloud is an unsecure digital no man's land.

The question “is my POS data safe in the cloud?” is a legitimate one. However, a better question would be: “is my POS data safer in the cloud than it is with my current legacy system?”

The answer is a resounding yes — your data will be much safer in the cloud. A reputable cloud provider will invest much more than a single restaurant operation in the necessary skills and infrastructure to keep data safe, using multiple back-ups, state-of-the-art encryption technology, and other ways of preventing data breaches. Most cloud POS systems are running in the same environments as the world's biggest companies and financial institutions, all of which are using the same security measures. Also, unlike in-house server rooms, data centers are designed to minimize damages from natural disasters, like floods and fires, and maintain the right levels of humidity and temperature.

Misconception #2:

Cloud-based POS systems are difficult to set up and operate.

Operating a cloud-based POS requires, in fact, much less technical knowledge than managing an in-house server. Implementation times generally take between a fourth and a half of the length of legacy solutions. Upgrades for cloud solutions happen with the push of a button, and at no additional cost. Legacy systems involve weeks-long efforts and significant cost to update.

Due to their traditionally high turnover rate, restaurants and retailers aim to use management systems that are easy to use and don't require a lot of training. Cloud POS vendors are following suit by constantly working to develop intuitive user interfaces that greatly reduce the learning curve.

When asked about the ease of use of their cloud-based POS, David Kim, VP of Operations at Gen Korean said “All the functions are very easy to learn and very easy to operate. Within five minutes I can teach them.”



Misconception #3:

A cloud-based POS won't integrate with other systems.

POS providers are constantly working to add new functionalities to their products, and ensure that they can integrate with other management solutions as needed. They have modern technology stacks, open APIs, and can connect to new solutions in weeks. Legacy systems require six- to twelve-month projects for new integrations. Here are a few examples of possible POS integrations.

Inventory.

While a POS can calculate food costs using the predetermined values of menu items, inventory management systems keep track of costs and quantities of food that are actually being used. By integrating these two datasets, restaurants can look at discrepancies and uncover cost cutting opportunities.

Customer database.

Connecting sales POS data with customers' information about frequency and food preferences will help restaurants personalize offers, gift cards, loyalty programs, and marketing initiatives.

Online ordering.

Cloud POS systems can fully integrate with online ordering apps, providing a seamless dining experience to customers and valuable insights about sales and costs to management.

Scheduling software.

Modern POS systems can produce sales forecasts, which can be used by labor management applications to optimize staff shifts and labor costs.



Misconception #4:

If you are in the cloud, you need to be connected to the Internet all the time.

Cloud technology requires an Internet connection. However, that doesn't mean that everything will stop working in the case of an outage. Almost all quality cloud systems have up to 25 megabytes of internal memory, which can store thousands of transactions until you are back online. The actual transactional uptime of a cloud solution is very high, and far higher than a legacy system that has more points of failure, including mechanical items like hard drives.

Safeguards like Always On Mode—a feature designed to backup and log transaction data even when Internet networks go down—offer operators added peace of mind.

“We haven't lost any sales thanks to Always On Mode.”

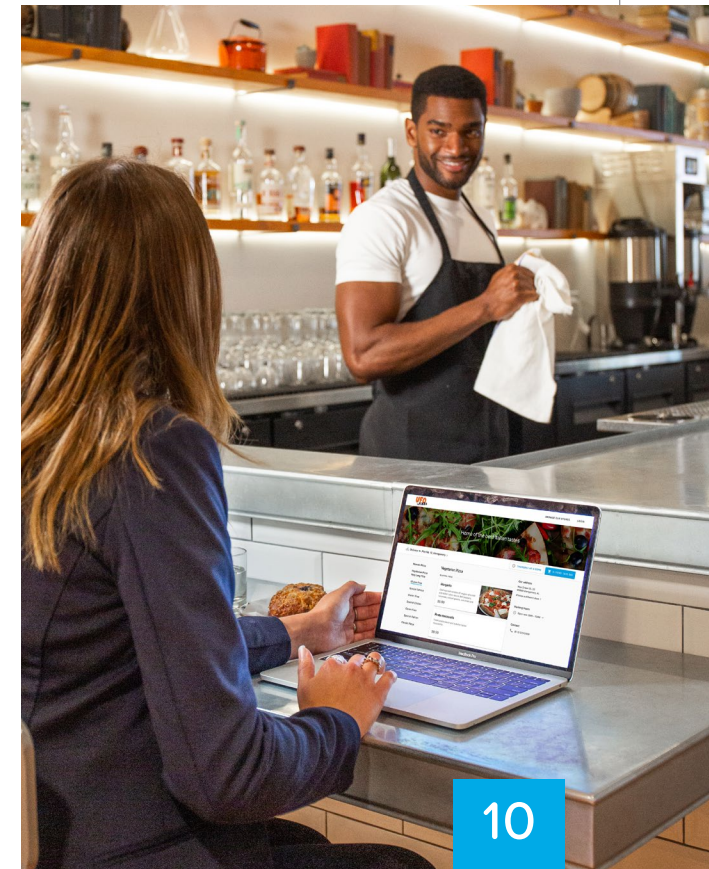
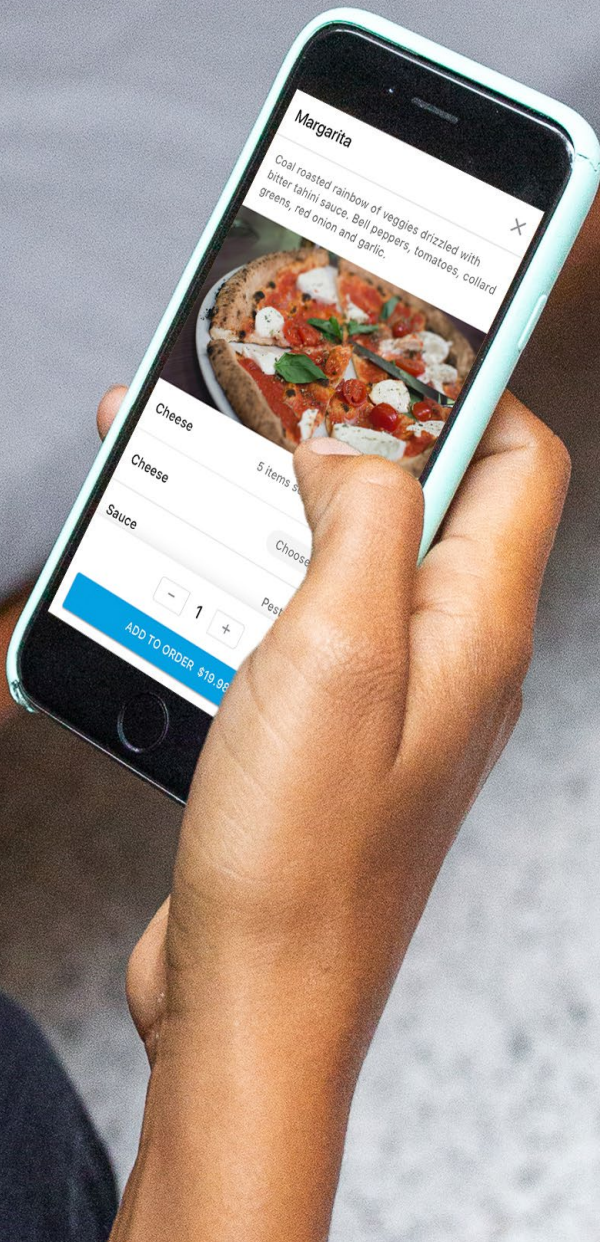
The cost-case for moving to cloud

With misconceptions out of the way, the return on investment of cloud-based POS for restaurants and retailers is clearer.

As with any system change, moving your POS from legacy to the cloud requires hardware cost, data migration, and training. However, like any business decision, operators should consider the long-term benefits of the investment. The good news is that the cost of a new cloud POS rollout will literally be a fraction of what it cost to rollout a POS ten to fifteen years ago.

Across sectors, cloud technology has clear advantages (see a more detailed list in part 1):

- Increased security and data protection
- Easy scalability and quick deployment
- Lower upfront costs
- More transparent and predictable pricing structure
- Built-in software updates and improvements





Cloud technology's biggest benefit

When it comes to the restaurant industry, there is one huge reason for switching. Before we get to the reason, let's look at Hospitality Technology's POS trends report. It's clear that trends and challenges are consistently evolving, whether centered on improving day-to-day operations or customer experience.

Examples of current priorities are:

- Providing mobile tablets to both guests and personnel, increasing ordering speed, enhancing guests' experiences, and improving accuracy.
- Having an omnichannel approach that includes third-party apps to assist in ordering, booking, delivery, and payment.
- Understanding customer preferences to personalize menus, marketing activities, and loyalty programs.
- Using sales data to better manage inventory and personnel, and improve business operations across the board.
- Accepting different payment options and maintaining EMV compliance.
- Having a centralized view for multi-unit operations, to manage employees in multiple stores, and make immediate menu or pricing changes across the entire chain.

So, here's the one huge reason to consider a switch: you need a solution that is flexible and fast in order to add new capabilities. A cloud platform is the answer to meeting the rapidly-growing demands of consumers.



More restaurants and retailers are embracing cloud POS

Considering its advantages, the cloud market is – unsurprisingly – growing every year. A study by Gartner projects a growth of 17.5% percent from \$182.4 billion in 2018 to \$214.3 billion in 2019.⁴

The retail sector is an important contributor to this growth. A 2019 survey by International Data Corporation (IDC) shows that POS spending will increase by 24% in the next five years within the retail industry.

A growing part of those investments will be directed to cloud-based POS. According to a 2019 report by BRP⁵, retailers' top three

POS priorities are omnichannel integration, adding new capabilities to their current system, and replacing or upgrading it altogether.

“As retailers look to implement the right technology for the future, focused on cloud-based unified commerce, we expect this approach to shape their POS plans,” the report concludes.

The restaurant industry is also a major contributor to cloud POS growth. According to the PYMNTS' Restaurant Readiness Index, adoption in the quick service restaurant (QSR) segment reached 61% in 2018.⁶

“As retailers look to implement the right technology for the future, focused on cloud-based unified commerce, we expect this approach to shape their POS plans.”

- 2019 report by BRP

⁴ www.gartner.com/en/newsroom/press-releases/2019-04-02-gartner-forecasts-worldwide-public-cloud-revenue-to-g

⁵ http://marketing.us.fujitsu.com/rs/407-MTR-501/images/2018_POS_Customer_Engagement_Survey_Fujitsu.pdf (page 6)

⁶ <https://www.pymnts.com/restaurant-technology/2018/qsr-payment-acceptance-technology-restaurant-index/>

Fig. 3: Top Features & Functionalities for Next POS Purchase

For businesses that haven't migrated to a cloud-based POS yet, adoption is likely in the near future. A 2019 survey by Hospitality Tech shows that for 51% of respondents, cloud technology is one of the top features for their next POS purchases (fig 3), and 51% are planning to implement new solutions next year (fig 1).⁷

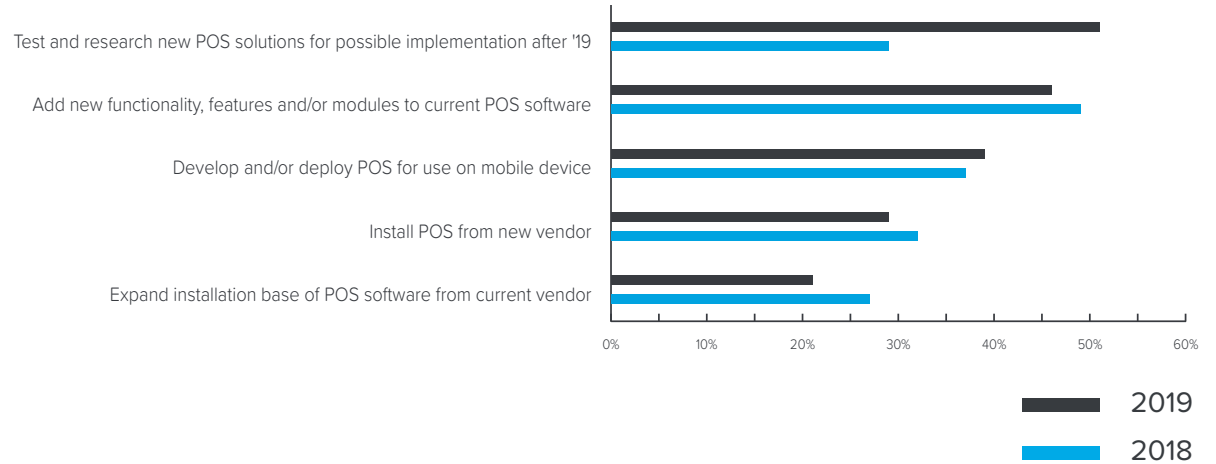
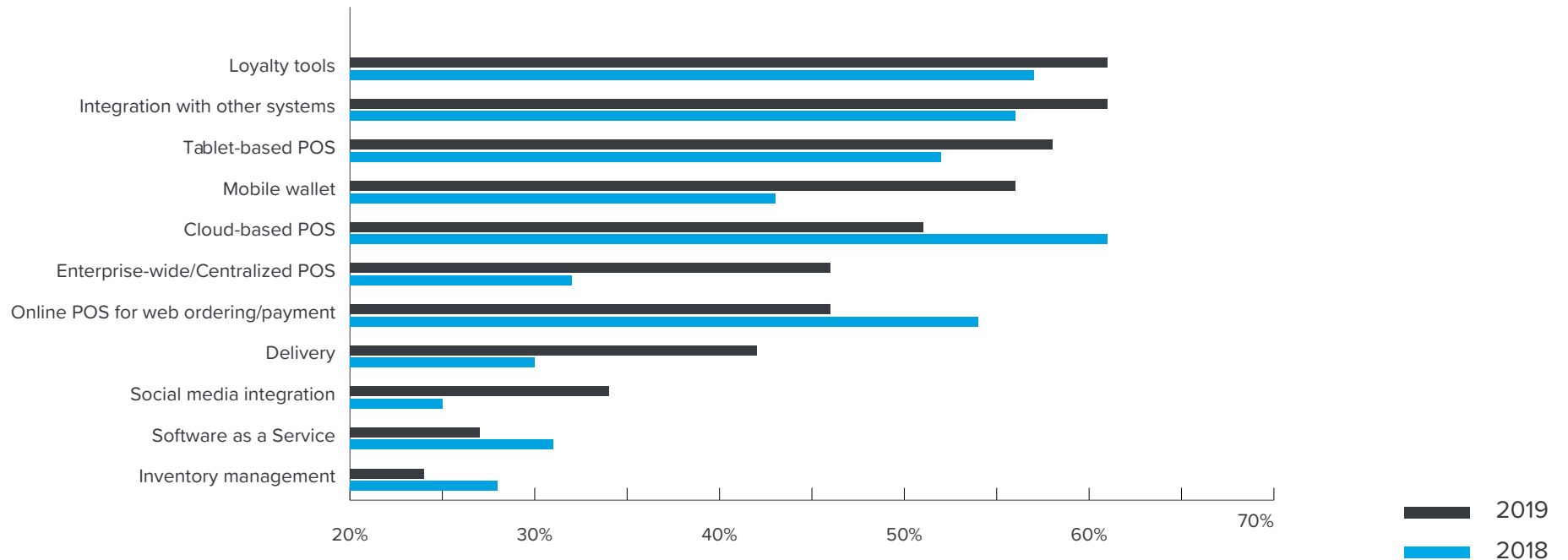


Fig. 1: POS Purchasing Plans



As this upward trend continues, cloud technology will become increasingly important to restaurants considering a new POS system.

⁷ <https://hospitalitytech.com/pos-future-predictions-insights>



Conclusion

For more information on how Revel's cloud-based POS can help you optimize costs and drive more revenue, schedule a [demo](#) with a product expert today. As this paper has outlined, a cloud-based POS can provide substantial benefits to merchants.

Revel Systems powers the ambitions of restaurants and retailers with a robust cloud-based POS and business management system. Improving day-to-day operations and fueling merchant growth, Revel's streamlined ecosystem helps customers seize their future by pairing an intuitive POS with powerful management tools on a single platform. Founded in 2010 with major offices in Atlanta, Lithuania, and San Francisco, Revel is a leading member of the Apple Enterprise Mobility Program.

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