



Building a POS Solution

Everything your business needs in a complete POS solution!



The retail industry has changed dramatically in the last few years, and nowhere is this more evident than in the evolution of POS systems. POS, or point of sale, technology is the hardware and software found most commonly at retail checkout counters. Customers might view POS products as simply the "cash register," however, it's actually much more. A POS system is usually the combination of a computer system, POS-specific software, monitor, cash drawer, bar code scanner, credit card reader (or magnetic stripe reader), receipt printer, keyboard or other peripherals.

Using a modern POS system instead of an Electronic Cash Register (ECR) any retailer can have at their fingertips a range of tools for managing their business that were formerly only available to the largest and most sophisticated of retailing giants. Each component of the POS system integrates to create a single POS solution which can be used standalone or integrated with other systems and additional equipment to operate storewide or even across several stores.

This IT guide will equip you with the knowledge you need to make an informed purchasing decision about POS systems and solutions. Reading it will help you provide your business with the right POS hardware and software with the features and longevity you need to conduct business more efficiently and increase sales and workflow.

The sections of this guide include:

Common POS usage models: find out how a POS system can help your business improve retail checkout, inventory management, and customer service, and track employee productivity.

Putting together the pieces of a POS system: learn about POS products, from cash drawers to monitors to software.

The HP rp5700 POS solution: explore your options when considering an HP rp5700 POS solution.

Is my business ready for a POS solution?: determine if your business needs a POS solution by reviewing pricing considerations, interoperability, and system lifecycles.

Product information: browse HP's line of POS solutions.

Common POS usage models

Consider any large chain retail store where you shop. Each independent POS system in every checkout lane is tied to the larger storewide – or corporate – POS system, enabling the retailer to track inventory, sales, and even performance statistics for each employee. If you're a small business owner with only one lane for checkout, scalability might not be your main concern; however, as your business expands you'll need the ability to track sales and trends across stores to gain the market edge.

With the range of purchasing options available to today's consumers it's more important than ever that retailers have a constant and objective view of what's happening with their business. POS systems have revolutionized the management of a store's inventory, offering owners of any size store a real-time view of inventory position, and they have expedited service delivery to customers. You can easily see who are your best customers and what they are buying; what your best selling items are and what your most profitable items are. This data can be an invaluable tool that has direct impact on your bottom line. You can easily see what sells and what does not and how promotions influence sales.

Simplified inventory management

A POS system makes inventory management simpler. Instead of spending days manually counting inventory, you simply validate inventory reports. You know what should be present in your warehouse and on your store aisles. You know how quickly items sell and can better determine how much inventory to keep on hand. You know what to reorder and what to stop ordering. You can even automate the generation of purchase orders for restocking inventory.

Improved customer service

A POS system can improve customer service in a number of ways:

Faster transactions: POS bar code scanners greatly reduce the need to train employees on pricing methods and all but eliminate the dreaded "price check." Magnetic stripe readers expedite credit, debit, or gift card transactions.

Reduction in errors: You minimize the likelihood of employee errors because there is no manual entry of prices, and intentional theft through miskeying an item's price is also prevented.



Better inventory selection: Your inventory is geared more to the buying preferences of your customers. And because you can run inventory reports on the fly, you avoid running out of popular items.

Some retail POS software enables you to track the buying history of customers as well as the number of store visits. A POS solution automates the entire checkout process, making staff training on system operations more effective.

Improved employee performance tracking

You can use a POS system to track details of employee performance. You can time all transactions to evaluate how long each employee takes to scan items, differentiate among transactions types, and set target goals and benchmarks for performance. A POS system can increase individual productivity when you're able to target areas for improvement and gear employee training to meet those needs.

Many different types of companies can benefit from a point of sale system. For example, small specialty merchandise retailers – wine, gifts, coffee shops, and retail kiosks – and even larger-scale shops such as garden centers and auto parts stores can improve business and increase profits by using a POS solution.

Next, find out how some companies have used point of sale systems to their advantage.

Putting together the pieces of a POS system

The retail POS system you select should provide a complete solution. You've learned about the POS software, so now it's time to add the POS hardware and support components. Combining a POS system with your chosen software and POS peripherals should allow you the flexibility and tailoring necessary to meet your business needs.

Note: A typical POS configuration provides the POS base system, a USB stripe reader, a USB POS keyboard, a cash drawer, a USB bar code scanner, a USB receipt printer, touch screen monitor, and your POS software.

Figure 1 shows these typical components with an HP rp5000 system. You can choose to purchase all of these components or a combination, depending on your business requirements. To achieve the full solution functionality discussed in this Guide, you'll need each peripheral.



Magnetic stripe reader

In a retail setting, an MSR (magnetic stripe reader) is a must. A POS magnetic stripe reader enables you to accept credit, debit, and gift cards. The HP USB Magnetic Stripe Reader is just 3.5 inches long. You can program it to divide, rearrange, edit, and validate fields of magnetic card data. It's capable of reading up to three tracks of data with one swipe of the card in either direction. Multiple modes of confirmation are possible with beeper and LED indicator lights. It can be left freestanding or mounted to your POS system.



Keyboard

A keyboard is essential for any POS system. If you don't get a touchscreen monitor, the POS keyboard will be the sole source for employee and manager overrides.

Tip: Even if you have touchscreen monitors, many retailers keep manager approval and overrides based on keyboard entry as an added security precaution.

Get a keyboard that's spill- and dust-resistant. This is particularly important in the grocer environment where product spills often occur at checkout. The HP offering provides 28 configurable keys and an integrated touchpad.



Cash drawer

A heavy-duty cash drawer is desirable for handling the day-to-day abuse of different employees engaged in quick transactions. Organizational dividers for cash, coupons, checks, and other paper receipts can also be helpful for efficient customer service. HP's cash drawer offers several layers of security options corresponding to when the drawer is locked-closed, locked-open, online, and in manual open mode. It's specifically designed to complement the HP rp5700 and HP USB thermal receipt printer.



Bar code scanner

To get the full utility of a POS solution for managing inventory, you need a POS bar code scanner. A small, lightweight handheld scanner is also crucial to quick register service. You're able to scan products with ease and assure proper accounting of your inventory. In addition, a POS bar code scanner means accuracy in pricing.

With the recommended HP bar code scanner, actual register checkout times are quicker because HP bar code scanners offer faster performance at 100 scans per second. Bright LED and adjustable beeper volume tells you and your employees that the unit is functioning properly and validates transactions.



Receipt printer

As a retailer, you need to provide customers with a receipt of their transaction. All POS systems necessitate some type of receipt printer.

The receipt printer recommended for the HP POS solution requires no power supply when used with the HP rp5700 because the system powers it using a powered USB port. It's compact, taking up little valuable checkout counter real estate, and prints up to 38 lines per second. Customers won't be delayed waiting for a receipt of the day's transaction.

The HP rp5700 also supports other standard HP printers for simple generation of inventory reports and other documentation. Effectively, you can handle all your front and back office needs with one system.



Monitor

Finally, with any point of sale system, a monitor is needed to show you what's occurring with the system. You have a few monitor options:

Flat screen: Get a flat-screen monitor if space is at a premium at your point of sale location, or choose a full-size monitor to reduce overall costs.

Note: Flat-screen monitors cost more than standard full-size monitors.

Touchscreen: Get a touchscreen monitor if your integrated system requires it. Both of the Microsoft POS software solutions described in this Guide work with any monitor type but require a touchscreen monitor for certain features.

You can use the HP L5006t LCD 15-inch touch screen flat-panel monitor on the countertop or wall mounted. This particular monitor uses SAW (Surface Acoustic Wave) touch technology. Onscreen touch interactivity speeds up customer service, increases employee productivity, and makes training new staff quick and easy. The monitor is made with chemical-resistant glass providing better durability.

Software

The POS software you select, in conjunction with the point of sale hardware and peripherals, dictates how robust and functional your system will be. When evaluating point of sale software, select a solution that provides inventory and workflow management. A good inventory management system enables you to:

- Track inventory in detail, reducing waste and the potential for theft.
- Ensure all inventory is sold at the correct price because the system automatically calculates the price. There's no need to price individual items and worry that the same items have multiple out of date prices or an entire set of items carry the wrong price.
- Track sales for both employee and customer to gauge the performance of staff and specific promotions.
- Track customer information so you can design custom promotions for loyal customers.
- Create purchase orders to streamline purchasing and ordering.

Good point of sale software, as part of a solid POS solution, can assist you in managing your entire operation. Customer service is improved with workflow management. The checkout process is faster because more tasks are automated. With a POS solution, your checkout employee scans an item using the bar code scanner. The system automatically calculates the price, including any sales or promotional discounts in place. The system also subtracts the item from available inventory.

Any retail environment can put great demands on a POS system. Your point of sale system must stand up to multiple users, long periods of continuous use, power surges, extremes of temperature, dust, and numerous peripheral components, and other retail store demands.

The HP rp5700 Point of Sale System

The HP rp5700 point of sale system is a vital component of HP's retail POS solution. Its low purchase price reduces the overall cost of ownership when compared to other POS systems and makes the transition from a PC to a POS solution more economical for your business. Like a PC, the HP rp5700 can run productivity applications, integrate with back office systems, power multimedia software, support browser based technology, and reduce long-term maintenance costs. This is where comparisons with PC technology stop. The HP rp5700 POS system can go beyond the typical PC lifespan to provide a five-year lifecycle, support your choice of operating systems, and stand up to the stress of a retail environment.

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Chassis and fans

The HP rp5700 has a steel chassis, extra fans for internal cooling, and an oversized heat sink and power supply, making it ready out of the box for the rigors of a retail environment. Gold interior connectors minimize corrosion and encourage prolonged life for your input/output cables. The system also offers recessed, locking connectors for exterior cabling to avoid accidental unplugging - you won't lose valuable time processing credit cards because the system isn't connected. System Monitoring is also included; thermal alerts monitor temperature and shut down the system if necessary.

Ports and expansion slots

The HP rp5700 POS hardware includes four powered serial ports, four powered USB 2.0 ports, and two standard USB 2.0 ports, enabling you to connect to almost any POS peripheral. You also get two full-height PCI (Peripheral Component Interconnect) slots for future expansion. With these standard features, forward and backward compatibility are assured. Even wireless options are possible.

Memory, hard drives, and processor

The HP rp5700 is flexible enough to meet the needs of your small business now and the growth and expanded business you'll have in a few years. You can customize your POS hardware specific to your retail environment and your changing requirements:

- Go with the standard 256 MB (megabytes) of memory or upgrade to 2 GB (gigabytes).
- Choose two hard drives, each with 40 or 80 GB.
- Select an Intel Pentium or Intel Celeron processor.

Peripherals

As described earlier in this Guide, HP offers POS hardware components to support your HP rp5700. You can add a touchscreen monitor, cash drawer, bar code scanner, receipt printer, POS keyboard, or magnetic strip reader. You'll want all of these retail peripherals if you want to use the system's full capabilities.

Operating system and software

You have your choice of operating system with the HP rp5700 POS. Microsoft Windows XP Professional with Service Pack 2, or FreeDOS.

If you need a complete POS solution supporting in-lane operations at the POS terminal, back office functions, and even administration from the head office, consider a higher-end package such as Microsoft Retail Management System software. This software extends the features provided by Microsoft POS software with more advanced reporting, employee tracking, and accounts receivable capabilities.

Warranty

A three-year warranty is standard with the HP rp5700 POS system. You'll get three years onsite, next business day service as well as three years parts and labor. Complementary telephone support is included 24 x 7 for the entire warranty period. You'll also get a three-year warranty with any HP-branded POS peripherals when they are purchased with the HP rp5700 system. This means one contact for all your POS solution support needs.

Features	Proprietary POS	Desktop PC POS	HP rp5700
Designed for tough retail environments	•		•
Supports long installations and deployments with a 5-year purchase lifecycle	•		•
Compatible with current and future powered retail peripherals	•		•
Embedded POS operating system to lock down POS device	•		•
Three-year standard warranty	•		•
Low purchase price		•	•
Runs productivity applications and serves as a manager's workstation		•	•
Easy integration with back office systems		•	•
Power to drive rich multimedia applications		•	•
Reduced long-term support and maintenance costs		•	•
Designed for new browser-based applications		•	•

Table 1: Comparison of features of the HP rp5700, other proprietary POS solutions, and desktop PC POS solutions. The table compares the HP rp5700 against other proprietary POS solutions as well as desktop computer POS solutions. The HP rp5700 bridges the divide between traditional, proprietary POS solutions and desktop PC POS offerings.

In many respects, the HP rp5700 combines the functionality of a POS solution with the stability of a PC. Traditional large-scale POS solutions often provide limited applications at significant cost with no ability to tailor the system to your company's specific needs.

Similarly, small businesses struggle with operations based solely on a PC. While the cost may be acceptable when acquiring a PC, the computer lacks true POS capabilities, limiting your ability to grow your business. With the HP rp5700, you get the features of a POS solution with full lifecycle cost of a PC.

Now that you understand POS systems and the POS hardware and software you get with an HP rp5700 setup in particular, determine if your business is ready for a state-of-the-art POS solution.

Is my business ready for a POS solution?

The ability to evaluate employee performance, improve the customer experience at checkout, and manage your inventory is beneficial for businesses of all sizes, but do you really need all of this functionality? Before diving head first into a POS solution, you should consider several factors.

First-time POS

If you're new to the idea of managing your business with a POS system, you can be overwhelmed by the breadth of options. You may think you'll never need some of the available functionality; however, it's important to keep scalability in mind. You should select a POS solution that can grow with your business and still meet your needs – with perhaps some form of upgrades – in 3, 4, or 5 years.

Note: Select a POS solution based on a 5-year lifecycle. When you're weighing functionality, consider your business needs today as well as your needs in a few years.

Replacement or upgrade

If you're looking to replace or upgrade an existing point of sale system, you're already aware of how quickly you can outgrow a POS solution. Focus on building a POS system that meets your expanded requirements. You might need to customize your options specific to your business.

Whether you're new to a POS solution or upgrading your existing system, two solutions are commonplace:

- A proprietary POS solution
- A desktop PC with POS software

When you're a small business just starting out, it may seem easier to opt for a more familiar solution. You're already comfortable with PCs, so just adding POS software to a PC seems cost-effective and reasonable. On the other hand, a proprietary POS solution seems more retail oriented.

Pricing, interoperability, and your specific retail needs should be your top considerations. There are pros and cons for both types of POS systems, as described in the following sections.

Pricing

A desktop PC solution has a relatively low price compared to a proprietary POS system, especially if you opt for customizations. You might even already have a PC capable of running the necessary software. Long-term costs for support and maintenance are usually minimal with PCs, whereas a proprietary POS solution requires a maintenance contract with the vendor.

Interoperability

Because it's a PC, it readily integrates with any back office systems you already have – a proprietary POS solution might require costly modifications and interfaces to work with your back office system. A PC can run multimedia and browser-supported applications; most proprietary POS solutions don't offer this built-in functionality. A PC might not be compatible with any existing retail components or able to adapt to future retail-oriented peripherals. On the other hand, POS systems have multiple serial and USB (universal serial bus) ports for connectivity.

Lifecycle and retail environment

Proprietary POS solutions are designed to hold up to the strains of a retail setting. PCs are not built to withstand the heavy-duty retail environment over the long term. PC makers suggest a 3-year life cycle, whereas POS solutions support longer installations aimed at 5-year replacement cycles.

POS solutions with a five year lifecycle dramatically extend your budget and provide greater value, providing greater functionality over more sales. Long rollouts make deployments simpler, and greater lifecycles promote business growth.

When to consider a Point of Sale (POS) solution

A complete high-performance, flexible point of sale solution to help improve the in-store customer experience

A POS solution can help your business

A POS solution can have an immediate impact on your business. You'll quickly realize the following benefits:

- Increased savings - you'll see reduced shrinkage because it allows you to keep detailed tracking of inventory, resulting in reduced theft, waste, and misuse. Also, prices won't be entered incorrectly because they are automatically calculated by the system.
- Better workflow - checkout is faster, meaning fewer employees handle more customers.
- Streamlined management tasks - automated reporting and tracking allows management to focus their attention on building the business. The inventory management and reporting tools allow

managers to speed up inventory reviews, spot sales trends, and get a better idea of when to reorder products or supplies.

- Increased revenue - reduced paperwork and less time spent managing inventory means more is accomplished with less work. The solution can also help manage trends, track customers, and focus your sales efforts on higher-margin items.

Why choose the HP Point of Sale rp5700 system?

The HP rp5700 brings you the reliability, ease-of-use, and cost-effectiveness that your business needs. Even more, it allows you to design the perfect system for your business by adding on integrated peripherals to the rp5700 base system. The HP POS system offers:

A total package solution that you can customize, starting with the base system and adding HP-branded peripherals

- A retail hardened product for solid durability
- 5-year lifecycle
- Award-winning support
- Affordable solution with solid ROI
- Broad range of operating system choices

HP-branded and tested retail peripherals are easy to set up, and integrate fully with the rp5700 base system. They run on an open-standards hardware and software platform. Retail peripherals include:

- Receipt printer
- Scanner
- Cash drawer
- Magnetic stripe reader
- Keyboard
- Touch screen display

To learn more, visit www.hp.ca/pos

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