POS Buyer's Guide:

6 Mistakes New Restaurateurs Make with POS — and How NOT to Make Them

S⊙ftTouch

The buildout is finished. The kitchen is operational. The team is trained. And the budget is busted! The soft opening is next week and now you're scrambling to find a point of sale (POS) system.

> *It takes the best ingredients to produce the best menu items. It also takes the right tools and processes to create a successful and sustainable business.*

All too often POS systems are an afterthought in the restaurant world, but this guide may be just the recipe you need to avert a disastrous decision. With so many options and so little time, you may be tempted to think that all POS products are created equal. Before you sign up for the first "Free POS" banner ad, take a moment and think carefully about choosing the best "brain" of your restaurant operation.

Mistake #1: Choose "Free" POS

The idea of "free" is always tempting, but this is definitely a time to remember the principle of caveat emptor. Buyer, beware: "free" point of sale systems may have hidden fees or additional costs that you didn't bargain for.

Remember, any company offering a free POS is still in business to make money. Whether it's from service agreements, processing fees, hardware rental or support contracts, that free POS is going to cost you.

It's a mistake to quickly sign a contract before you evaluate the agreement for hidden costs and understand the terms of the deal.

To avoid making the "free" POS mistake, ask these questions:

- Does the agreement you're signing include hardware, service, support, and training or will you be charged for them?

- Who owns your data? While this may not seem important today, rest assured there's gold in that information and some vendors won't allow you to retain an offline copy for future analytics and reporting if you cancel your contract.

- How long is the term of the contract and will there be penalties for canceling service?

- Are you tied to a specific payment processing company? Can you switch without incurring penalties?

> *After looking into a "free" POS offer, you may find that the costs are greater than what you're willing to pay.*

Mistake #2: Choosing POS for Looks, Not for Substance

You know food presentation is critical—but you'd never compromise flavor just for looks! The same philosophy should apply to the tools you choose to run your business. A sleek, tablet POS system can add to your restaurant's aesthetic, but don't make the mistake of trading functionality for design. Like a great dish, you want both flavor and presentation.

Evaluate POS systems for these features:

- **Does it have the right "ingredients"?** Make sure the POS solution is capable of supporting all of the functionality you need to run your business effectively. In addition, will it help your staff work more productively with a modern, intuitive interface and ergonomic design?

- **Is it built for your environment?** Choose POS hardware that's purpose-built for a harsh restaurant environment. Unlike consumer-grade devices, ruggedized hardware designed for restaurants withstands heavy use, temperature and humidity changes, exposure to spills and dust, and drops, bumps and vibrations. And unlike consumer-grade devices, you won't experience constant downtime due to damaged devices and mounting replacement costs.

Mistake #3: Buying POS from a Payments Processor

Would you buy a car from the local gas station? Payment processors are focused on transacting payments, the same way a gas station is focused on selling you fuel for your car. Just because gas goes into your car, it doesn't make the gas station an expert on cars. And just because a POS system transacts payments, doesn't make your payment processor an expert on restaurant POS.

> *Beware the fast-talking sales pitch of the payment processor and take some time to speak with a specialized POS solutions provider whose business is entirely focused on restaurant POS systems.*

Keep in mind that once you purchase a POS system from a payment processor, you're stuck with them for the life of the contract. If you're unhappy with the processing service or the POS system, you'll be subject to cancellation fees to switch. Moreover, many payment processors are notorious for adding new fees and raising your rates over the contract term. By purchasing a POS system from a processor-neutral solutions provider, you will always have the ability to renegotiate your rates or shop around for a better deal.

Mistake #4: Figuring "There's an App for That"

Some POS systems (especially those with tantalizing, low sticker prices) have you start with a "basic" system and then rely on a third-party app market to provide you with the additional features and functionality you need. This approach may work for your smartphone, but it's a mistake when it comes to a POS system. Here's why:

- Third-party apps aren't fully integrated with your POS system, which means that you'll have to update them separately so they can continue to work with your system. It also means there could be downtime while issues between the POS system and the app are resolved.

- Third-party apps may also look different than your POS system interface, so you will have to train employees on how to properly use different interfaces for the functions the apps provide.

- Another downside to using third-party apps with your systems is that when something does go wrong, it's not immediately obvious who to call for help. You could spend way too much time calling multiple vendors just to track down the problem before you even begin to work on getting it resolved.

Opt for one, fully integrated POS solution from one provider to streamline troubleshooting, enable quick resolution to issues — and make day-to-day operation easier and intuitive for you and your staff.

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Mistake #5: Convincing Yourself POS is a DIY Project

You set up your computer and smartphone on your own and they work just fine. It should be just as easy to set up a POS system, right? **Wrong.**

When you take a do-it-yourself approach to your POS system, you can be putting your business at risk.

Did you install your kitchen grill or pizza ovens? Did you purchase your HVAC from the local big box store? These investments are crucial to your operation, so you purchased them from qualified experts; foregoing this conclusion with POS could be disastrous for your restaurant.

Equipping your business with a POS system—which impacts sales, accounting, labor management, inventory control and more— is better left to the experts.

> *Trust an experienced POS solution provider to design, install, and support your POS system, ensuring all the components of your system are compatible and will work the way you need them to.*

When you work with a POS solution provider experienced in the restaurant industry, they'll be able to make sure you are compliant with industry requirements and regulations and create a POS system that will truly work for your business. Find a POS provider with local reps and service technicians with a reputation of great customer service, rather choosing a system with the only option for support is calling a help desk thousands of miles away.

Your time is better spent operating your restaurant, not trying to be the IT guy. Select a provider that is going to offer you the peace of mind and support you need, so you can focus on what you do best.

Mistake #6: Head in the Cloud

Cloud-based POS can offer you a wealth of functionality, but many cloud providers are hiding their licensing model behind the term "cloud." System (or Software) as a service (SaaS) is the most common license model for cloud-based POS, but this means that you have to pay— forever! You will never own your POS system and in many cases, you will never own your data. Alternatively, Perpetual Licensing allows you to own your POS system and your data, while still providing you with cloud-based features.

SaaS is attractive because of the low startup cost, but over time SaaS may cost you a lot more! Perpetual licensing is a better solution for keeping costs down and you can always expand your system as needed. Best of all, many perpetual licensed POS solutions offer the same low startup costs as SaaS.

It's time to do some simple math. Here is a very basic comparison of two POS systems:

	SaaS License (Rent)*	Perpetual License (Own)**
Startup cost	$2,455	$4,995
1st year costs (including startup costs)	$4,193	$4,995
2nd year costs	$1,896	$0
3rd year costs	$1,896	$0
4th year costs	$1,896	$0
Total cost over 4 years	$9,881	$4,995

*Pricing based on competitor's SaaS licensed POS system.
**Pricing based on typical SoftTouch POS Perpetual license system.*

> *Costs can add up quickly with your POS system, so you need to look at the big picture when purchasing a new system.*

The low startup costs of SaaS can look very attractive at first, but carefully consider the longer-term expense that you will incur. Perpetual licensing can give you all the functionality of the cloud, while keeping your costs down and providing you with more flexibility.

The POS Decision: Too Critical to Be Taken Lightly

Many of your restaurant's critical systems—KDS, online ordering, and accounting integration—rely on your POS system. The right POS system can make managing your restaurant easy, streamlining your daily processes. And don't overlook the fact that it can help you provide the level of customer service that today's diners demand. If you don't have the right POS system, you simply don't have those abilities. Moreover, choosing the wrong POS system can result in more challenges that stand in the way of operating a profitable business. Choose wisely, not impulsively.

It's never a mistake to choose purpose-built POS solution designed to support your business operations and to partner with a company that offers white-glove service to take care of all your needs.

Contact SoftTouch POS to learn more.

SoftTouch POS is a next-generation provider of technology and services to thousands of restaurants, bars, nightclubs and foodservice establishments throughout the United States and territories. Our POS software includes a wealth of feature-rich components, expertly crafted to empower your business with secure, scalable, comprehensive point of sale services. Our hybrid technology combines on-premises stability with powerful cloud-based services for limitless functionality.

Phone: *866.497.4717* | **Email:** *info@softtouchpos.com*