

Ed Levin, owner of International Point of Sale, says, "I knew I could turn the switch from today selling one solution to tomorrow selling my own."



Should You Become A POS ISV?

Fearful of lacking a competitive advantage, this POS (point of sale) VAR developed its own retail POS software and became an ISV (independent software vendor).

BY MIKE MONOCELLO

For Ed Levin, owner of International Point of Sale, software is all about control. “Even though you might be the boss at your office, someone else’s software most likely dominates your day,” he says. “Because, whenever a customer is having an issue with their POS system, it’s almost always with the software.” Levin was in a similar situation; he found himself having to do a lot of support on someone else’s software. Eventually, Levin came to the conclusion that he wasn’t going to be his own boss until he had his own POS software. Additionally, and perhaps most importantly, in today’s world of ever-shrinking margins, Levin knew that without something unique to call his own, his company lacked a competitive advantage and therefore wasn’t best positioned to grow.

Rather than second-guess and dismiss his thoughts of having his own software, Levin came to a different conclusion. “This is a special industry where you can still make your main product your own,” he reasons. “If I were in the automotive industry, with the amount of capital I invested [more on that later] on my own POS software, I couldn’t create my own car. If I was in electronics, I couldn’t make my own iPod either. But, I was able to create my own POS software.” He continues with the rationale that when customers come seeking a POS solution, there aren’t a lot of well-known (to the general public) big names. In fact, Levin says customers will generally accept whatever the VAR recommends. “I could mention any name and tell them what the software does,” he says. “If it’s true what you’re saying and they trust your advice, the name of the software doesn’t matter — whether it’s Intuit, Microsoft, or International Point of Sale.” With this epiphany guiding his next steps, Levin truly believed that the day his new software could do all the things the other POS software he sold could do, he’d be selling his new software successfully. “I knew I could turn the switch from today selling one solution to tomorrow selling my own,” he adds. Only a few months later, this happened. But what did it take to get there?

Your POS Expertise + Brilliant Programmer Fresh Out of College = Success

The first step in Levin’s software development process began with the creation of a mobile POS software for handheld computers. Why a mobile ver-

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sion? On the company's website is a live chat feature for customers to ask questions and get answers in real time. Levin noticed people were commonly asking about portable POS and mobile POS solutions. "We had customers looking for mobile POS for use at flea markets, trade shows, even selling fish out of the back of their trucks," he recounts. "There was nothing for them off the shelf ready to go." This led to the development of what would become Levin's mobile POS application, Handy Register.

As luck would have it, the ISV had hired a local college student working on her master's in computer science to work on the company's website. One day, Levin asked if she could program a mobile computer running Windows CE. Within a few days, he had a screen shot and was well on his way to version 1.0 of his mobile POS software. "The first step was basic calculator functions to simply ring up items," he says. "The next step was to print a receipt using the Star Micronics SMS-200 mobile receipt printer. From there, we added signature capture, inventory tracking, and the ability to keep a database." To be PCI

(payment card industry)-compliant, the ISV used Merchant Warehouse MerchantWare Mobile to process credit cards using end-to-end encryption. In the end, it took this one programmer about 60 days to get to a fully functioning product.

This mobile development process taught Levin a couple best practices. First, with all the input and collaboration needed between himself and the developer, it's important to have the developer do the work on-site. Levin recounts some previous Web development that failed because the programmer he hired was doing the work off-site. "The difference in how the projects were able to be managed on a daily basis was a huge factor in the success of this mobile POS development," he says. Additionally, Levin highly recommends VARs interested in developing some custom applications scout their local colleges with computer programming departments. "You have highly skilled people willing to work for hourly wages and build their portfolios of work," he explains.

New POS Revenue Generator Might Mean More Recurring Expenses

The next step for Levin was to begin developing a desktop version of his POS software. To give this first version of his software a niche purpose, his goal was to create software with the basic functions required by owner-operated single-lane corner stores. "These owners don't know what they need, but have a general idea that they want to scan bar codes at the cash register because they see other stores are scanning," he reasons. "Most of these people don't even care to track inventory."

Getting started on the desktop version was an easy process, due in large part to the coding that was performed for the mobile POS software. "Much of the mobile version code was able to be ported over to the desktop version because our programmer used the C# programming language which worked for both," Levin says. "All the inventory calculations and customer database files were usable for the desktop version." Indeed, Levin says the day after he asked about the possibility of making a desktop version, his programmer already had a screen shot of what would become the ISV's Corner Store POS desktop software.

To develop both products, Levin estimates it took about six months and cost the company about \$20,000. That amount would have been more than doubled had Levin not used Mercury Payment Systems to handle PCI compliance of the software. "Instead of paying more than \$20,000 to be audited for PCI compliance, we used Mercury's Trans-Sentry payment gateway on the back end of Corner Store to be out of scope of PCI compliance and allow merchants to safely process credit and debit cards."

The ISV is also quick to point out new expenses he now needs to address. "When you have your own software, you need to have a technical support department," he says. Currently, Levin's programmer (whom he has since hired full time) is pulling double duty between programming enhancements to the software and providing phone support. Of course, he realizes that when his software customer base grows to a certain point, he'll be required to hire someone dedicated entirely to support. Additionally, Levin is hard at work on having manuals and "how to" guides created, as well as a box design and separate websites for both products.

VAR Relies On Single Receipt Printer Source For Multiple Verticals

While Ed Levin, owner of International Point of Sale, has focused much of his attention recently on the development of his own retail POS (point of sale) software, the ISV (independent software vendor) still has his traditional business to run. The majority of his revenue comes from selling and installing POS hardware both domestically and abroad.

To reach international customers, Levin relies on value-added distributor BlueStar. In fact, the VAR recently had an order for 200 receipt printers that needed to be shipped to the Ukraine. "BlueStar helped me with the



INTERNATIONAL POINT OF SALE USES STAR MICRONICS PRINTERS IN HEALTHCARE, HOSPITALITY, AND RETAIL.

custom forms and international legal forms to get the products shipped," he says.

Apart from international orders, the value-added distributor also helps with vertical expertise. "The Star Micronics receipt printers we resell can be used for many different applications," explains Levin. "They have impact printers for retail, thermal printers for

hospitality, the TSP100GT with a 'piano white' finish for high-end installations, and the TSP800Rx for healthcare." Levin credits BlueStar for informing him about the Star Micronics TSP800Rx printer and opportunities in the healthcare space. Armed with knowledge passed on from BlueStar, Levin sells the TSP800Rx using a few solid pitches. First, there are mandates requiring prescriptions to be printed on tamper-resistant paper. Many hospitals use a laser printer with normal paper. To meet the mandate requirements, Levin resells Micro Format 4.4-inch prescription paper with the Star printer. Second, because many hospitals and doctors' offices are printing a quarter-page prescription on a full-size piece of printer from a laser printer, there is a lot of wasted paper, not to mention the high cost of laser toner. The TSP800Rx is a thermal printer, so the only consumable is the paper. Finally, there's security issues, as blank prescriptions can go for tens of thousands of dollars on the black market. The TSP800Rx has a locking lid and can be bolted down, making it difficult for someone to steal the blank prescription paper.

Levin says selling the TSP800Rx is simple. "You just need to know that the printer is approved to work with the hospital's existing electronic medical record [EMR] software. Additionally, some states have unique guidelines for the paper, so you need to make sure you're using the right paper."

www.bluestarinc.com
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How Will You Distribute Your POS Software?

Two last challenges Levin faces are with the distribution and demonstration of his software. Whether he decides to have CDs pressed as the distribution method of the software or have it available as a download, getting the software into one install file is a necessity. "Much of the older software that used some form of a database on the back end used to be Microsoft Access-based, which was really easy to distribute to customers," he explains. "Now, even though our software has basic functionality, it has a very complex back end requiring an SQL database installation, .NET framework, and more." One thing non-ISVs might not realize is how expensive it can be to "wrap up" pro-

grams and requisite ancillary software into installable packages. Installshield was one option for Levin. The company is one commonly used vendor that creates such installable packages. However, Levin balked at the \$5,000 price tag. Rather, he's turned to Inno Setup, a free installer for Windows programs. His developer is currently working through the creation of this setup file.

Levin also faces a challenge with providing demos of the software. Whether it is other software he sells or his own new software, Levin says he gets a lot of requests from customers wanted to download the software for a demo. "We face a number of challenges in providing easy demos to customers," he says.

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"First is the size of the download. Many customers will bail on the download if they feel it's too large. Second is all the software [previously mentioned SQL, .NET framework, etc.] that has to be installed on their PC to try it out. So many times there's a conflict with what's already on their computer." To make testing the software as easy as possible, Levin is creating a Web-based version of Corner Store POS to allow potential customers to open their browser and test drive the software without having to download and install a lot to their PCs.

While he's still working on a clean distributable and online demo, Levin hasn't been prevented from selling his new software. The first versions were given away to select customers, and, thus far, Levin's inclination that he'd be able to easily sell his software is dead on. "I felt I could do this because I've been in this industry awhile and know what my customers want," he remarks. "Right now, our desktop software is only for one register. We're currently working on a feature road map that includes a networked version and additional functionality."

In the meantime, Levin has gained the freedom and additional revenue source he wanted. In fact, since wrapping up version 1.0 of Corner Store POS, he *has* turned the switch and has been selling at least one copy of the software every day since. His next big challenge? Growing his own reseller channel. ●



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