# MERCAUX

# The True Cost of Ownership:
# Legacy vs Next Gen POS

How do you go about choosing the right POS vendor? We've got you covered...

We highlight the important areas for consideration when choosing your POS, delving into the hidden costs, the long and short-term challenges, and weigh up the pros and cons of staying with legacy versus choosing Next Generation Composable POS.

## What is Composable POS?

Given the business critical nature of your in-store transaction capabilities, it is no longer acceptable to have long, complicated, and expensive roadmaps to rectify issues and functionality that should be available today as "the basics". As a result, retailers are turning towards best-in-class composable architectures to bring a better in-store experience and deliver additional business benefits with speed and agility through composable POS. It's cloud-based and API-first - and we break down why you should care, and what to expect:

1. **FLUIDITY:** Easily transfer Universal Baskets between all online and offline channels
2. **FLEXIBILITY:** transact Omnichannel Checkout using any device and payment method in-store
3. **FREEDOM:** from very high cost of ownership, lengthy upgrade schedules, to being able to simply switch on new functionality from the cloud

Read on to find out how Next Gen POS compares to legacy.

| $ Associated Costs | LEGACY | | NEXT GEN COMPOSABLE |
|---|---|---|---|
| Licensing fees | ✗ | CAPEX perpetual license alongside software maintenance | ✓ OPEX subscription to include license, support, maintenance, infrastructure, disaster recovery, and scaling to more stores |
| Hidden costs | ✗ | Cloud-based, single tenant hosted servers are increasingly common, but costs often not considered include: manpower to maintain servers and perform updates, build disaster recovery programmes, and maintain compliance, as well as number of servers required to include redundancy and support scaling | ✓ No hidden costs and a higher, easier to calculate return on investment without the long-term money and manpower requirements associated with legacy |

## Equipment and Servers

| | LEGACY | NEXT GEN COMPOSABLE |
|---|---|---|
| **Hardware** | ❌ Heavy hardware footprint, often to include store server, as well as hardware bundles per POS system in-store | ✅ Lightweight hardware footprint, mobile devices with many-to-one peripheral relationship, and significantly, no server requirement |
| **Infrastructure** | ❌ Often on premise with a significant cost of ownership from a hardware, server, software, and resource maintenance perspective | ✅ Inclusive in the initial subscription fee |

## Timings

| | LEGACY | NEXT GEN COMPOSABLE |
|---|---|---|
| **Speed of implementation** | ❌ Historically, in the 200-300 day range for implementation | ✅ 50-100 days for a full rollout |
| **Upgrade costs and timescale** | ❌ Providing software maintenance is up to date, the software cost associated with upgrades is inclusive, with project implementation of an upgrade in the 100-150 day range | ✅ Upgrade costs are inclusive, and with a composable, Next Gen architecture, upgrades of both incremental and significant scale can be made faster and easier than ever before |

## Staff

| | LEGACY | NEXT GEN COMPOSABLE |
|---|---|---|
| **Training** | ❌ Usually, a lengthy process that has been delivered on site either by a trainer or direct to end user, requiring investment in HR training programmes. With every upgrade, staff need to go through another training exercise, with many not having up-to-date training and not passing on best practices to new employees | ✅ Next Gen POS is built with intuition at its core through simple UI/UX, naturally requiring less training - the user simply needs to pick it up and start using it, just as they do through e-commerce |
| **Adoption** | ❌ Adoption rates tend to eventually be broadly the same across legacy and Next Gen. However, the interest in legacy solutions is often lesser, with one of the challenges being the staff rarely seeing value in it for them due to limited features | ✅ Much quicker adoption, and staff members generally see value in the use of Next Gen POS as it improves store operations, conversion and UPT. The checkout process is quicker, and the system maintains useful information staff may otherwise struggle to find, letting them deliver enhanced levels of CX |

## Future-Proofing

| | LEGACY | NEXT GEN COMPOSABLE |
|---|---|---|
| **Enhancements & extensions** | ❌ Challenging to deliver, and once delivered, the projects tend to be lengthy and incur a high cost due to the amount of working hours required | ✅ Enhancements and extensions are inclusive in the price and are easy to deliver, with usual timeframes being in just days rather than weeks |
| **Return on Investment** | ❌ No ROI. Whilst it is a "must-have" to support the transaction in the store, it has no real value beyond this. Retailers cannot derive any investment from it as it has no use beyond its basic function, whilst continuing to drain resources throughout its life cycle | ✅ Next Gen POS delivers significant and tangible ROI. Retailers can save the sale, increase UPT through cross-selling and enrich the 360 profile of a customer for future engagement, plus improve conversion by offering Next Gen payment methods |