

CASH MANAGEMENT IN TELCO RETAIL

*HOW TO PICK THE RIGHT SOLUTION
FOR YOUR BUSINESS*

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Do retailers still need to worry about cash?

While there has been a tendency towards cashless payment methods in the past, certainly this trend has been accelerated through COVID-19 and its impact on the retail industry. But even so, there are still several reasons as to why cash keeps its role as a popular means of payment, thanks to the sense of anonymity, security and stability it is associated with. From a retailer's perspective, managing cash comes with a variety of challenges: It needs to be counted, stored and secured. All of these aspects must be managed effectively and in a way that allows daily operations to continue with as little interruption as possible. These issues can be addressed on a hardware or on a software level, but a truly efficient solution can only emerge if the two work together seamlessly.

On the following pages, we have listed a couple of points to be considered when addressing cash management in your telco retail environment.



#1

BE MINDFUL OF THE UNDERLYING PROCESSES

Executing payment transactions is usually seen as something that is straightforward – you just want to move forward quickly. From the perspective of a retailer, this process is not as straightforward as one would think. Underneath the payment transaction execution itself lies a complex web of frameworks and workflows, involving multiple systems and financial institutions. Each of those comes with a set of rules that need to be accounted for and brought in line with other systems in place. On top of it all, each retailer has a unique way of conducting business, which usually culminates in the sale at the POS. At that point the customer should be faced with the right number of options.

Before diving into changes to your cash management routine, map out the customer journey and ask questions like “at which point does the customer want to pay with cash?” or “do all POS necessarily need to provide the same payment options?”. Addressing these questions early on goes a long way towards assuring you wind up with the most practical solution for your retail space.

#2

FOCUS ON IMPLEMENTING BEST-OF-BREED SOLUTIONS

Telcos have been early to adopt a best-of-breed mindset in choosing their solution portfolio, and rightly so. It is no longer feasible or desirable to stick with singular legacy systems, as it maybe was even just a decade ago. The trend has moved from solitary, closed systems to a diversification and modularization of the system landscape, which allows for more specialized system components to take the stage. Dedicated system components are now expected to seamlessly operate with each other. Thus, standardization and integration capabilities have become key requirements for any such system to be integrated into a retailer's stack (e.g. CRM, order management, product catalog etc.).

For your cash management to fall in line with this requirement, it's beneficial to address the issue with a bias towards process automation. Evaluate any potential solution against their automation and integration capabilities to make the best possible choice for your setup.

#3

CONSIDER HARDWARE REQUIREMENTS

The specific requirements the cash hardware being used vary based on a couple of factors. For example, the type of cash drawer you may want to choose largely depends on the setting in which you will be using it in. Most telco retailers choose heavy duty cash drawers which can endure years of intense operation. Some retailers may require cash drawers to be built directly into the furniture – the use cases and required form factors are likely to transform alongside the store concept.

Cash hardware should act as an enablement platform for your staff but also as a means to assure operational stability from your perspective as a retailer. Getting a consultant with in-depth process expertise onboard early helps a great deal to narrow down hardware choices so you can select the best matching solution for your case.



#4

CONSIDERATIONS WHEN CHOOSING YOUR SOFTWARE STACK

Especially if you decide to adopt a mobile POS concept that relies on sharing hardware between sales reps in the store, the choice of software stack is critically important. Ideally, you want to rely on a platform which is capable of making the hardware accessible from a variety of endpoints as securely as possible. If done right, the software will help your staff share resources in the operational environment with ease, resulting in a fluidly mobile store space. The back-end technology stack should allow you to rely on customer-facing solutions which best fit your cause as well as on hardware that fits your store design and your operational needs.

When selecting a vendor, make sure to opt for domain experts in your area and work through your operations with them. The software you choose will accommodate your design and should offer enough flexibility for that design to transform so you can keep up with customer demands and emerging trends.

#5

MITIGATING FRAUD AND SECURITY RISKS

With the emergence of mobile POS terminals, cloud-based platforms and network-enabled hardware, the relationship between a POS terminal and a cash drawer has fundamentally transformed from a one-to-one relationship to a one-to-many relationship. Configurations have changed alongside this transformation and this has created a whole range of possibilities to prevent fraud, theft and other risks. But there is also additional risk: whereas it is relatively simple to determine the exact required balance for a cash drawer in a one-to-one constellation, it becomes increasingly complex in a one-to-many configuration.

Network-enabled hardware devices offer more options for monitoring and can be linked to other devices as well. So, for example, you could have a security camera activate every time a cash drawer is opened via the network. On the software side, every open can be logged as an event and a notification can be triggered. Consequent monitoring is key to not only prevent fraud but also to help with identifying errors and inefficiencies within the system.

#6

MANAGING CASH CYCLES WITHIN STORE OPERATIONS

With the way most telco retail stores operate, there is a broad variance in business requirements and how they reflect in the cash management setup. A key aspect is how much cash is to be kept in a cash drawer at a given point in time. Keeping excessive amounts of cash may increase the risk of theft or employee endangerment, while keeping enough change in the drawer might be a concern during peak hours. Technological solutions – such as monitoring, notifications and re-stocking prompts – to these issues can be effective but need to be tailored in a way that takes the specific requirements of the retailer into account.

What is the rate of traffic during peak hours? Are there fiscalization regulations or other local legal requirements in place? What types of external systems need to be integrated into the cash-based workflows? Which and how much of these workflows can potentially be automated? These questions should be considered thoroughly as you tailor your retail environment and make your decision on which solutions to onboard.

Finding the right mix for your business

Cash management is still a valid concern for retailers. Telco retailers in particular may find it difficult to pick a solution with their specific requirements. That's where the best-of-breed approach stands out and provides a way to address issues holistically, by relying on the best possible solution to each problem. As you pick the right solutions for your business, we would like to leave you with the following recommendations:

- **Work with a trusted advisor early on:** It's unlikely that you will stumble across a single solution that ticks all boxes. That's why an advisor with strong domain expertise can help you identify core issues and point out the right solutions for those exact issues. Bring the advisor in early and work with them to get the right mix of hardware, software and conceptual design.
- **Be biased towards long-term solutions as opposed to short-term savings:** There are many ways to minimize costs in your solution design, but some of them may be prone to issues in the long term and wind up costing you more than any potential savings. Identifying those risks is key and a carefully crafted sustainable solution will prove favorable.
- **Be prepared to address the complexity in your transactional setup:** It may be tempting to cut corners and put certain transactions on singular isolated systems. However, doing so can create limitations as you try to scale your operation. If possible, you should favor a solution that facilitates converging transactions from all endpoints to achieve a scalable setup.
- **Account for flexibility in the near term and in the future:** If nothing else, 2020 has demonstrated how incredibly important operational flexibility is for retailers. Systems should not be a limiting factor in providing excellent service to your customers. Cash transactions still play a role, so make sure your system keeps cash transactions accessible for your customers and your employees.

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KEY FACTS

NTS Retail is a specialist provider of retail solutions with a clear focus on the telecoms industry. Building on a strong expertise from more than 350 retail projects over a span of more than 20 years, we design our solutions around the specific requirements of leading telcos.

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