A&B POS SOLUTIONS

Are you looking for an informative guide to help you?

Are you interested in switching to a new restaurant POS?

Are you looking to purchase your first restaurant POS system?

Our Beginner's Guide to the Point of Sale is an excellent resource for all the above.

Guide to Point of Sale

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Introduction to the
Point of Sale (POS)

What is a restaurant point of sale system?

Commonly called POS, a point of sale system refers to the ordering and payment system used in establishments such as cafes, restaurants, pizzerias, bars, coffee shops, food trucks, and bakeries. These systems can be as simple as handwritten tickets with a cash register, or as advanced as iPad terminals equipped with visual menu ordering modules.

Over the last few years, the restaurant POS industry has been revolutionized by technology, with more powerful and easy to use features introduced regularly. Staying updated is essential to be competitive in the market and to provide your business with the best tools to ensure company success.

Why do I need a POS System?

Restaurant POS systems can go far beyond just taking orders and completing transactions. Your POS can improve the efficiency of your operations and double as a management platform, holding all your software needs in one place.

An advanced restaurant POS system allows you to:

• Decrease server order times with an intuitive interface
• Delight customers by offering tableside payments and emailed receipts
• Utilize extensive reports to determine hours of operation and labor costs
• Track sales and inventory levels hourly, daily, monthly, and yearly.
• Increase table turns

How much of this guide do I need to read?

We've tried to make this guide as easy to read as possible while still covering the most important topics related to a restaurant POS. If you own a restaurant or are opening your first one, we highly recommend that you read the whole guide. Every topic in this guide explains a different yet equally important topic related to restaurant POS systems. This guide is available in PDF format if you'd like to take it on the go.

What are my restaurant POS options?

Cash Register
No Electronic Payments Accepted

A cash-only POS system relies heavily on employees to function properly. Orders are handwritten and delivered to the kitchen where they are read by the cooks. Payments have to be cash, limiting your customer base due to the steadily declining number of people who regularly carry cash.

High-volume, high-revenue restaurants do not typically prefer a heavily reliant penmanship system. Cash-register-only POS systems are most commonly found in small venues such as food trucks, coffee shops, and farmers markets. The greatest benefit to a cash register system is the cost of operating. Aside from the cost of the register, it's free, and it's hard to beat free.

Credit Card Machines
And other forms of electronic payments

More common than cash registers, credit card machines are used in restaurants of all sizes. They enable you to accept electronic payments such as credit and debit cards, and increasingly near field communication (NFC) payments like Apple Pay and Google Pay. However, they cannot provide inventory or sales reports because your sales information is not attached to your payment system wich means much reconciling. These systems require minimal hardware, consisting of a credit card terminal with a small screen, a number pad, a built-in credit card swiper, and sometimes a signature pad.

Restaurants using these systems usually operate on handwritten tickets and rely on mental math or calculators for tabulating sales totals. These credit card terminals are costly, and you must sign a contract with a credit card processing company. A percentage of each transaction processed credit, debit, or NFC will have a processing fee collected by the processing company.

All-in-One
Ordering, payments, reporting, and employee management

The all-in-one system will enhance efficiency due to the wireless communication technology.

All-in-One

Many restaurants need more than simple payment acceptance. These establishments opt for a POS system with a vast feature set: a wireless ordering system, employee management capabilities, and extensive reporting. Touch screen terminals are used to enter food and drink orders which are then sent to the kitchen and bar printers or a digital kitchen display screen. Payments are processed at the touch screen terminals, where credit card receipts are then issued either by paper or email. This type of system will enhance the efficiency of your restaurant because everything is transmitted electronically.

In the early '90s, comprehensive POS systems were only offered by a handful of large companies. In 2010, developers began creating software applications for tablet computers with the same functionality as existing POS systems, beginning the tablet and iPad era. It wasn't long before tablet-based POS systems began outperforming their legacy counterparts. Multiple companies have formed around creating a complete POS system that operates on the most advanced tablet technologies existing in the last few years. Some of these companies have developed unique tablets specifically to run their POS system. Tablet-based companies generally favor monthly hosting fees over contracts, and some charge a one-time license fee for their software. Hardware bundles are available with almost all tablet systems either through the software company or thirdparty vendors. As these companies add features and update the software, users usually are offered upgrades free of charge. Systems that operate on tablets are frequently called Tablet POS systems.

How do I
start accepting electronic payments

Cash-only establishments are rare and limited to specific business types. It's safe to assume that restaurants opening today want to accept credit card payments. Therefore, they need to acquire the necessary hardware and sign up with companies specialized in processing electronic payments. Here's the information that you need to make an asserted decision.

Merchant Service Provider

Merchant service providers (MSP) go by many names: merchant account provider, credit card processor, processors, or most commonly, MSP or MAP. MSPs are occasionally banks, but more often are companies who securely handle credit card data and facilitate the transaction between the merchant's (YOU) and customer's bank accounts. As previously mentioned, MSPs receive a portion of every electronic transaction. The percentage rate depends on the volume of sales, average transaction amount, and myriad other factors but usually falls in the range of 1.5% to 3.0%. Some MSPs offer a fixed rate across the board.

Near Field Communication, or NFC Payments

NFC technology enables devices to conduct credit card transactions by placing two devices within centimeters of each other. Each device must have a special chip that operates as an antenna and stores the payment information of each party; the same technology is used for Apple Pay and Google Pay.

Gateway

A payment gateway is a company that handles electronic payment transfers in an encrypted form from the POS to the processor. For security reasons, the encryption process occurs instantly within the swiper. Frequently, but not always, your MSP will also be your gateway.

To help you better understand, we've included a step by step process:

-A customer hands you a credit or debit card.
-You run the card to a swiper connected to your POS terminal.
-MSP sends the data to the costumer's bank first, then your bank.
-The transaction receives an authorization code from the banks.
-The MSP sends the credit card data with the transaction's authorization code back to your POS terminal.
-The credit card data is then decrypted and is displayed as either accepted or declined. Remarkably, this entire process is completed between 2 and 3 seconds.

What hardware do I need for a restaurant POS

Every POS system needs hardware; the question is, how would you determine how much you need. The size of your restaurant will dictate the number of terminals, printers, and credit card readers required. Many devices can be incorporated into the system as extensions to increase efficiency and value. Below is a list of the necessary hardware and a few of the most popular extensions.
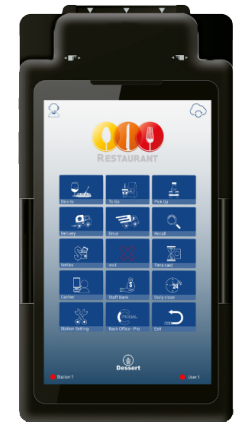
Terminal
The essential part of every POS system is the terminal. Whether it's as simple as a cash register, or a state-of-the-art tablet, the terminal is the most heavily used piece of equipment. It is typically the hub for many actions, such as placing and sending food orders, swiping, and completing credit card transactions. The terminal itself can be a touch screen monitor or an iPad, Android tablet, or proprietary tablet computer.

Handheld
These mobile devices are used to place orders into the system right at the table. Upgrading these devices to accept payments will likely cost extra. Software-based restaurant POS systems frequently offer additional apps that can be used on smartphones and personal tablets. These apps allow owners and managers to view sales and inventory reports on personal phones to keep tabs on what's happening at work while on the go.

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Cash Drawer
These were the original POS system and haven't changed much over the years. The primary function is to secure your cash and make a "ka-ching" noise when opened.

Credit Card Reader
Credit card readers are commonly attached to the terminal, and are often referred to as credit card swipers. As you remember from the last section, the swiper encrypts credit card data before it's sent off to your merchant service provider. Common types of credit card swipers are:

-USB - plugs into your receipt printer
-Lightning port - plugs into the charging port of your iPad
-Headphone jack - plugs into the headphone jack, available for Android tablets and iPads

Customer Facing Display
Popular among quick-service and counter-service restaurants. A customer-facing display is a screen facing the customer that allows them to view, verify and pay orders without handing their credit card over.

Kitchen Display Systems

Like customer-facing displays, these devices are placed where a chef, barista, or preparation cook can see pending orders in chronological order. They are designed to replace handwritten tickets and printers. Kitchen display systems are popular in coffee shops and large, high volume kitchens.

Electronic Scales

Delis, weight-based tea shops, coffee shops, and self-serve frozen yogurt shops can benefit from using a scale integrated with a POS system. With more advanced systems, the price of the weighed item is automatically totaled and displayed on the terminal, and the amount of the item is immediately removed from your inventory after the transaction is complete.

Self-Serve System

A new trend among restaurants is placing a terminal at every table. Customers place their orders and pay for their meals entirely on their own time. Employees are free to run food and drinks while answering any questions. These terminals can also be used as additional revenue sources by including pay-to-play games. The quick-serve equivalent to table terminals is freestanding self-serve kiosks. These are growing in popularity among chains like Mcdonald's and Panera and are known for increasing speed and efficiency while decreasing order errors.

Point of Sale
Regulations Cover Your Assets (CYA)

Due to financial transactions concerns, restaurant owners should be aware of a few limitations. Below are some of the most common regulations. We also recommend that new restaurant owners research any state and local regulations that may apply to them.

Fiscal Memory Devices

Fiscal memory devices are required by law in roughly 27 countries around the world. In these countries, cash registers and printers come equipped with a memory device that records every transaction that is run on the machine. At the end of every year the data from these machines must be sent to the government for taxation purposes. If you happen to live in a country with these requirements, make sure your POS system is integrated with a fiscal memory device.

PCI DSS and Compliance

PCI, or Payment Card Industry, is an independent body that was created by Visa, MasterCard, American Express, Discover, and JCB. PCI created a set of requirements called data security standards (DSS) which ensure that all credit card information is processed securely. As a restaurant owner, you need to ensure your establishment is PCI compliant. This involves making sure both your credit card reader and processor are compliant. MSPs and gateways generally ensure that their systems are up-to-date and meet the DSS, however, it is always worth double checking with a company before signing up.
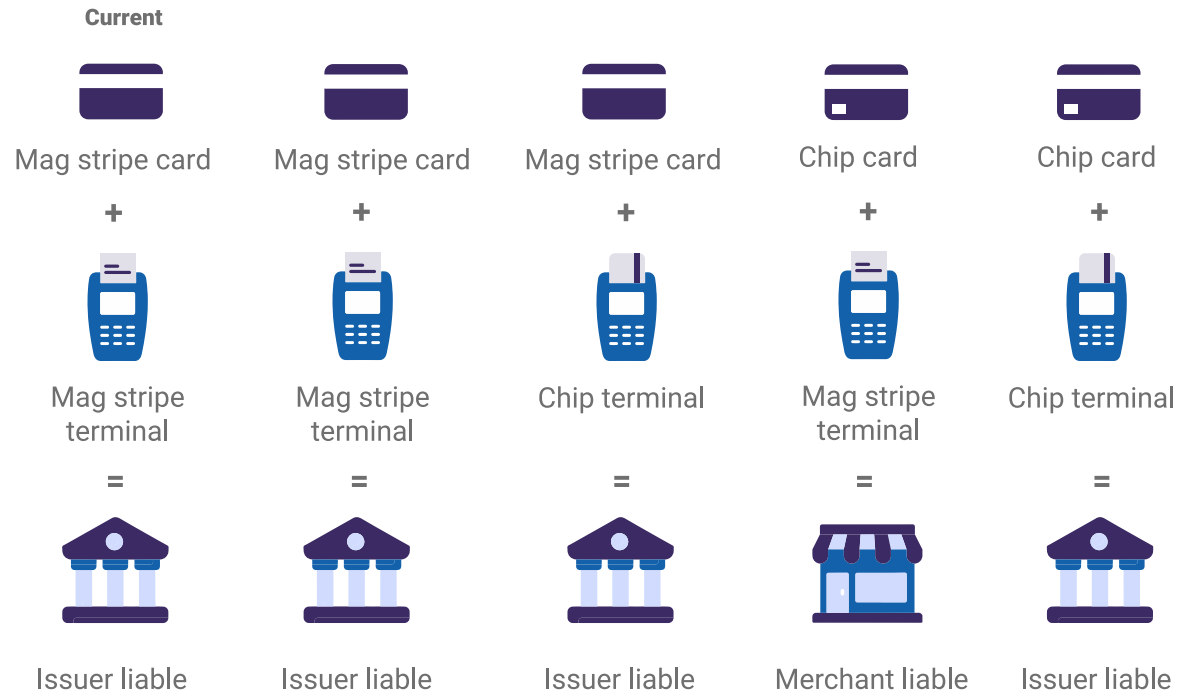
Counterfeit Card Fraud Liability Examples

Starting October 2015

Fraud and EMV

EMV is the acronym for Europay, MasterCard, and Visa which were the original credit card companies that decided to increase the security of personal information, such as bank account numbers, during credit card transactions. The most recent implementation to heighten security was replacing the swipeable magnetic stripe cards used in the US today with cards containing microchips. "Chipped" cards have a microchip similar to those used in NFC devices. Chipped cards are placed inside a reader rather than swiped. Payments must still be verified by signature or PIN number, similar to debit cards.

Counterfeit Fraud Liability Shift Scope

The counterfeit card liability shift only pertains to transactions where a counterfeit magnetic stripe is presented to a POS terminal that does not support, at a minimum, contact chip EMV.

Current

Mag stripe card	Mag stripe card	Mag stripe card	Chip card	Chip card
+	+	+	+	+
Mag stripe terminal	Mag stripe terminal	Chip terminal	Mag stripe terminal	Chip terminal
=	=	=	=	=
Issuer liable	Issuer liable	Issuer liable	Merchant liable	Issuer liable

How do I choose
the right
restaurant POS

Price

Selecting your point of sale system will be one of the last steps in the process of opening your restaurant. POS systems vary widely in their capabilities and cost. Some systems come with high price tags, and it is up to you to determine if those systems are worth their cost. Remember, choosing the right restaurant POS system will increase efficiency and save you much money in the long run.

Hardware

Whether you're opening a restaurant for the first time or looking to switch POS systems, proper hardware is a necessary. Ask your new POS provider if your existing hardware can integrate with their software if you are changing systems. You could potentially save a bundle by repurposing parts of your old system. Give serious thought to the quantity of hardware you'll need. If you're opening a large restaurant in a heavily trafficked area, ensure that you have enough terminals and printers. Anticipate what volume you'll experience and visit similar locations to see what sort of setup they're using and if it works for them.

Software

The world of computers and software is constantly improving, and the restaurant POS industry is no different. When deciding on a system, make sure you ask about software upgrades to see if they are included in the price or need to be purchased. Tablet-based POS companies that release their systems through an "App Store" usually offer upgrades to their system for free, while the more traditional models often charge pricey fees to upgrade. These costs can sometimes be as high as the original amount paid when signing up.

Learning Your System

Making sure your employees are properly trained on your POS system is essential. When appropriately used, restaurant POS systems can be a significant source of savings for your business. Just as important is making sure that you are getting the most out of your system. Sales and inventory reports can help cut costs and increase efficiency.

Processing

Choosing the correct payment processor is as important as selecting a reliable food supplier. With few exceptions, the percentage of each processed transaction can be negotiated, leading to significant cost savings. There are multiple processing options, so make sure you shop for the best rate possible. Some POS companies offer inhouse payment processing at great prices.

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