

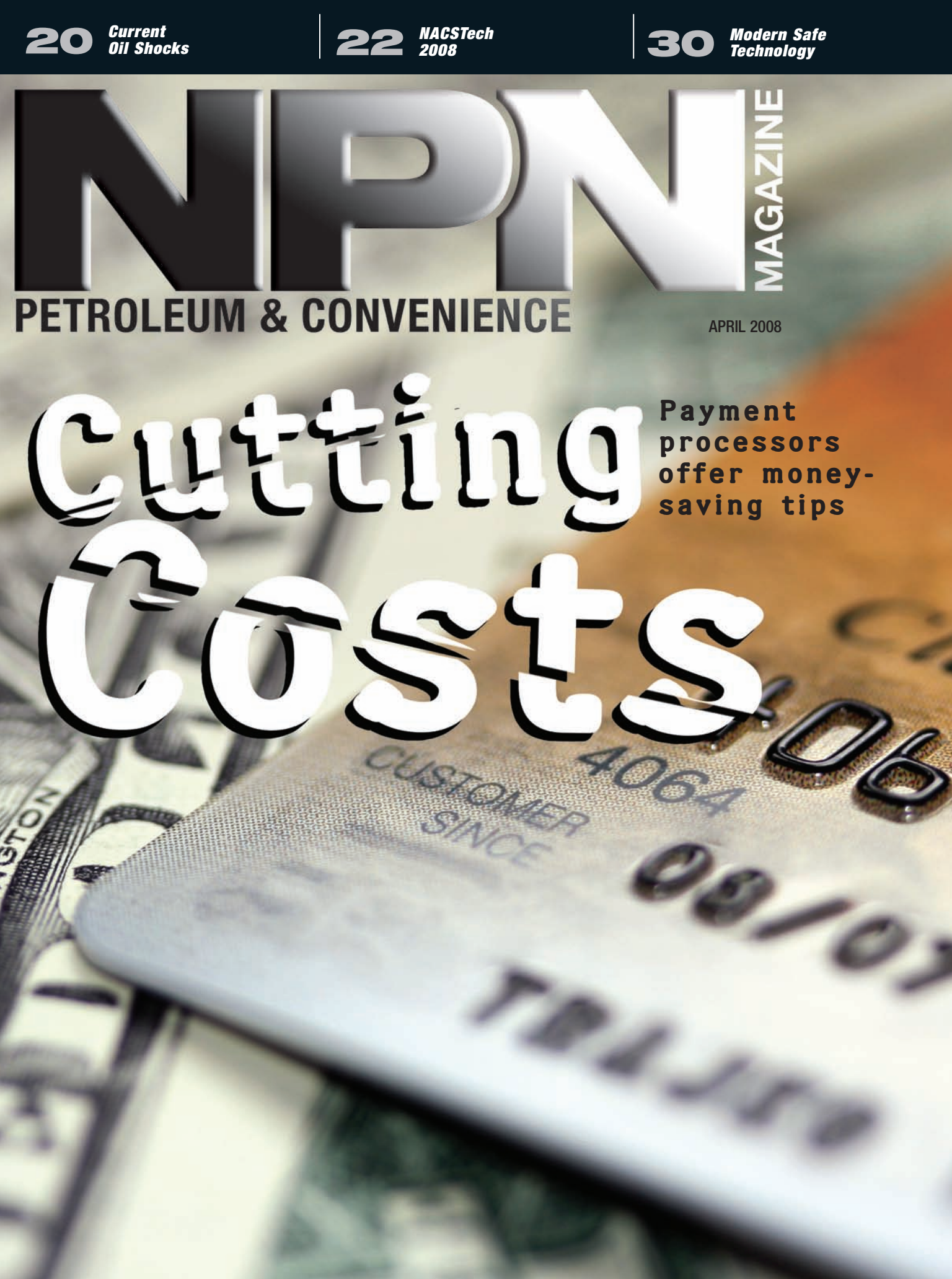
# NPN MAGAZINE

**PETROLEUM & CONVENIENCE**

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# Cutting Costs

Payment processors offer money-saving tips



BY MAURA KELLER

Modern safe technology has come a long way from the strongbox in the corner

# SMART, STRONG AND SECURE

Many of the best ways to improve the security of a retail site are surprisingly simple. Proper security systems, strategic lighting and a few high-quality locks go a long way towards reducing a store's curb appeal to would-be robbers. But it's the type of safe used that can play the most important role in protecting and monitoring your cash cache.

*The Corporate Safe Specialists' CS2820 safe is fitted with two electronic locks, one for each compartment, and each lock is programmable with up to eight user codes per lock limiting access to those who need it.*

## HISTORICALLY SPEAKING

If you walked into the back office of most convenience stores a few years ago, you'd find the classic steel safe placed in the corner, a plant casually resting on top and a rotating combination lock, which only the manager knew the combination to open.

"The evolution over the past 20 years or so saw the beginning as empty steel boxes, then safes that could dispense, then to safes that dispensed and provided an audit trail to the more modern safes that validate and dispense," said Larry Robinson, president of Armor Safe Technology, Dallas. "Just a couple years ago, we saw significant changes in the composition of some of the components of the safe. There was an evolution from mostly metal to mostly molded plastic validators and canisters, which are more durable and are easier to service. Most equipment manufacturers are looking at ways to add on to an already sound and proven product."

According to Ed McGunn, third-generation safe builder and the president and chief executive officer for Corporate Safe Specialists, one of the largest suppliers of safes and cash control systems in the U.S., there is a renaissance occurring in the safe industry.

"We have seen more changes in the last 10 years than we have in the past 150 years," McGunn said. "The formerly heavy and passive storage-only devices that sat in the corner and were opened once daily and locked at night has evolved. Today, the modern safe is an operation manager's delight. Its lightweight and flexibility allow convenience-store owners to monitor cash flow online, including deposit and change fund orders."

Based in Illinois, Corporate Safe Specialists has been delivering proven loss prevention solutions to customers for 20 years. With safes, locks and service plans tailored to meet the needs of a variety of retailers, CSS works with franchisees and single store operators to determine the best solution for their operations.

Cash in the safe is now accounted for in detail, by cashier, by shift, by store and by day. The c-store owner can use familiar Web-based information systems to finally peek into the formerly mysterious cash holdings of a closed safe.

"Personally, it is perhaps the most exciting time I have seen in my 28 years in the industry," McGunn said. "I can finally offer technically aggressive solutions to help manage some of the industry's oldest problems."

Ed Grondahl of Tidel said that the biggest change in the electronic safe industry is in the intelligence of its products, including the ability to communicate every transaction to a customer, giving the customer a suite of tools to integrate all their stores for cash balances, deposits and even the detail of every transaction that happened on a specific date.

"Add an interface to DVR or DTV, where the customer passes their safe data to the DVR server and if a transaction sequence is seen, the DVR can take a couple minutes of video and forward it instantly to loss prevention for interrogation or cashier training," Grondahl said. "Today the safe 'can be' one of the smartest PCs in the business if the customer selects their safe wisely."

It's safe to say eliminating cash shrinkage is the hottest buzzword in the industry, said Grondahl. "This can mean millions of dollars to the large chains and make the



smaller chain significant profit in a thin profit industry,” he said. “The owner wants to satisfy the customer, so things like debit-card cash back is something a store can now offer their customers without adding any money to the till (which would be cause for armed robbery).”

Chains are offering check cashing to their customers which is extremely profitable, but also brings new business to the store. Also flat note dispensing is turning the industry on its ear. Another fantastic feature is to run the safe in any language.

“This is a melting pot here in America and we cater to each individual cashier in their native language,” Gron-dahl said.

## PRODUCT OFFERINGS

With advances in safe technology, petroleum marketers have a wealth of options from which to choose.

The most often selected model from Hunt Valley Md.-based Dunbar Armored Inc. is the ValiDROP, which discriminates currency deposits – by individual user PIN– into the validators by denomination and then authenticates to provide a level of counterfeit detection; totals the deposits by individual employee and then secures the money in a canister inside of the safe.

“Depending on the amount of cash intake, the cash flow requirements of the customer and the frequency of armored service, the user may decide on single or dual validator safes,” said Thomas Grem, Dunbar product manager.

Another popular Dunbar model is the Treasury safe, which performs the same validation function as the ValiDROP, but further provides cash management enhancements by automating the change buy/dispense and till dispense functions. Tubes will hold rolled coin or rolled notes in each of the columns in the magazine and can be dispensed or ‘bought’ by retail employees without the need of a manager being present.

Extensive and detailed reporting also is available from cash management safes. “Recently, one of the more frequently requested features has been our Cash-Aware and CacheTALK III communications offerings,” Grem said. “Retailers increasingly seem to be more interested in knowing what has transpired with safe deposits, and the popularity of these two software solutions to deliver data is evidence of that trend.”

Grem added that in offering a wide range of products, Dunbar can react to the specific needs of prospects and customers. “If they desire greater capacity or higher speeds — even up to 1,000 bills per minute — we have products that can serve those needs,” he said. “While one never really can have a solution for every circumstance, we strive to be able to appeal broadly, which includes crossing over industries. We have been successful in doing just that, rolling out programs to any number of different retail applications.”

Dunbar also offers Cache\$ystem, a solution developed by Armor Safe Technology which provides an integrated cash management solution that incorporates, if one opts to employ the entire system:

- Cache\$ystem electronic currency validating safe - produced by Armor Safe Technologies
- Dunbar’s armored car transport of funds
- Dunbar’s cash vault counting and processing deposits for the retailer.”

“A major benefit is the flexibility in the programming to allow one to set up functions to suit specific needs,” said Armor Safe Technology’s Robinson. “For example, the retailer decides — and can change as their business grows and fluctuates — the value of each column.”

For Corporate Safe Specialists, the most popular safe (by units sold to the convenience store segment) is a double compartment color-coded drop safe, which easily fits under ADA cabinets and bolts to the floor for security. “It has been sold for over 20 years and has become recognized as the entry level cash management safe,” McGunn said. “The safe aids in armed robbery prevention and also assists in controlling internal theft.” The drop drawers allow for quick and efficient cash drops by store employees. The two compartments allow for separation of shift deposits in the top, and coin or till storage in the bottom. Separating the two functions in different compartments minimizes access to cash deposits to select store employees.

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*The Tidel Sentinel BCND supports coin and note currency from all over the globe.*



Another popular safe offered by Corporate Safe Specialists is the same as described above, but with integrated bill validators, which are high-tech note counters and stackers. "This concept allows for the cashiers to simply feed cash directly into the safe," McGunn explained. "And the safe does the rest, including tracking transactions and financial information for fast, easy balancing and reconciliation."

Tidel has offered cash controllers since it started in the industry in 1978. Today the company provides unique solutions such as updating note validators over the network (instead of driving to thousands of stores to update) and eliminating cash shrinkage due to balancing every transaction interactively with the POS system of the store. "We offer the convenience of loose coin distribution for ease of filling a till at the beginning of a shift," Grondahl said. Tidel also offers the ability to network as many note validators as a customer can utilize. For example, they could have one per POS terminal and consolidate reporting to a 'master sentinel' in the back office.

"With Tidel modularity a customer is free to create their own products, even a variety based on size of store or varying services," Grondahl explained. "Our most popular Sentinel safe is the BCND (Bulk Coin and Note Dispenser). Filling tills, making exact change to the penny for check cashing, storing enough currency (notes and coins) to start a day with \$250,000 on hand for pay day loans or check cashing, and we support every major brand of note validator including two different bunch note validators. Once again, we offer no less than 100 variable configurations — another unique value of Tidel Sentinel."

*Dunbar offers ValidROP featuring Armor Safe Technologies' Cache\$ystem.*



### A SMART INVESTMENT

The costs involved in today's high-tech safes are as vast as the number of options available. "When there are so many different models and configurations, it is difficult to quote a price," Grem said. "I would instead tell you that a typical payback analysis will show that a safe user will, if they were to make an outright purchase of the equipment, see a payback in eight to 18 months."

Keep in mind that the payback uses assumptions, and those can vary widely by retailer, along with estimated hard and soft cost savings and reductions for labor and shrink control, respectively.

What's more, Grem explained that if a customer was to lease the equipment, applying the same assumptions to leasing rates and armored service, the analysis shows that the cost is often under \$20 per day and, again, factoring in hard and soft savings, the net cost of the system is \$0 or even better.

"We always suggest that each prospect insert their own numbers to see what their expectations might be, but people generally find that their employees would not want the equipment removed once they understand the benefits," Grem said. "The bottom line is that it is difficult to pinpoint the labor benefit, the shrink controls and bank fees. One robbery averted can pay for many, many months of the system. If a retailer would ever, heaven forbid, have an employee hurt or worse on their way to the bank, those daunting costs averted might well pay for a lifetime use of the system."

When purchasing electronic safes, it is important to evaluate the long-term cost/benefit of ownership of intelligent safes.

"An owner may look at an old style steel box with combination and compare that lower purchase cost to an upscale machine that helps to control shrink, and additionally creates the opportunity for a reduction and/or reallocation of labor," Robinson said. "The system generates a substantial amount of time savings in the deposit counting and preparation process, not to mention that it reduces the 'wasted' time of management staff being out of the retail location doing banking (assuming armored service wasn't previously included) and other related (or non-related functions) of their position. Therefore, the electronic safe continues to deliver a return on investment over the long haul."

At the same time, as operational methods are also very important to employee roles and reconciliations, the equipment needs to fit nicely into their overall system, Grem said. "We do our best to act as consultants to help with the decision making process — safes are not an inexpensive investment, but are a valuable tool if used correctly."

A good start to due diligence is to ask a couple questions:

- How can I use this equipment to the maximum benefit of my organization?
- How long has this company been around and what is its reputation, and what is the reputation of their equipment?
- How will it fit in my cash management solution?
- Can a safe company offer guaranteed service, like next business day? Globally? 24/7 telephone support? In many languages?
- Do my cashiers directly interface with it?
- Does it need time delay?
- Do I need one note counter or do I have enough note capacity to need two note acceptors?

- How often will I remove the money from the safe?
- Will I use an armored car company?
- Will I be integrating the safe into the POS system?
- Can I benefit from PCATS certification to allow for inter-operability with my safe?

The most common purchasing mistake McGunn sees is in the size of the safes purchased for storeowners and operators. “Very few store owners know the size requirements of a day’s receipts and change funds,” he said. “Traditionally, they overestimate the size needed for note storage and they underestimate the size needed for change storage. The safe industry has not done a good job teaching this, as we have traditionally forced everyone to use products that were designed for other industries. Instead of fitting to form, in large part, the safe industry fitted for profits. This trend is seeing push back with some of the best-known brands in the industry. Technology brings information; information at store level will be the driver on the next generation of safe design.”

Grondahl said that a simple test can tell you if you selected the right safe. Ask yourself: Do you ever count cash? Is the safe ever out of balance with the POS? Do I have to drive to the store to update note validators or can I do it over my network?

“If you get a yes to either one of these questions, you have absolutely selected the wrong product,” Grondahl said. “The famous old cliché — it only costs 10 percent more to go first class — this is very true and a company needs to look at ROI, not price.”

McGunn stressed that the more interoperability and adherence to the PCATS standard offered by intelligent safes is a proven win-win for equipment manufacturers and storeowners. “It is no longer a debate,” he said. “The information that is acquired by the use of the safe is valuable over many different information portals — servicing many different executives within that company. Even for the sole owner, the ability for device integration enables consolidation of reporting at a lower dollar value of integration. So if you have one store, or 1000 stores, integrating the safe is key. One executive of the world’s largest c-store chain said to me, ‘If it is not a global, integrated device, it is no longer welcome in

the data-driven environment known as the c-store.”

Grondahl said the future is now. “Get cash off of the island, integrate with POS, find a system with tools to help you be totally productive the day of installation,” he said. “You should not burn more than 15 minutes per day of a manager’s time in the back room doing an end of day process, the safe ought to do it all. It can do it all.” **NPN**

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INCREASE FINANCIAL ACCOUNTABILITY

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