

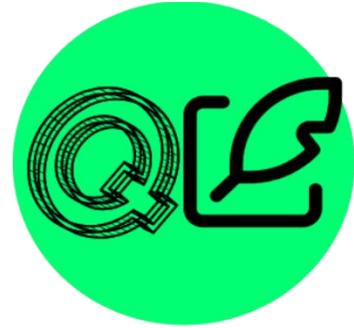
## Memorandum

**To:** Mr. Gary Schumacher

**From:** Daniel Hodges, Intern

**Date:** 4/19/2019

**Subject:** New Point of Sale System



I am writing to inform you of the criteria of point of sale (POS) systems available to Quail Creations, and why Square, Shopify, and Shopkeep are the best available POS systems for our company. This memo will analyze three essential criteria when considering a POS system, and then detail the pros and cons of Square, Shopify, and Shopkeep.

### Criteria of Systems

Cloud-based POS systems are, according to a Forbes [article](#), desired by **61%** of merchants. The reasoning behind this is that these cloud-based systems are easier to finance and manage than on-site POS systems. These cloud-based systems eliminate the need for a server on-site and allow for the generation of analytic and sales reports. The main three criteria when considering these cloud-based systems are cost, functionality, and simplicity.

#### Cost

When compared to on-site POS systems, cloud-based ones offer benefits such as:

- No upfront hardware purchases
- No per-terminal fees
- Flexible fees depending on needs.

Most on-site systems require the purchase of hardware, which can run [between](#) \$2000 and \$4000, with further fees for contracting the use of the equipment and software. With cloud-based services, we can purchase the software and rent the equipment, therefore cutting maintenance costs.

#### Functionality

POS systems, just like automobiles, can often be customized depending on the functionality required by our company. Following is a short list of some of the features available:

- Ability to use third-party programs
- Can be used with both modern and existing devices
- Generate reports and analytics accessible through mobile.

The reports generated by some POS systems can be monitored in real-time, allowing for direct responses to ongoing issues from managers and even **you**, the owner.

#### Simplicity

In-store servers, setup, and maintenance all virtually disappear when replaced by cloud-based services. This benefit allows employees and management to focus more on the issues highlighted by the POS system, rather than worrying about the system itself.

## Three Systems

After researching the cloud-based POS systems available, I have determined that the three that are most suited to Quail Creations are: Square, Shopify, and Shopkeep. Below are details about why these three are beneficial to our company, along with the pros and cons of each system.

### Square

One reviewer [lauded](#) Square as “the best overall POS system for small businesses.” This praise comes as no surprise, as Square excels in the three criteria discussed in the above sections. When it comes to price, the app itself is **free**, unlike Shopify and Shopkeep. If we were to opt for the Square Register, our pricing for the overall package is as follows:

- App-Free
- Processing Fee-2.5%+10 cents per transaction.
- Keyed-In Payment Fee-3.5% + 15 cents per transaction.
- Square Reader (Chip)- \$35
- Square Register- \$399

Using this model, we have a base cost of only **\$434**. There are, of course, other options, with the *maximum* costing **\$1048**. Where Square excels, though, is the features available, including:

- Inventory management
- Customer profiles
- Sales reports

These features exclude paid add-ons, which includes features like advanced reporting, marketing, and payroll. Square’s weaknesses are that it does not provide detailed reports, 24/7 support, or a built-in e-commerce shop. This means the company would have to build its e-commerce shop around the app, which may prove difficult.

### Shopify

Shopify is the only system I could find that was [labeled](#) “e-commerce forward,” which would help our company expand its online presence and store. It does support multiple sales channels, however, so our brick-and-mortar store would not suffer. With Shopify, our cost breakdown is:

- Monthly fee-\$79
- Processing Fees- 2.6%+30 cents.
- In Person Processing Fees- 2.5%

At our levels of pricing, Shopify offers:

- Multichannel sales
- Online store
- Reporting
- Free-mobile card reader.

Unlike Square, we would not need to purchase the register, which would reduce costs. However, Shopify works on a monthly fee, so it could cost more in the long run. In the area of functionality,

Shopify offers **1500 possible integrations**, giving us a highly customizable package with which to work. Where it falters is the price and the fact that those 1500 integrations rely heavily on other apps, which create unpredictable costs.

### Shopkeep

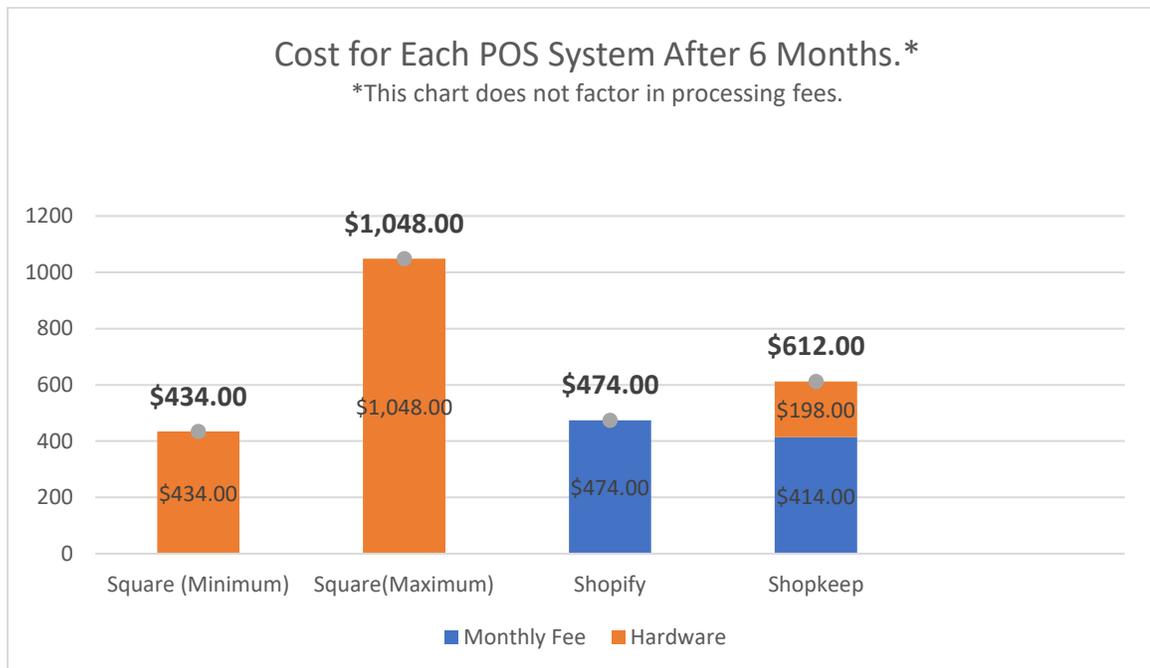
Our third option is Shopkeep, which was [touted](#) as “the best POS system for specialty shops” by one article. From third-party sources, the pricing breaks down as follows:

- Monthly Fee-\$69
- Shopkeep Payments- Interchange-plus + transaction fee.
- Pick your payment-Interchange-plus + a gateway fee.
- Mobile register kit-\$198.

While this app cost is lower than Shopify, there is one issue. The rates for transactions vary, unlike in the other POS systems. This fluctuation could create higher rates, depending on how we use the system. While this system is a lower cost than the Square Register, the monthly fee for the app still puts it over the cost for Square.

It would only take around **four months** before our monthly fees exceed the cost for Square. In the chart below, you can see how the costs for each POS compares after six months when Shopkeep and Shopify both exceed Square.

Where ShopKeep stands above Square and Shopify is that it offers a high amount of customization for our register. Using Shopkeep, we can register buttons according to the needs of employees, and these customizations can differ between locations.



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Student Name DanielHodges Date 4/26/2019