Mobile Payments and Productivity for Retail

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Microsoft

Surface Pro 3

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Summary

Traditional retail store environments are in the midst of some important changes, driven largely by developments in technology and advancing customer expectations for faster, more personalized service. Store owners are eager to leverage mobile devices to bring new means of interaction directly to their customers. In fact, some new types of businesses are even being created thanks to the mobility of payment solutions. At the same time, many traditional aspects of store management remain the same, such as the need to run accounting and inventory software on regular PCs. Some businesses have resorted to purchasing and using multiple devices to solve these seemingly conflicting needs. The good news is that there are solutions now available from mainstream vendors that address these new needs, offering the flexibility of a tablet-based mobile point-of-sale (POS) system along with the full capability of a Windows-based PC. When used in conjunction with Surface Pro 3, the PayPal Here card reader and app can give small retailers the best of all worlds in one, lightweight, powerful device. With the versatility of one device, small businesses get more value out of a singular technology purchase, saving cash that would have otherwise gone towards additional device purchases.

"I felt limited by the other tablets we were using, but with the Surface Pro 3, I can run full Windows applications at the same time and on the same device that I use for transactions."

—Caleb Christopher, owner of Piper & Leaf Artisan Tea Co.

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The Changing Retail Landscape

Today's retail stores are no longer the mom-and-pop shops of yore. In order to survive in an era of massive online retailing, small retailers need to adapt to focus on the unique characteristics and strengths of their stores. For most, that involves strengthening the bonds they have with their customers and improving their shopping experience with assisted selling. Some small retailers have turned to portable computing devices like tablets to help them with that process. Tablets can be used to provide additional information about items being purchased, make suggestions for related products, and help drive a larger overall purchase amount, all while improving the customer's satisfaction with the process. A study by Sage North America found that 70% of US small and medium businesses they surveyed felt mobile devices had a positive impact on their customer service.*

Tablets also enable transaction mobility, either at an event outside a brick-and-mortar store, or even elsewhere within the retail environment. Driven by the dramatic changes in retailing that major retail chains like Apple Stores have made popular, even small retail establishments are feeling the need to offer a more flexible environment for completing transactions. Customers have quickly come to appreciate the convenience that mobile POS systems offer them, particularly the speed with which they can get their shopping completed, or their sales finalized. In addition, many stores have recognized that sales associates roaming about with mobile devices can not only swipe credit cards, but also provide additional information to their customers when they are making critical purchasing decisions. This can lead to both increased revenue opportunities and greater protection against sales being

*June 2014 IHL Mobile POS study "Mobile POS Reaching escape Velocity"

For smaller retail operations, in particular, this type of digital catalog lets them create an "endless aisle," where they can offer their customers more choice than what their physical environment allows.

lost to customers who comparison shop on their own mobile devices whilst in the store.

Many smaller retailers feature a wide range of offerings or some kind of unique specialization capability that can be greatly enhanced by leveraging the digital catalog-type convenience of a tablet running a simple application, or even accessing the store's website. For smaller retail operations, in particular, this type of digital catalog lets them create an "endless aisle," where they can offer their customers more choice than what their physical environment allows. Plus, by moving to a mobile POS system, some smaller retailers can rethink the space in their stores by eliminating the traditional cash register spot and reconfiguring the environs to their unique needs.

In recognition of all these developments, many retail businesses have invested in tablets in an effort to modernize their offerings. In fact, according to a study by IHL Group, nearly 60% of small merchants they surveyed are already reviewing mobile device options for their businesses.* In some cases, they've had to try and piece together the various pieces of software and hardware (such as credit card readers and stands) necessary to create a viable solution. However, most retailers also continue to use traditional software, such as accounting, inventory, etc., on regular Windows PCs to run their businesses. As a result, the tablet purchases come as additional expenses on top of their existing technology budget. Of course, this can be a challenge for many small retailers who need to keep a tight lid on their expenses. What they really need is something that could combine these two capabilities into one.

In addition to the extra costs, many retail store owners also discover that things can get tricky when they try to connect any mobile point-of-sale system to their "back office" PCs. In some cases, they have to deal with confusing

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synchronization links between different software packages and, in certain situations, the links don't work very well or aren't available at all.

A Solution for the Changing Landscape

An ideal solution for many stores would be something that combined a high-quality tablet capable of working with current mobile POS systems and a full Windows PC. Their potential answer comes in the form of Microsoft's Surface Pro 3—a 2-in-1 device that offers all the capabilities of a regular Windows notebook PC, but also has the benefit of a detachable keyboard (sold separately), which allows it to work as a powerful tablet device. By combining Surface Pro 3 with the PayPal Here card reader and app for in-person payments—which seamlessly integrates with existing Windows applications— retailers can get the best of both worlds in one, cost-effective solution.

Surface Pro 3
Dual Laptop/Tablet Functionality

Microsoft's Surface Pro 3 is a 1.76-pound, Windows-based tablet device that features the latest Intel CPUs; fast, high-capacity, flash memory storage; a 12"-inch, ultra-high-resolution display; and, in conjunction with the optional keyboard, the ability to function like a standard notebook PC. The device includes a standard USB port for working with PC-style peripherals, a mini-DisplayPort connector for working with larger, external monitors, and built-in Bluetooth and WiFi for connecting to wireless accessories and networks.

Surface Pro 3

On its own, the Surface Pro 3 functions as a tablet device, with a touch-screen display that can be controlled with your fingers or the included Surface Pen.

The Surface Pro 3 also comes bundled with a digital pen that can be used to capture signatures for transactions, as well as for sketching, document mark-up, note-taking and more.

On its own, the Surface Pro 3 functions as a tablet device, with a touch-screen display that can be controlled with your fingers or the included Surface Pen. The familiar tile-based interface of the Windows 8.1 operating system lets you quickly launch apps and simple swipe gestures let you move between apps. Unlike other tablets, however, Surface Pro 3 also lets you simultaneously run and view multiple applications at once on a single screen, which can be very handy in a busy retail environment.

"Small business owners have many hats to wear and need to be doing lots of things simultaneously," explained Caleb Christopher, owner of Piper & Leaf Artisan Tea Co., a Huntsville, AL-based specialty retailer. "The screen resolution is so dense on the Surface Pro 3, we can have the PayPal Here app pinned to one side and still have access to most of the desktop to do something else. That's really useful."

Christopher, for example, used the occasional down time he had between sales to create drawings of his products for the company's web site using the Surface Pro 3's high resolution pen and Adobe's powerful Illustrator and Photoshop applications. "I felt limited by the other tablets we were using, but with the Surface Pro 3, I can run full Windows applications at the same time and on the same device that I use for transactions."

When you add one of Microsoft's optional Type Covers and flip out the fully adjustable kickstand integrated into Surface, it converts into a traditional "clamshell"-style notebook PC.

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Surface Pro 3

The savings can go beyond the main device purchase as well. For example, peripherals like stands don't need to be purchased for two devices, but just one.

Alex Shvartsmann, the owner of Kings Games in Brooklyn, NY, a small retail store that combines an internet café, online gaming parlor, and retail sales of trading cards, figurines and other gaming-related accessories, found the Surface keyboard to be quite good. "I wasn't expecting too much, to be honest," Shvarsmann said, "but the keyboard was a pleasant surprise. It's much better than a lot of Bluetooth keyboards that I've tried."

One of the other benefits of using the Surface turns out to be the device itself. "A lot of people notice that it's a Surface Pro 3," explains Shvarsmann, "and they're curious about it. Many of them have seen the commercials and want to know what it's like."

This ability to function in two different modes—tablet and PC—is why Surface Pro 3 is often referred as a 2-in-1. Despite this additional capability, and the implied cost that goes with it, Surface Pro 3 can actually save retail businesses money. Thankfully, the math necessary to justify the expense of a Surface Pro 3 is very simple. As a 2-in-1 device, it combines the capabilities of a tablet and full-function Windows notebook PC into a single device. So, instead of having to spend $499 on a tablet and over $650* on a notebook, you can purchase a Surface Pro 3 starting at $799, add in the $129 optional Type Cover, and still save several hundred dollars per device. The savings can go beyond the main device purchase as well. For example, peripherals like stands don't need to be purchased for two devices, but just one.

KINGS GAMES

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—Alex Shvartsmann, owner of Kings Games

*The average selling price of a commercial notebook sold in the US last year according to the TECHnalysis Research Smart Connected Devices forecast published in February 2015 was $657.

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Surface Pro 3

When combined with PayPal Here card reader and app, Surface Pro 3 completes transactions in a simple, straightforward way, but adds several advantages over traditional solutions. One of them is speed.

REDMOND AUTO SALON

Go-Wash.Me

"People are always in a hurry now and want to get things done as quickly as possible. Having something like the Surface Pro 3 and PayPal Here card reader and app lets us get people in and out faster and they appreciate that."

—Chris Bell, Director of Operations at Redmond Auto Salon

[1] Configuration with Intel Core i3 CPU, 64GB storage

[2] Pay only 2.7% per US swipe for PayPal Here

One device that does more is a cost saver

Options	Device	Cost	Total Outlay
Option 1	Tablet	$499	**$1,156**
	Notebook PC	$657	
Option 2	Surface Pro 3[1,2]	$799	**$928**
	Type Cover	$129	

Transactions and Payments

The key role that a mobile POS device needs to fulfill for small retailers is completing sales transactions. When combined with PayPal Here card reader and app, Surface Pro 3 does that in a simple, straightforward way, but adds several advantages over traditional solutions. One of them is speed.

"People are always in a hurry now and want to get things done as quickly as possible," explains Chris Bell, the Director of Operations at Redmond Auto Salon, an auto cleaning and detail business housed in a Microsoft campus parking garage located in Redmond, WA. "Having something like the Surface Pro 3 and PayPal Here card reader and app lets us get people in and out faster and they appreciate that."

Another key benefit is helping drive more revenue per transaction. For example, Bell also appreciates the ability to use the tablet to show off a catalog of additional services, thereby encouraging larger purchases. "We can show people other options, simply click on a checkbox on an order form, and we're all done."

Surface Pro 3

One of the key benefits of using a portable device like a tablet to do transactions is the mobility it enables.

He's not the only one. As Alex Shvartsmann of Kings Games explained, "In a small way, [the Surface Pro 3] has increased sales because we can make lookups of information a bit faster. Doing that more efficiently helps increase sales."

Even something as simple as having a built-in tip function in the PayPal Here application can help businesses generate more revenue. "We have seen gains in sales and tipping since we started using Surface," noted Redmond Auto Salon's Chris Bell.

Portability and Mobility

One of the key benefits of using a portable device like a tablet to do transactions is the mobility it enables. Leveraging either commonly available WiFi networks or by tethering their Surface to their smartphone's 4G connection, small retailers can now complete transactions anywhere. In fact, the mobile aspect of payments is influencing the creation and growth of new mobile forms of business, like food trucks and other mobile food vendors. In addition to having a traditional brick-and-mortar storefront, Piper & Leaf Artisan Tea Co. finds itself doing an increasing number of outside events. These outside events are new opportunities to generate revenue that may not have been possible without a mobile POS solution like Surface Pro 3 and PayPal Here.

"We're doing up to 10 simultaneous events on any given weekend," explains Caleb Christopher, the founder of the company, "including farmer's markets, food truck festivals, and other outdoor festivals. We needed some sort of a mobile cash register in order to do these events."

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One of the other key advantages of a 2-in-1 device like the Surface Pro is the ability to handle the business tasks of running a retail operation, but in a mobile way.

"We run three different software programs simultaneously at our shoots and Surface runs everything. It's the brains of our operations."

—Joey Nagoshiner, co-owner, Two Dudes

Two Dudes and a Booth is a San Francisco-based mobile photography studio that also leverages the mobility and power of Surface Pro 3. The company provides photography services at various events and uses the full PC power of the Surface at their remote photo sites. "We run three different software programs simultaneously at our shoots and Surface runs everything," explained co-owner Joey Nagoshiner. "It's the brains of our operations. We looked at other tablets, but they didn't have the capability we needed."

Two Dudes has also been able to leverage Surface to generate income in ways they couldn't before. "Most of our events are paid in advance by a sponsor, but at a recent dog show we were able to do individual portraits of people with their dogs and collect payments right there. In the past we found it difficult to get cash from people, but now we're finding different opportunities that we couldn't do before."

Tio Tequila is a San Diego, CA-based specialty food retailer that also sees new business opportunities thanks to the combined power of Surface Pro 3 and PayPal Here combination. "My business will be able to grow because I will be able to go to local farmer's markets and do sales on the spot," explains business owner Eduardo Bertran. "I'll also be able to do online sales, which I haven't done yet because of high Amazon fees."

Business Information On the Go

One of the other key advantages of a 2-in-1 device like the Surface Pro 3 is the ability to handle the business tasks of running a retail operation, but in a mobile way. Most small retailers run their business on PCs and often

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business owner,
Tio Tequila

purchased dedicated PCs for that purpose. Software packages like Quickbooks are a key part of the record-keeping efforts and many use Microsoft Office tools like Excel and Access for things like inventory, ordering, and other day-to-day tasks. These "back office" activities continue to be best suited for a PC complete with a keyboard.

The Windows-based Surface Pro 3 with the optional click-in Type Cover keyboard handles these demands quite easily, given its full PC capabilities. Performance-wise, in fact, it stacks up very well even against newer desktop systems. Plus, you can attach a larger display, a mouse and other typical PC peripherals to a Surface Pro 3 to expand its capabilities.

At a store like Kings Games in Brooklyn, NY, PCs are already a huge part of the environment. In fact, the store even has its own server and runs a number of Windows-based back office tools. Nevertheless, it still uses a traditional cash register solution, in part to encourage more lower-fee debit card transactions, along with the combination of Surface Pro 3 and PayPal Here card reader and app for credit card transactions.

As owner Alex Shvartsmann explained, however, the benefit of having a Surface Pro 3 at the checkout counter goes well beyond basic transactions. "We need access to lots of information at the counter, from looking up individual cards, to adding to buy lists in Excel, to doing other kinds of internet searches for customers. We used to have a netbook, but the performance was too slow, so we switched to another tablet but we've found that the browser on the Surface is more compatible and it's a lot faster."

Like many other small businesses, Redmond Auto Salon was still doing all their transactions with paper receipts until they made the move to using Surface

The Surface Pro 3's ability to function as a full PC lets these retailers run their businesses and perform other types of PC-type capabilities.

in conjunction with PayPal Here card reader and app. "This is changing everything for us because it's our first use of all electronic records and payments," explained Chris Bell. "We can automate the process of entering all our sales with the PayPal software."

Artisan Tea started out using mobile phones with small credit card readers for their transactions, but soon ran into limitations and challenges. "We needed better tracking of all of our sales," Caleb Christopher said, "so we switched to small tablets running PayPal's software. Those were OK, but after a while we realized we needed a more robust solution, but several of the software options we looked at required expensive monthly payments."

The Surface Pro 3's ability to function as a full PC lets these retailers run their businesses and perform other types of PC-type capabilities on the same device as they do their transactions and that's what allows it to stand out from alternative solutions.

Security and Manageability

As a Windows-based device, Surface Pro 3 offers some important advantages from a security and manageability perspective as well. Windows 8.1 provides a robust set of security tools and anti-malware tools built into the operating system, giving Surface Pro 3 an advantage over other tablets that lack these capabilities. In addition, for retail businesses with multiple outlets or ones who have experience with traditional device management tools, Surface Pro 3 is much easier to integrate into existing environments because it is seen and managed like a traditional PC.

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Surface Pro 3

Some companies simply leverage their web sites, but some may find that their current sites aren't optimized for driving these kinds of customer interactions.

These manageability benefits can also turn into other potential returns on an investment in Surface Pro 3 combined with the PayPal Here card reader and app. For retailers who want to have a direct tie between their POS system and back office software, the direct integration on a Windows-based PC with the combination of Surface Pro 3 and PayPal Here card reader and app may remove the need to hire an IT specialist to help tie a mobile POS solution on one platform into a Windows-based accounting or recording-keeping program on a different PC.

Challenges

While tablets can provide a great deal of flexibility in customer interactions, to really leverage those capabilities, small retailers may need to invest in software tools that let them build up a shopping cart on demand, or look up past customer transactions or any of the other capabilities they'd like to have available to them. Some companies simply leverage their web sites, but some may find that their current sites aren't optimized for driving these kinds of customer interactions and end up having to invest more money to update them. Of course, most people would likely consider that a good investment anyway, but it is something to consider when trying to use a tablet to create more interactive and more intimate buying experience for a potential customer.

The move to a tablet-based device like Surface Pro 3 can bring real-world savings and important new benefits to small retailers who are looking to modernize their businesses.

Conclusions

A Surface Pro 3 used in combination with the PayPal Here card reader and app gives small retailers the best of all worlds. It combines a world-class hardware solution that integrates the best of a PC and a tablet into a single, cost-effective device, along with the ease-of-use and trusted service offered by PayPal.

For some small retailers, the capabilities that the Surface Pro 3 solution enables might translate into faster sales, leading to greater productivity, as well as the possibility of creating larger purchase baskets. While certainly not guaranteed for everyone, all of these could translate directly into higher revenues.

The move to a tablet-based device like Surface Pro 3 can bring real-world savings and important new benefits to small retailers who are looking to modernize their businesses. The use of Surface Pro 3 in combination with the PayPal Here card reader and app lets businesses continue to run the critical back-office tools they need to run their businesses, while at the same time opening themselves to new levels of personal interaction and payment flexibility with their customers. Plus, by putting the pieces in place to enable this solution, most small businesses can also strengthen (or even build) their online presence and create a solid entre into the world of modern commerce. Finally, the mobile capabilities of Surface Pro 3 will enable many small retailers to tap into new types of opportunities that can help their businesses grow.

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surface.com/business