# Mobility Plaza®

# How managed services improve business continuity for convenience retailers

**In today's 24/7 non-stop digitized economy, system downtime is pretty close to a deadly sin. Or at least a costly sin. Business continuity in the retail store is crucial for higher revenues, loyal customers, and efficient store staff.**



**Need for dependable store equipment is rising**

COVID-19 **expedited** technology innovations in convenience retail. The pandemic not only brought new types of customers into the c-store, but also new equipment like e-lockers, digital payment terminals, and self-service food ordering kiosks. How come? Retailers witnessed a significant drop in (fuel) sales due to travel restrictions and had to find other ways to compete and attract customers to their stores. As less customers went shopping in traditional stores or dining out, the need for curbside pickups, food-to-go, and click & collect quickly rose. C-stores were eager to fill this gap by integrating online with offline channels, expanding their quick service restaurant (QSR) capabilities and by improving the customer experience through in-store digitization.

However, with the advent of digital technology and more IT devices in the convenience store also came the need for dependable store equipment and (thus) for regular maintenance and service. This was particularly true for customer-facing equipment like kiosks and self-checkout (SCO) devices where the customer will be the first to experience a disruption.

**Hidden cost of operations**

According to **Forrester** "Convenience retailers previously faced minimal digital disruption. However, as new competitors emerge, they must consider new marketing, operations, digital store innovation, and data and insights."

Let's zoom in on the operations part. Cost of IT operations are often misinterpreted. Did you know that hardware procurement costs only account for one quarter of the Total Cost of Operations for store IT? According to VDC Research, post-purchase operational costs make up the other three quarters (73%). Of these, 24% consists of direct spend on services & maintenance, and the remaining 49% (the majority) are mostly hidden costs.

Forty-nine percent seems a lot, but consider this: **On average, one hour of downtime of a checkout lane represents a loss in revenues of between $800-900.** Especially in c-stores where often only one or two lanes are available, this represents a considerable risk. In addition, also think about lower staff productivity due to malfunctioning equipment. Store staff is spending time on the phone with the IT helpdesk to get IT-related issues fixed – time that cannot be spent on helping a customer instead, which in turn is a major competitive drawback. As a Nielsen study (2021) pointed out, "the #1 preference by customers visiting a store is having a store associate help them in person" whenever they need help. And we all know that poor customer service leads to unhappy customers who eventually will spend their money elsewhere.

So, **how to realize higher availability of your store processes?** It all starts with carefully planning your services strategy – maintenance and support should not be an "afterthought." This planning involves the three Ps that are the key ingredients of any services strategy: **people, process,** and **parts**.

**The three Ps of Services**

Starting with **people**: First of all, you'll want properly trained helpdesk support agents who understand retail and who can help you resolve most of the issues at once. Our experience shows that up to **70% of the issues can be resolved during first contact with an agent.** In some case, an on-site intervention is still needed, and then well-trained service engineers who can maintain and repair (multi-vendor) store equipment are key. Together with the rest of the services team, both agents and service engineers greatly reduce the number of field service visits as well as the duration of interruptions in the store.

Smart service **processes** are the second ingredient of the services strategy. With remote monitoring of checkout equipment, peripherals and store infrastructure, incidents can be proactively detected by

the services team even before these are noticed by the store staff. This "we know before you know" approach is core to Diebold Nixdorf's **DN AllConnectSM Managed Services** solution and lets us proactively notify store staff to e.g. replace a paper roll in the printer. As such, we are able to **reduce the number of helpdesk calls by up to 80%**. Moreover, using the right processes and tools, our helpdesk agents will ask the right sequence of questions to quickly determine and analyze the root cause of an issue. This allows them to either solve it remotely right away, or else dispatch a field engineer with all necessary information and work instructions that promote a first-time fix when the engineer arrives on site with the right parts at hand.

Which brings us to the last P, of **parts**. The number one factor influencing time-to-fix is the availability of spare parts. Efficient spare parts handling processes and smart logistics are key for reducing downtime. Having the right spares in the hands of the engineer saves fixing time, and requires proper upfront problem analysis, a set of clear work instructions detailing part numbers and tooling, and a fine-grained network of nearby stock locations.

**Services equals business growth**

The smart implementation of the three Ps – people, process, and parts - are key to a successful services strategy. And it pays off! **At Diebold Nixdorf, we realize first-time fix rates of 99% and can offer availability of store processes of up to 99.8%** (!) thanks to having the right people, processes, and parts in place, on a global basis.

One last word on costs: Costs typically are the first thing that comes to mind when thinking about maintenance & support services. But I'd like to turn it around: great IT support and reliable equipment frees up time for staff to help customers, leading to a positive customer experience, more loyal customers, and higher revenues!

And there's much more to say about this fascinating topic of managed services! For example, about correlating data feeds and using AI-based algorithms to predict and prevent (future) issues, guaranteeing even higher business continuity levels. Perhaps a nice topic for a next article? But if you cannot wait that long, then **please visit our website for more information on DN AllConnect Services for Retail**.

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