The Perspective

Issue 7: Apr 2011

A Publication for the Convenience Store and Petroleum Marketing Industries

Convenience is Key!

PINNACLE NEWS
COMING UP...

MAY 2011

S	M	T	W	T	F	S
1	2	3	4	5	6	7
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JULY 2011

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JUNE 2011

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SEPT 2011

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Date	Event	Location
MAY 16-18	NACSTECH	Las Vegas, NV
JUN 21	CENEX BUYERS FAIR	Bloomington, MN
JUL 31- AUG 2	TPCA TEXAS FOOD & FUEL EXPO	San Antonio, TX
SEPT 20-22	PINNACLE SUMMIT	Arlington, TX

From Bob's Perspective

Normally this time of year, we'd be very busy preparing for Pinnacle Summit, our annual client conference. However, Summit 2011 is being held in the fall on September 20-22, here in Arlington at the Sheraton Hotel right next to the (Texas) Rangers Ballpark in Arlington and (Dallas) Cowboys Stadium. I'm really pleased to introduce Bob Carpenter as our Master of Ceremonies for this year's event. Bob is a long time friend of Pinnacle and has used our technology solutions for nearly the entire 20 years that we have been in business. Many of you know Bob, and you know he can extract a considerable amount of ROI from his software investments! I look forward to seeing what insights he has to offer this year, and seeing you in Arlington, TX for Summit 2011!

I've recently had the opportunity to visit with several clients about the current state of fuel marketing. Certainly this is one of, if not the most complicated products to sell profitably. A highly volatile and dangerous product, available from a plethora of competitors with locations on nearly every street corner, with retail prices posted so you can shop while driving at highway speeds; and with acquisition costs that vary wildly from day to day (increasingly even during the day). It's hard to imagine a more risky profession than petroleum marketing.

For many years now, I've heard retailers (frequently the best in the business) talk about building their operations such that they can be profitable with zero gas margins. I've admired the retailing and merchandising strategies they have put in place inside their stores to achieve this goal. But, I've also wondered about more efficient business practices within the petroleum side of their business that would add considerable profits to the overall bottom line. What would the best practices be to maximize petroleum profits today? My recent client conversations gave me some great insight into the answers to that question.

It begins with highly automated business processes that increase the velocity of business. Automation of data entry into and system integration between business systems is critical. First, knowledge is key, and getting the best information into the hands of the people making decisions is imperative to maximize profitably. Second, real-time delivery of information, or near real-time, provides our clients the ability to immediately make decisions to positively impact the business. Finally, flexible delivery of information in various forms – charts and graphs, as well as tables – allows unique and exceptional situations to be identified more effectively.

These three elements, when properly combined, can be leveraged to:

1. lower overall labor costs
2. reduce inventory related costs, and
3. support your site by site strategy, whether it's building volume or gross profit dollars

How can we help you achieve these outcomes? Why I'm so glad you asked! Give us a call today or visit us in booth #618 in Las Vegas during the NACStech show. We'd be happy to share some petroleum marketing best practices with you!

Bob Johnson
President
The Pinnacle Corporation

FROM OUR PERSPECTIVE

LETTER FROM THE EDITOR

Convenience is Key.

As human beings, it's in our nature to want things; and we want them now, if not yesterday. This is not necessarily a bad thing – it has certainly brought quite a few technological innovations over the years. We wake up to an alarm clock that plays our favorite song. We brush our teeth with toothbrushes that move so we don't have to. We drink coffee from a pot that's been pre-programmed to brew 5 minutes before getting out of the shower. We drive better, faster cars down strategically designed highway systems, all the while using our mobile devices to figure out just exactly how to get where we're going. We pay our bills online while we catch up on our favorite TV shows (skipping the commercials, of course). We video chat in real-time with people who are thousands of miles away, as we do our shopping instantaneously from the comfort of our home. The need for convenience is in our blood.

It's important to understand this inherent need for convenience in ourselves, as well as in our businesses, and most importantly, in our customers. While it may seem like somewhat of an obvious statement, especially for our industry, the need for convenience can easily be lost in the mix of all of the other things you have to take into consideration when running a business. When you read the articles in this issue of The Perspective – keep in mind this inherent characteristic we all possess. Whether you are seeking innovative new technology that will make your business's operations more efficient, or new ways to stay connected to your customer; convenience is key. ℗

Rosemary Waldrip
Editor in Chief

WHAT'S INSIDE. . .

PINNACLE
C O R P O R A T I O N
PINNACLE SUMMIT 2011
ARLINGTON, TEXAS

> " I have always found that by meeting with other Pinnacle clients, and learning how other organizations are using the tools to better operate their businesses, makes the Summit a tremendous value and a must attend event for me every year. "

> " I invite you all to attend this year's Pinnacle Summit. I believe that the time spent networking, learning more about the capabilities of the various products from actual users, and getting to interact with the folks at Pinnacle to share ideas regarding product enhancements and future development is one of the best investments you will make this year. "

Fellow Pinnacle Clients,

It is with excitement and a bit of trepidation that I announce that Pinnacle extended the offer for me to serve as this year's Master of Ceremonies at Pinnacle Summit 2011 in Arlington, Texas. While I have attended several Summits over the years, and have participated in many workshops and presentations, I have never considered public speaking one of my greatest attributes (therefore the trepidation). As a user of many Pinnacle platforms during the past twenty years, I am excited to be Master of Ceremonies and strongly encourage you to attend. I have always found that by meeting with other Pinnacle clients, and learning how other organizations are using the tools to better operate their businesses, makes the Summit a tremendous value and a must attend event for me every year. You will not find a better value in terms of time out of the office, and if you've never experienced a Pinnacle Summit you will not disagree after you've attended Summit 2011!

As Director of Fuel for Beacon and Bridge Market, a chain of 25 stores operating as in central Michigan, I oversee all aspects of fuel purchasing, distribution and retail fuel pricing, in addition to having the primary responsibility for retail systems evaluation and recommendation. At Beacon and Bridge Market, we operate our business using Pinnacle's Fuel Smart, PRM, Pricebook, Palm POS, and Oasis platforms. We are in the process of implementing EPM and Auditor now, and have Computer Assisted Ordering and Manager WorkStation implementations coming later this year.

As I look back to when I started in this business with a coin changer on my hip and a wad of bills in my shirt pocket, I am amazed to see how technology has changed how we operate the business and make decisions, and the opportunities it has creates. The volatility of fuel pricing, the need to manage margins, categories, and expenses have all made real time information an imperative in running our stores efficiently and most importantly, profitably. Pinnacle's tools can help you meet these objectives, and by collaborating with Pinnacle staff and other clients at this event will enable you to get there faster.

I invite you all to attend this year's Pinnacle Summit. I believe that the time spent networking, learning more about the capabilities of the various products from actual users, and getting to interact with the folks at Pinnacle to share ideas regarding product enhancements and future development is one of the best investments you will make this year.

I look forward to seeing you in Arlington this September; and if you haven't already registered¬, I encourage you to do so now. If you're not too sure yet about the value of Pinnacle Summit and the benefits it will ultimately afford your company, feel free to give me a call. I've experienced it, I believe in it, and you will be happy you came.

Sincerely,

Bob Carpentier, Fuel Director
Beacon and Bridge Market
bcarpentier@quicksav.com
810-720-8887

A TEXAS Sized Event:
Pinnacle Summit 2011

We Welcome you to Register

Pinnacle Summit 2011 is several months out, but will be here before you know it! We hope you are getting geared up to attend! Our market has seen its fair share of challenges this year, however, continuing to strive for efficiency is what keeps our industry so successful. Through targeted educational sessions, ample networking opportunities, and round table discussions, Pinnacle Summit serves as a platform for growth and insight into how others in our industry attain efficiencies through Pinnacle software.

We can also assure you that Pinnacle Summit 2011 will provide TEXAS sized food, fun, music, and more!

On September 20, 2011 we'll kick off the event with our Welcome Reception at Dallas Cowboys Stadium (home of Super Bowl XLV); and on the second night, we'll head over to the Jose Cuervo Club at the Texas Rangers Ballpark (home of the 2010 World Series).

Event Dates

Pinnacle Summit 2011
September 20-22, 2011

Location

Sheraton Arlington Hotel
1500 Convention Center Dr.
Arlington, Texas 76011

Room Rate

$135/night - Free wi-fi
DFW Airport - 9 miles away - Free Shuttle
Love Field Airport - 21 miles away

Registration is OPEN!

$1,095 = Early Bird Rate (March 15-June 30)
$1,195 = Advance Rate (July 1-August 31)
$1,295 = Late Rate (After August 31)

Texas Rangers Ballpark

On April 1, 1994, a new era for the Texas Rangers began with the opening of Rangers Ballpark in Arlington. The beautiful baseball-only facility serves as the centerpiece of a 270-acre complex which solidifies Arlington, Texas as an entertainment giant in the Southwest.

Rangers Ballpark in Arlington, completed in just 23 months, is a state-of-the-art building with the utmost in customer convenience. Yet, the 49,170-seat open-air ballpark was designed and built with tradition and intimacy in mind, containing features such as a granite and brick facade, exposed structural steel, an asymmetrical playing field, and a home run porch in right field. Texas architecture is featured throughout, from the outer facade to the Lone Stars in the concourses and on the seat aisles.

This unique complex also includes a four-story office building within the ballpark, a youth baseball park, a 12-acre lake, and parks and recreation space on the perimeter. Total cost of the project was approximately $191 million.

Jose Cuervo Club

The Cuervo Club is a fully air-conditioned private club featuring a fun food and beverage menu and view of the field from behind home plate. Located on the Mezzanine Level of Rangers Ballpark, the Cuervo Club is accessed near the home plate entrance of the ballpark. Bring your cameras – you can't beat this view of the park!

More Information Coming Soon!

We are still early in the planning process but feel free to contact Rosemary Waldrip (rwaldrip@pinncorp.com) with any questions you may have. ℗

Palm POS™ and Safe Integration

FULLY INTEGRATED POS AND SAFE SOLUTION ENABLING COMPLETE CASH FLOW MANAGEMENT

Bill Acceptors

Drop Slot

Integrated Cash Management

Pinnacle's Palm POS™

Safe Model: CS2713 shown
Dimensions: 27"H x 13"W x 16"D
Other CSS Safe Models Available

- Single point of control for cash flow – Accept, validate and secure cash in a single integrated system

- Employee self-service – Increased productivity with direct, authenticated and traceable employee deposits through a single, easy-to-use touch screen interface

- Increased visibility – Consolidated loss prevention reporting includes cashier details and safe events to support accountability audits

- Modular flexibility – The flexibility to work within any infrastructure and with a variety of peripherals and applications

To learn more, contact a CSS representative today at (800) 342-3033 x333.

PINNACLE
CORPORATION

CSS
CORPORATE SAFE SPECIALISTS

Security » Innovation » Service
www.corporatesafe.com

Dreams from My Father's Accountant

By: Brian Reynolds, Director of Fuel Solutions
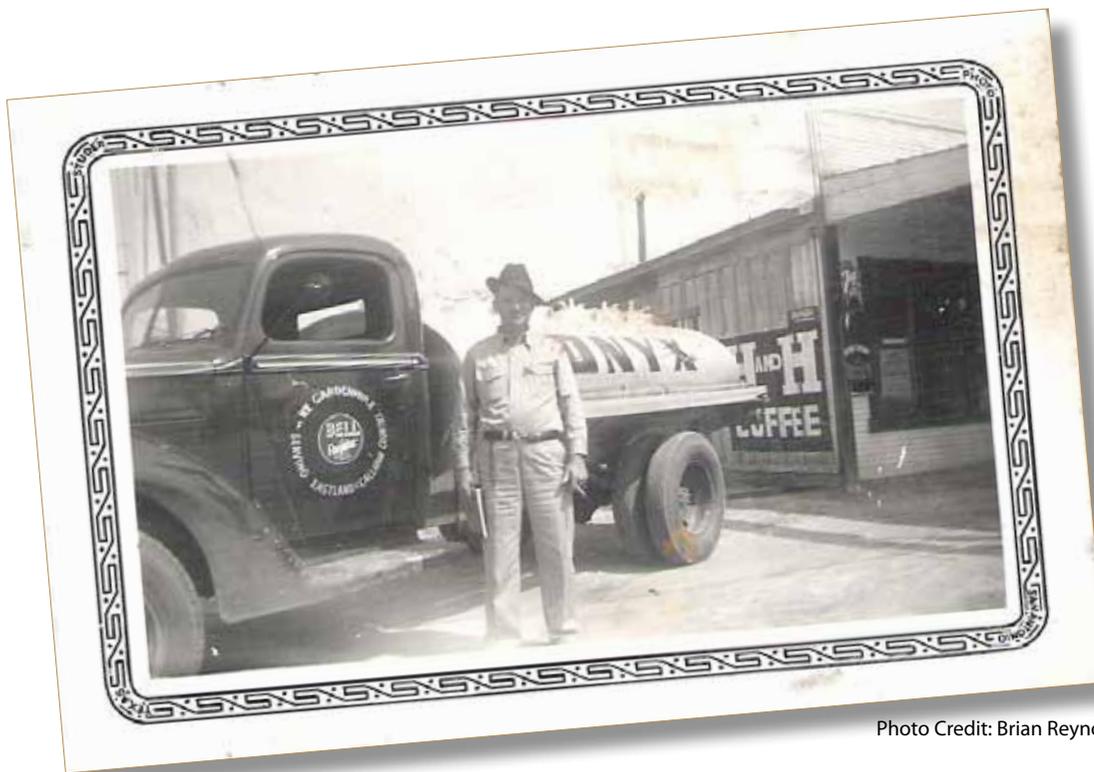
Circa late 1930s – W.V. Gardenhire, Cisco, Texas – with his ever-present cigar in one hand and his "ticket book" in the other, stands next to his gasoline delivery truck.

Photo Credit: Brian Reynolds

W.V. Gardenhire started his fuel career in 1929. He proudly labeled himself as a breed of marketers then known as a "Gasoline Bootlegger". Today, the more sophisticated and less colorful term of "Unbranded Petroleum Supplier/Marketer" is more commonly used.

W.V.'s humble petroleum beginnings included resorting to using milk cans strapped to a truck as a means to haul fuel, or as he was fond of saying "using a bucket and a gourd" to deliver gasoline. Business boomed. Tanker wagons quickly replaced milk cans, as well as the need for reliable and accurate fuel deliveries.

For most of the 1930s, gasoline averaged around 20 cents a gallon and gross profit margins were 0.2 cents a gallon, which translated to an impressive 10% gross profit margin. Sadly, today margins are often the same cents per gallon as it was in the 1930s, and in a volatile market it can even be less.

According to NACS Online March 16, 2011, "By the Numbers," US gasoline retail average profit margins from OPIS was 0.112 cents per gallon with the average price of retail fuel (regular unleaded gasoline) being 3.553, which equals to a gross profit margin of 3.17%.

For this story, and for easy figuring, let's take taxes out of the formula and keep them from getting in the way of a perfectly good analogy (besides that, I'm on a roll here) and using the same average margin W. V Gardenhire had in the 1930s: 3 dollar gasoline at 10% gross profit margins should be coming in at 0.30 cents per gallon. However, using today's average margin of 0.112 cents per gallon, a cost of $3.00 per gallon, gasoline gross profit margins come in at a paltry 3.7%.

Today, 80 years later, gross profit margin should be higher rather than lower for no other reason than adjustments for inflation

and a reward for putting up with egregious government regulations and other penalties. Petroleum marketers gave up a long time ago trying to maintain a consistent per gallon profit margin percentage, even state and federal taxes are calculated by the gallon; and besides, trying to keep up with percentages in the fuel business will make you act crazier than a pig in a peach orchard. Our industry is for certain a pennies game. Maybe it was better being a bootlegger.

But if pennies are the reward for playing the game, then wouldn't it be prudent to protect as many of them as possible? Market forces dictate the amount that can be earned on a retail scale, but as a function of retail, self controlled operational efficiencies can prevent the number of pennies that are spent.

W.V. Gardenhire used a wooden stick and a delivery note pad which was state of the art in the 1930s, and neither he nor his bookkeepers ever dreamed of the technology advances that are now available for drivers, dispatchers, bookkeepers, and decision makers. Today, state of the art has advanced to hand-held mobile computing devices that enable users to accurately record and report everything in real-time, from tank inventories to capturing Bill of Lading (BOL) information.

Oil prices are once again over the $100.00 a barrel mark with no signs of letting up any time soon. For slower moving locations, keeping fuel inventories at lower levels mandates the use of split deliveries and splash blends. With hand-held mobile computing devices such as

Pinnacle's Andalé™, it is very easy to determine current fuel inventories in real-time. Transportation is still a 24/7/365 operation. Transport delivery drivers need access to information continuously in order to efficiently do their jobs. Efficient operations translate to increased profits.

Andalé real-time technology is a great tool for capturing Bill of Lading. In a free fall downward market, timely fuel costing information is required in order to make informed fuel pricing decisions. And on the flip-side, in a runaway upward trending market, real-time information is critical for making informed buying and dispatching decisions.

In times of supply disruptions, dispatching becomes one of the most important departments within a fuel organization. Real-time information provided by Andalé and Dispatcher Work Station™ makes the job more efficient and profitable.

(Pinnacle's Director of Fuel Solutions, W. Brian Reynolds is the Grandson of W.V. Gardenhire) ©

Some More History...

W. V. Gardenhire made three promises to his wife, Faye, when they got married…

1. "We'll never go hungry."
2. "I'll always keep a roof over your head."
3. And being the romantic silver-tongued devil that he was… "As soon as I can, I'll buy you one of those fancy new electric washing machines!"

Unbeknownst to him the Great Depression was lurking just around the corner, and W.V. and Texas weren't immune from the financial ruin that devastated the country. Having to pick himself up from a recent financial loss and figuring that keeping 2 out of 3 promises to his young wife wouldn't be bad, he sold her brand new Model-A Ford, bought a used truck, and built a 70 year Texas petroleum marketing enterprise that included: gas stations, convenience stores, truck stops, transportation, lubricants, and card lock stations.

Palm POS:
Q & A Session with an Expert

Expert: Denise Lewis, Retail Solutions Manager
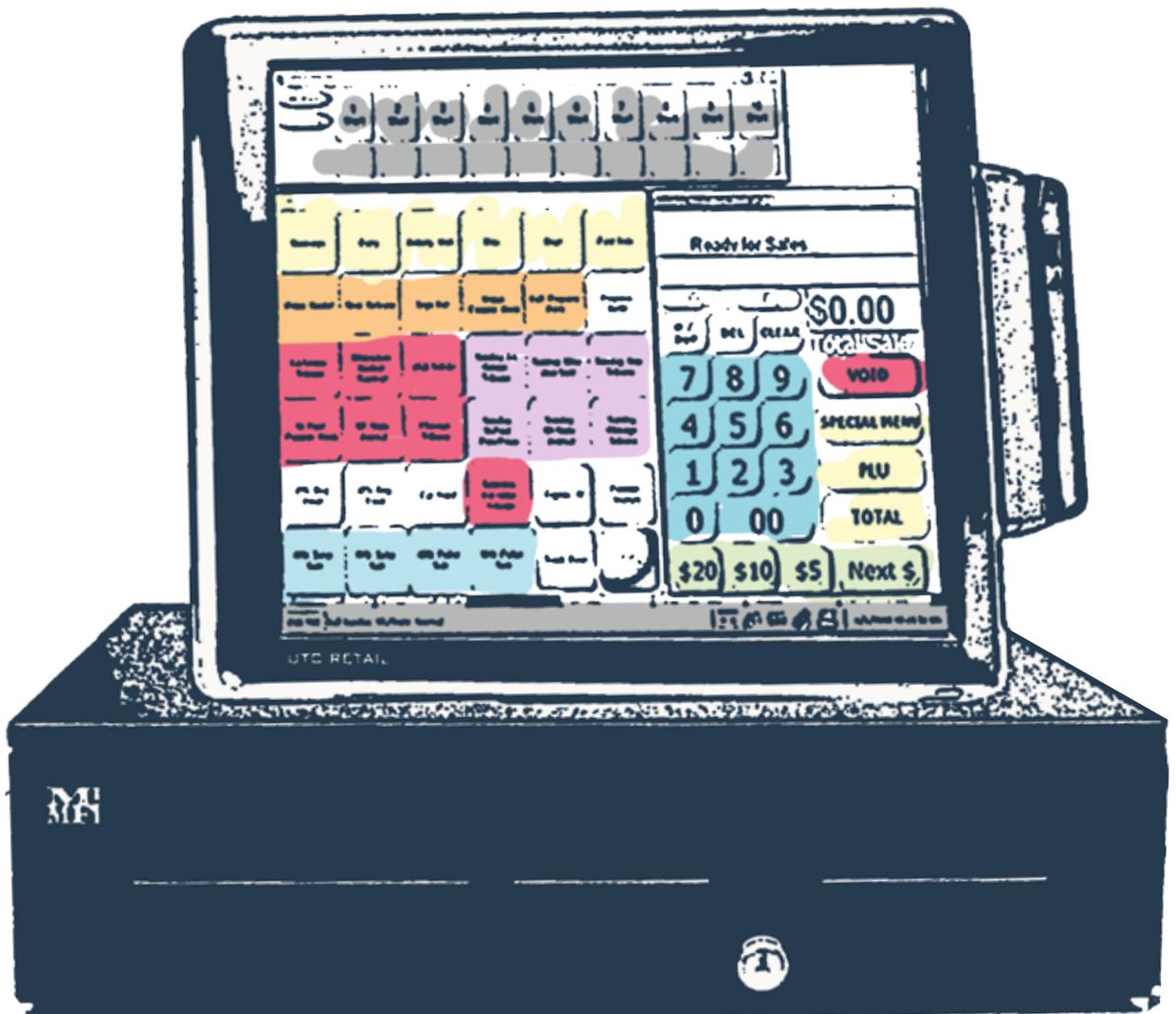
Q. **Is Palm going to be compliant with the new PCI DSS 2.0 spec?**

A. Yes, Pinnacle is committed to maintaining PCI compliance in Palm. The SSC released v2.0 of both the DSS and the PA-DSS in October 2010. Starting in January 2012 all audits must use this new spec. We have reviewed the spec and talked to our auditor about it and determined it is not drastically different from the previous spec. The audit process is more specific and thorough than before and Coalfire is gearing up to conduct 2.0 audits soon. We expect our first v2.0 audit will be done later this Summer or early Fall and will be migrating all our NIM audits to the v2.0 level moving forward. We are not anticipating any software changes in which case no NIM upgrades will be required. The only change you will see is a new listing on the SSC web site stating compliance with PA-DS v2.0 and a new expiration date. The SSC has also introduced a new 3 year lifecycle for releasing spec versions allowing more time to review and adopt changes. Because of this new extended lifecycle the v2.0 audits done this year will be listed on the SSC approved list with an expiration date of 2016.

Q. **I hear a lot about 'coalition loyalty' programs. What is that and does Palm support them?**

A. Coalition Loyalty is the latest loyalty trend that allows c-store retailers to offer fuel rollback rewards to their loyal customers. Retailers partner with local and national grocery store chains so their customers can earn rewards - often in the form of fuel discounts - at the grocery store and redeem their reward at your convenience store. Palm has a Fueland NIM available today, and the Centego NIM is targeted to be available in Q2 2011. Pinnacle has an SDK available for any 3rd party coalition partner that is interested in writing an interface to Palm for support of their coalition loyalty program.

Q. **My customers would like to scan their loyalty card on their phone instead of from a card. Can Palm do that?**

A. Yes. Palm supports image scanners that can read a barcode from a smart phone such as an iPhone or a Blackberry. An image reader doesn't use laser technology like traditional barcode scanners, image readers use camera imaging technology. Image readers are becoming popular in retail operations that want to scan from a phone instead of from the back of a card. It is convenient for consumers because they don't have to carry their card in their wallet. Retailers are also starting to issue electronic coupons to their customers instead of paper ones. Please contact the Pinnacle Hardware Team if you are interested in converting to image scanners to support this feture. Pinnacle has certified Datalogic and Motorola image scanners to work with Palm. Contact your Pinnacle Sales representative to find out how to add the iPhone ap to your Loyalty offering.

Q. **Can Palm do age verification with both scan and swipe driver's license formats?**

A. Palm supports both! Palm can be configured to read the date-of-birth from both a mag stripe and a 2D barcode as an alternative to having the cashier manually enter the DOB. Age verification is part of standard Palm functionality - it does not require any extra licensing. To read a mag stripe just use the integrated card swipe on your POS hardware. To read a 2D barcode you will need to use one of the certified barcode scanners that support 2D barcodes. Pinnacle has certified Symbol and Datalogic models that read 2D, and the same barcode scanner can be used to read standard UPC barcodes.

Q. What Operating Systems does Palm support? How long can I keep running XP?

A. Palm runs on XP Pro, WePOS Ready 2009 and WePOS XP. XP Pro SP3 is available as a Vista 'downgrade' to extend the life of XP. Currently Microsoft plans to support XP Pro SP3 thru April 2014. Feedback from our POS users indicates no movement towards implementing Vista in a POS environment at this time. Pinnacle continues to monitor the market and will adjust to Microsoft's platform availability as needed.

Q. I see a security trend in POS technology toward separating payments from POS. What is Pinnacle's position on that?

A. Pinnacle's POS architecture has always supported separating payments from core POS functionality, all the way back to the first version of Palm in 1995. Our architecture uses "Pharoh", our payment gateway, to support the NIMs for payments. The original intent was to allow for consistent POS functionality in Palm no matter which payment network NIM or NIMs you run. Later that turned into a security benefit also since we were able to incorporate PCI compliance features into Pharoh and the NIMs without a direct dependency on Palm. The Pharoh architecture also allows you to run more than one NIM so you can be flexible and direct different payments to different NIMs. This is commonly known as 'split dialing', BIN range routing or alternative routing. Pinnacle has NIMs that support MOC and generic card processing hosts as well NIMS that support several prepay card hosts, ACH processing, electronic checks clearing and loyalty transactions.

Q. How do I handle remote access to Palm and still stay PCI compliant?

A. One of the most beneficial features of Palm POS is that you can access it remotely. That's a big plus for both troubleshooting and for delivering software upgrades. PCI DSS regulations require that you utilize a secure method to remotely access your POS systems. One of the key areas your auditor will look at is whether the tool you are using provides for two-factor authentication. PCI defines two-factor authentication as two of the following three authentication methods:

- Something you know, such as a password or passphrase
- Something you have, such as a token device or smart card
- Something you are, such as a biometric

Note that according to the PCI DSS requirements, using one factor twice (for example, using two separate passwords) is not considered two-factor authentication. If the remote access tool you are using does not use two-factor authentication, you are not following PCI DSS guidelines and are at higher risk of a breach.

Pinnacle's PA-DSS audits for Palm and our NIMS include a component that ensures our software does not interfere with your ability to use two factor authentication tools and processes. Pinnacle has historically supported whatever method our clients want to use when you ask us to remote into your systems, and we still do. So whether you are accessing Palm from your help desk or asking Pinnacle to access Palm to assist you with something, be sure you are always use a secure and PCI compliant method.

Q. What 3rd Party NIMs does Pinnacle support?

A. 3rd Party NIMs are any NIM developed by one of Palm's 3rd Party Partners. Pinnacle provides a Software Developer Kit (SDK) for partners to use in order to build a NIM that communicates to Palm's credit server software known as Pharoh Framework. Once the NIM is complete Pinnacle certifies the 3rd Party NIM in our lab to ensure it works properly with the latest version of Framework and Palm. Pinnacle provides help desk support for 3rd Party NIMs the same as it does for other payment processing NIMs. 3rd Party NIMs typically specialize in one specific area of our functionality as opposed to our credit processing NIMs that usually support a full range of cards types and transaction messages. Pinnacle currently has NIMs to support these specialties:

- Prepaid cards and wireless phone cards
  - Coinstar
  - Incomm
  - Payspot
- Electronic check processing
  - PSI
- ACH debit
  - NPC

Pinnacle's POS architecture allows you to use these 3rd Party NIMs in addition to your primary payment processing NIM to accept a wider variety of payments at your stores. We think that is a distinct advantage that Palm offers our clients. ©

Top Accomplishments:
Pinnacle Client Services Team

1. The POS Support Team worked closely with Road Ranger in December 2010 as they began internal testing in preparation for a customer loyalty program launch in January. We are happy to report that the launch was a great success. Congratulations to the Road Ranger team!

2. Client Services continue to focus on PCI and align our policies with evolving security requirements to ensure we are providing the highest level of secure support possible. One recent effort has been to evaluate various tools for remote access to Palm POS® clients. We recently began a search for a helpdesk application that would provide the necessary requirements mandated by PCI for remote access and, after evaluation of several products, we have chosen Citrix® Go to Assist™ as our recommended application.

3. Two Client Services Team members were recent Pinnacle award winners. Congratulations to the following awards recipients:

   - 2010 Pinnacle Manager of the Year: Lester Norton, Client Services Manager
   - 2010 Pinnacle Employee of the Year: Richard Turner, Senior Analyst III POS

4. Heartland Payment Systems Citgo V10 was released to production. ℗

A Need for Speed:
Average Time Spent by a C-Store Customer

35 seconds to walk from the car to the store

21 seconds to pay

71 seconds to select item(s)

42 seconds to wait in line

44 seconds to
leave the store

**TOTAL = Less than
3 minutes, 33 seconds**

The University of Pinnacle:
Benefits of Online Training

By Matthew Milam, Senior Technical Writer/Trainer

Online Training at Pinnacle

Countless sources have touted the music industry's opposition to digital downloads and outright war against the services that provide them as one of the greatest business errors of the previous century. Simply put, the music industry failed to deliver what people needed. What can the C-Store industry take away from this? The advent of on-demand delivery is the new hurdle that all industries must eventually overcome to stay effective in today's marketplace. While this may not have as much of an immediate impact on the analog services our industry provides, such as gas and food, as a member of the Training and Documentation field, this mean Online Universities. Pinnacle has recently unveiled the University of Pinnacle, and while it is currently limited to certain available classes, it will eventually grow to provide training across all Pinnacle product lines. So the question must be asked, "What advantages does this new offering bring to me"?

What is Online Training?

Online training has two possible options through the University of Pinnacle:

1. Instructor-led
2. Web-based

Instructor-led classes are held over the phone and include audio and video. Web-based classes are available via the internet, are self-paced, and, like the instructor-led classes, include audio and video. Both types of classes are viable alternatives to traditional classroom settings.

On-Demand Training

In an industry hit hard by compliancy issues, cutbacks, and day-to-day operations, the average C-Store employee is spread thin. You know training is important and can save you money long-term, but you cannot afford to lose someone for 2-3 days, or afford all of the costs travel entails. Through the University of Pinnacle, however, an employee can take online classes, either instructor-led or web-based. Instructor-led classes are scheduled between the student and the instructor, and usually last about four hours a day. Web-based classes can be taken anywhere, any time, and you can finish most modules in 15-30 minutes, so they can easily fit into your employees' busy schedules.

Consistent Training Quality

Pinnacle felt it was important to divide every educational area of training into 4 sections:

1. The theory behind the software
2. Videos of the product in use as the operation is explained
3. Simulated exercises to provide hands-on use with the product
4. Tests to ensure comprehension

This model is the same one used in the live classes, however, web-based classes have an advantage – unlike live classes, sections are repeatable as many times as needed.

No matter how effective web-based training is, Pinnacle realizes that only about 95% of a training class goes according to the scripted layout.

Inevitably, there are unique scenarios or areas that require more assistance. Pinnacle acknowledges this, and each class provides stopping points to schedule face-to-face time with a Pinnacle trainer. The trainer can answer questions verbally and show live demonstrations just like in a conventional class.

Why Online Training?

Many people are still concerned that an online class can never replace a face to face training class. While Pinnacle will still provide live classes, a recent study conducted by the Interactive Multimedia Association found that people who use online education learned anywhere from 30-56% more and retained 25-30% more than with conventional training models. With resources both physically and fiscally tight in today's market, online training just makes sense. Pinnacle has always strived to deliver the most up to date tools to ensure that companies work faster, more accurately, and more cost effectively. Online training holds to that same principle. So take a moment today to check out our web-based university by logging in to pinncorp.com and clicking on the University of Pinnacle option.

Review the courses, and if you have a class you would like to see, send an email to Jim Walther, Manager of Training & Documentation: jwalther@pinncorp.com. ©

Social Media:
A Must, Not a Maybe

By Rosemary Waldrip, Marketing Manager

Unless you've been living under a rock for the last 10 years, you've heard of the phenomenon known as social media. It's hard to believe that our beloved Facebook was launched just 7 short years ago, and Twitter is even newer than that! Initially, these websites were created for social networking between friends, classmates, etc. Who could have imagined the impact they would have - not only on how we lead our personal lives, but on how we run our businesses?

As an early adopter of social media, I am an avid user and advocate. And I can tell you right now…social media is not just a bandwagon trend. This is the future (and really, the present) of marketing as we know it. No longer does the marketing mix solely consist of expensive, relatively independent components: a newspaper advertisement here and there, maybe a magazine ad once every few months, a 30 second radio spot once a week. Now you can maximize your exposure and build your brand for a fraction of the investment required for traditional media outlets. Social media has literally revolutionized what it means to connect and interact with your customers - and other than the time required to plan and maintain your social media presence…it's FREE.

Facebook
Let's start with the obvious front-runner in the social media scene: Facebook. Launched in February of 2004, Facebook lets businesses create a "page" to post information about their company, products/services, videos, photos, discussion boards, etc. Individuals who become "fans" of a business's page will then see any updates posted by the business in their daily "news feed".

In 7 short years, Facebook has become the 3rd largest U.S. Web company (after Google and Amazon). The website has gained over 600 million users since its launch. Over 200 million users are accessing the website from their mobile phones, and these mobile users are 2 times more active on Facebook than their non-mobile counterparts. According to www.digitalbuzzblog.com, 48% of 18-34 year olds check their Facebook right when they wake up, and about 28% check it on their smart phone before even getting out of bed.

So basically, MOST of your customer base is engaging in activity on Facebook, and one of your most frequently shopping age demographics is logging into Facebook before they even brush their teeth. Do you see where I'm going with this?

Twitter
Soon after the creation of Facebook, came the launch of a different type of social media: the micro blog, AKA "Twitter". Launched in July of 2006, Twitter's social media model limits all entries to 140 characters, making the Twitter homepage quickly and easily scannable for information relevant to the "follower". With 190 million users and over 65 million "tweets" per day, Twitter is one of the 10 most visited websites in the world. There are 800,000 search queries every single day, which makes it even more important that your company be available and actively participating in this network - your customers are likely searching for YOUR company.

Twitter has recently introduced a new feature called "retweeting," which allows [your] followers to repeat tweets originally posted by another user (you) - and if your message is relevant, there is the potential for your followers to retweet the message, whereby THEIR followers would then see your message, and so on and so on…you can't afford NOT to be in on the conversation.

YouTube
While some people might not consider YouTube a form of social media - it most certainly is. Launched in May of 2005, YouTube allows registered users to create a "channel" and post videos for FREE. Viewers can then watch your videos, share them via email or other social media sites, post comments, and if they REALLY like you, they'll subscribe to your channel.

YouTube's daily video views exceed 2 billion per day - nearly double the prime-time audience of all 3 major U.S. broadcast networks combined. Over 3 million people are connected and auto-sharing videos from YouTube to at least one social network; YouTube video

**Going Viral:
A Social Media
Case Study**

The Old Spice® Campaign

Company:

Old Spice, a Proctor & Gamble brand

Product:

Men's grooming products (body wash, deodorant, etc.)

Original Campaign Concept:

"The Man Your Man Could Smell Like," starring Isaiah Mustafa

If you haven't seen any of the 180+ videos created for this campaign, you really should tune into Old Spice's YouTube channel and check them out. The videos feature former NFL player, Isaiah Mustafa, delivering a witty, confident monologue in a variety of unusual situations. Amazingly, there is no camera trickery - which certainly adds to the impressiveness of these videos. At roughly 30 seconds each, these videos deliver HUGE entertainment.

Many of you may have seen the Pinnacle video that parodied this campaign - we submitted it to the NACS Show Expo to Go Video contest in September 2010. There's a reason we chose this campaign to parody. Here are some of the highlights of Old Spice's viral video campaign:

- Day 1 - the campaign received almost 6 million views
- Day 2 - Old Spice had 8 of the 11 most popular videos online
- Day 3 - the campaign reached over 20 million views
- After the first week, Old Spice had over 40 million views
- The Old Spice Twitter following increased 2700%
- Facebook fan interaction was up 800%
- Oldspice.com website traffic was up 300%
- The Old spice YouTube channel became the all time most viewed channel
- The campaign has generated over 1.4 billion impressions since launching the ads
- The campaign increased sales by 27% over 6 months since launching (year on year)
- Old spice is now the #1 body wash brand for men

Source: www.digitalbuzzblog.com

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consumption across Facebook exceeds 24 million minutes of videos watched every day (that's over 46 years' worth of video watched in one day!).

For those of you who think YouTube is just for dancing babies and talking animals - did you know that 94 out of Advertising Age's 100 top advertisers have run campaigns on YouTube? This is a FREE advertising outlet. Even if you don't have a high production budget - be creative. The most successful viral campaigns started on YouTube. Be funny. Give people a reason to want to share your video with everyone they know. Build your brand.

How do they all tie together?
While there are many other social media networks out there, I personally consider Facebook, Twitter, and YouTube to be the top 3 necessities for any business looking to enter the social media world. They are the most-used networks, have simple user interfaces, and most importantly - they all interconnect. No other form of media can provide the kind of real-time benefits as social media. Here's what these outlets can do for you:

- Provide real-time, 2-way communication with your customers
- Drive sales and increase brand awareness and loyalty (post in-store promotion details, fuel price roll backs, coupon codes, etc.)
- Drive traffic to other media outlets

(link to your company's website/ Twitter page/YouTube channel, LinkedIn page, etc.)
- Keep you aware of customer feedback - both positive and negative. Whether or not you're involved in these various social media networks - your customers could still be talking about you… and wouldn't you rather KNOW what they're saying and have the opportunity to respond?

Your customers WANT to exchange information with you, and they want to do it through a convenient media platform that they already use on a daily basis. So, join in the conversation. Give them incentives. Share videos. Post photos. Ask for feedback. Show your customers that you value them. If you don't, your competitors will.

Some Uses for Social Media in the Convenience Store Industry

- In-store promotions
- Coupon codes
- Fuel price roll backs
- Store events
- New store openings
- Links to other social media pages, company website, press releases ©

Professional Services:
Best Practices Analysis

By Bob Wilhelm, VP of Professional Services

In my many travels and conversations with Pinnacle's clients, I receive questions about our Best Practice Analysis Services Offering. So when I was asked to write an article for this edition of the Perspective, I thought it might be helpful to provide some answers to the most frequently asked questions about Pinnacle's Best Practices Analysis and Planning Methodology.

Q: Of course the obvious question is "What is Pinnacle's Best Practices Analysis and Planning Offering?"

A: Pinnacle's Best Practices Analysis and Planning Methodology is a service offering that provides a strategic and tactical process analysis for clients who currently utilize Pinnacle software. The analysis is directed at increasing the efficient use of Pinnacle software based on the client's business needs.

The Analysis has five different phases:

1. Best Practices Analysis
   What are you currently doing? What is the current performance of your information systems in terms of productivity, effectiveness, efficiency and quality
2. Best Practices Recommendations
   How do the current operation processes, procedures and business functions compare to Pinnacle software, and the industry's, Best Practices and what should be changed?
3. Risk Assess of the recommended changes, what needs to be done to best meet the business needs and what risk is it to the business if the changes are, or are not addressed?
4. Prioritization Of the recommended changes, what order should they be addressed?
5. Project Planning
   How are you going to get there and who will complete the recommended changes?
6. Execute the Plan
   Implement the recommended changes

Q: How would I know if a Best Practice analysis is needed?

A: So I usually come back with a couple of questions of my own about this time and if any of these are answered yes – then a Best Practice Analysis would be helpful:

- Do you feel you may not be utilizing Pinnacle's software effectively?
- Has your business functions changed, are you adding new business functions or are you adding new stores?
- Do you want to move to newer Pinnacle Software?
- Do you need better access to information across your business enterprise?
- Would you like to move to NACS Standard Categories?
- Do you want to increase productivity, quality and customer satisfaction?
- Do you have a large number of application problems and support calls?

Q: How long does it take?

A: I always like this one. The question is so encompassing and my answer is usually just as encompassing. But the analysis can focus on a single store or a single business process to looking at the enterprise. Therefore, the analysis could take anywhere from one to four weeks, depending on the scope.

Q: How much does it cost?

A: This goes along with the "How long does it take" question. The cost will vary based on the scope. Work is performed by one of Pinnacle's Professional Services Consultants. The analysis is quoted as a Time and Material project, therefore the client only pays for the time used.

Q: What happens after the analysis is complete and the recommendations are delivered?

A: The Project Plan will define Roles and Responsibilities for the recommended changes. If changes are assigned to Pinnacle, we will develop a proposal outlining the deliverables, timeframes and cost associated with implementing the changes.

I hope this will shed some light on Pinnacle Best Practices analysis offering. It's a good program that has benefited many of our clients, and the feedback we receive is that the analysis is a very valuable investment. If you are interested, give us a call and we can discuss your needs.©

Old School.

New School.

Cardlock:
The History and Future

By Brian Reynolds, Director of Fuel Solutions
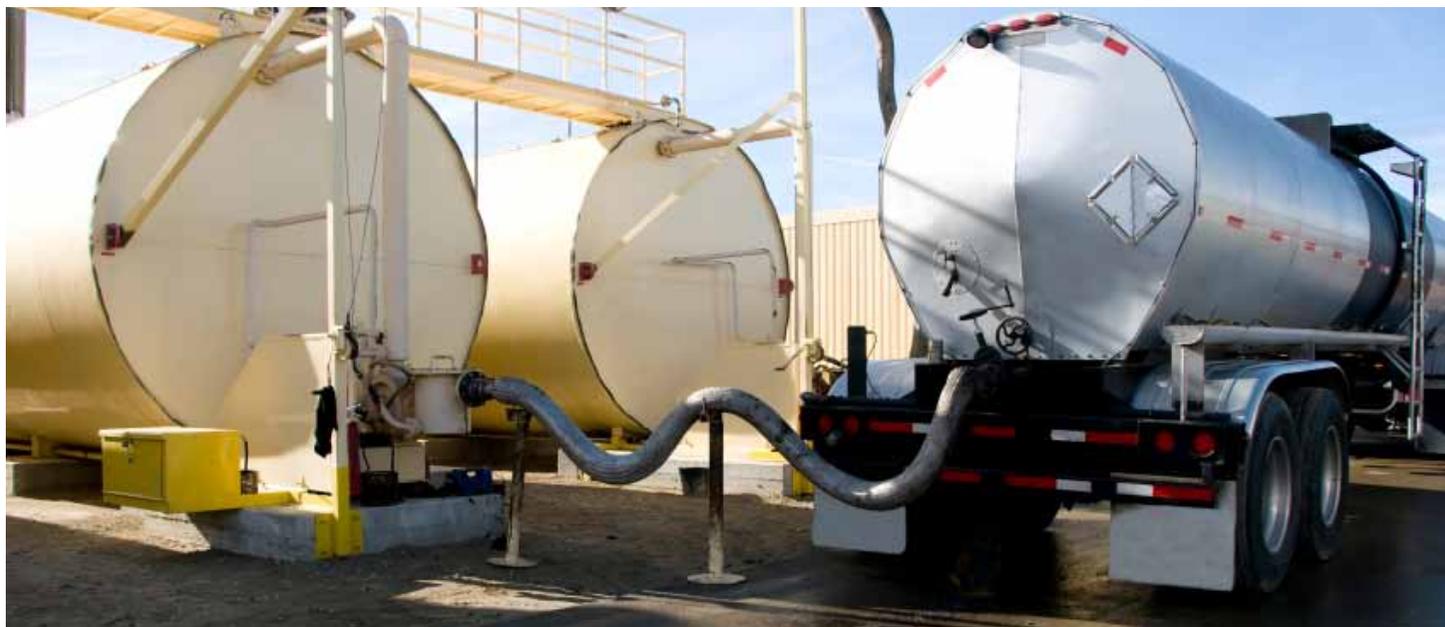
I n the petroleum marketing world, marketing innovations seemingly come around only as often as ancillary forms of technology make it available. Occasionally, innovation actually does trace its true beginning to our industry; one such innovation is the cardlock station. In the beginning, cardlock was a head-turner for many marketers and the opportunity was very compelling to install units. Today, there are valid reasons to install units, but the reasons have changed over time. In this article we'll examine the viability of the modern day cardlock station and where the future may be heading.

First let's take a trip down memory lane…

The History
It's the early 1980s, President Reagan is in office, E.T. was playing at the movies, floppy disks actually WERE floppy disks and there is no such thing as "pay at the pump". As a matter of fact, it wasn't even called cardlock back then. The predecessor to cardlock was key lock, which was a bank of island mounted terminal boxes

with individual meters. Usually reserved for commercial fueling, business owners would give a key to their drivers; they would activate their designated meter, and then pump the fuel. Somebody would come by periodically to read the meter and send the user an invoice for the fuel that was pumped. At the time, fuel costs were fairly flat and predictable. Back then, the major oil companies actually mailed out weekly rack prices.

In order to sell or add more accounts, key lock owners had to add more hardware. For each meter, a unique key was required. Some locations had over 500 meters on location, so you can imagine the mess. Then somewhere in the 80s, PCs started to become more common place and creative minds began conjuring up all sorts of ideas for possible uses. One of them was to replace key locks with a more efficient technology using magnetic encoded strip cards and island terminal readers. The first ones weren't even mag strip - they used cards with slots that allowed light to pass through them.

Pretty soon the idea caught on; through the dominance of unbranded marketers in the south, the idea proliferated. However, Major Oil Companies (MOCs) resisted the idea. Back in the 80s and early 90s there was a gigantic surge by MOCs to build and acquire as many c-stores as humanly possible. The idea eventually came up to actually put a card reader in the dispenser, which MOCs gave a total thumbs down to, declaring it "crazy talk". They believed that if a customer could pay outside, they wouldn't go inside, so best not to give that option. (Legend has it that the invention of the pump handle clasp was brought about by a Phillips 66 marketing executive to create a reason for customers to run inside the store while the gas continued to fill up then shut off automatically.)

However, the entrepreneurship of independent petroleum marketers knew a good idea when they saw it. Technology prevailed, and the creation of the island reader was invented. Initially this was accomplished by putting a standalone terminal on the fuel island. The customer

selected the pump, then walked back to the dispenser and pumped away. When finished, the customer walked back to the terminal and waited for the receipt to print.

Pretty soon, island readers were replacing key locks, and that ancient technology was scrapped altogether for the now more sophisticated "cardlock" system. Quickly the argument became - replace a finite number of key lock customers with an infinite number of "cardlock" customers. The majority of jobbers across the nation had a key lock behind their facilities and tapped into their bulk storage tanks; but with new and improved technology the idea of the cardlock system could really grow.

For a time, many old-timey jobber types were converting older gas stations that were slow movers and were only able to stay open during normal business hours. Remember, this is the 1980s, so c-stores haven't totally taken over the planet yet. Many jobbers that were faced with either closing or demolition due to the fierce competition of c-stores saw cardlocks as a way to extend the life of older gas stations. As a matter of fact, for a very small investment, a completely new life was being given to what could have otherwise turned into a derelict, worthless piece of property.

Challenge # 1: The Federal Government's Regulations

Sometime in the late 80s, after cardlocks started popping up all over the place, the Environmental Protection Agency stepped in and mandated that ALL petroleum storage tanks and associated piping be

registered and tested to ensure tank tightness integrity. The EPA had been telling everybody this for 10 years, but this time they actually got serious and started to fine companies for being non-compliant (to the tune of $10,000 a day for non-compliance). The fear was that leaky fuel tanks could contaminate the underground water supply. Quickly, the #1 reason for putting in a cardlock went away, i.e.…

- Paid for depreciated locations
- Cheap investment
- No labor

The basic "good business idea" disappeared. To put in a new cardlock, the expense was almost as much as building a c-store. After you get the location, put in the tank, pipes, dispenser, canopy, lights, concrete, etc…. for a few more dollars, why not just go ahead and get in the c-store business?

Challenge #2: The Emergence of the Modern Day C-Store/Truck Stop

If the facility is unattended, well there's just not a whole lot of service you can offer to your customers. Back in the 70s and early 80s, just about all you had for filling up trucks were the older truck stops, so truck stops began to compete with c-stores as well. One of the biggest tricks the truck stops used was free food for the truckers. Most trucks hold at least 200 gallons, and many hold as much as 400; most conventional fuel dispensers pump around 7 to 8 gallons a minute (tops). Pretty soon truck stops began to change how they looked and operated. They

realized - if they could lure the drivers inside while their trucks were filling up, they were more likely to sell them something. So fairly quickly, the truck stop model we know so well today emerged.

Rome wasn't built in a day. So starting in the mid to late 80s and creeping thru the mid 90s and beyond, there was massive growth in modern day c-store/truck stops. This also coincides with cardlock growth.

The Slow Disappearance of Cardlocks

In the beginning of cardlocks, MOCs would not allow the usage of their cards into "un-certified" systems, especially since they were basically buying most of the dispensers and owned or controlled the processing networks; they basically dictated to the dispenser manufacturers who was and who wasn't allowed to process a card. Consequently, in order to use a cardlock, any card used had to be a proprietary card issued exclusively by the marketer. In order to keep volume up at a location, marketers would need to promote and issue the cards. This means marketers would have to "carry the credit".

Now by the 90s cardlock owners are…

- Spending more money on operations
- Spending more money on construction
- Financing 100% of the credit issued
- Faced with the fact that for a few more dollars, they could go ahead and build a full blown c-store

The other thing that cardlock owners started to figure out several years after the fact…

- Tougher fire codes due to 24/7 un-attended operation
- Women hate these things, and marketers began to realize how much gasoline was purchased by women
- Men hate for women to be at these things at night, because in order to save money, operators didn't invest much money in lights or security
- They were a hive for late night delinquency
- Diesel is the only thing that really gets sold, and it's extremely difficult to keep the facility clean; most cardlocks don't provide trash cans, because trash cans need to be emptied. (Forget about a squeegee, that will last for about 11 minutes, and who's going to keep the blue stuff topped off?)

With more truck stops converting to the Super C-Store format by the mid 90s, it became extremely common place to sell diesel as a total loss leader. If it is going to take up to 30 minutes to fill up a big rig, then the game begins with the marketer to do everything humanly possible to keep a driver in the store as long they can. You don't have to be a marketing genius to know - if you can keep a customer in the store, your chances of selling a high margin product greatly increase.

Cardlock operators cater to a local trade. Regional truckers frequently traverse on

a daily basis, over 50 to 100 miles from base. In a 100 mile area, there will likely be many chances to fill up a truck; the old rule of filling up at night doesn't really matter anymore. If a truck can hold 200 or 300 or 400 gallons, sometime in the next day or two, that truck is going to drive up on a truck stop.

Cardlock owners have only one thing to sell, and that is fuel. Truckers are going to buy it from the absolute cheapest place they can find.

This doesn't mean that there is absolutely no room for a cardlock location. In some areas, such as the southern CA agriculture base and remote reaches of west Texas and New Mexico oil field bases, a cardlock out in the middle of nowhere makes sense. Municipalities and school districts use them. Airport FBOs (Fixed Base Operators), such as Air BP, use cardlocks at many airports nationwide. Local fire marshals are becoming easier to deal with at Airport Cardlocks, and basically figure an airplane pilot is capable of re-fueling their own aircraft.

The Future…
The basic premise of the cardlock is still valid. As mentioned – rural areas, commercial businesses, aviation locations, and municipalities have all kept the device alive and kicking, however, the business model has been altered in recent years. While the idea is valid, for many reasons it may be cost prohibitive; though I will admit there are exceptions to every rule, and as a matter of fact, I know of many successful cardlock operators to this very day.

The basic idea of a fixed cardlock location seems to have been replaced by a quickly growing petroleum marketing phenomenon known as "mobile refueling". Instead of having fleet owners direct their drivers to a fueling location, they are having a mobile refueling truck come to a trucking fleet yard. Essentially, a highly trained refuel driver comes to a commercial fleet yard, (normally at night) and proceeds to refuel every truck in the yard. Gallons are accurately recording per truck and billed accordingly. The old adage "Service with a Smile" seems to be vogue once again.

The mobile refueling concept seems to hold great promise for petroleum marketers. While truck fleet operators seemingly pay more money for fuel per gallon for this premium service, overall operating costs reportedly go down when fleets uses mobile refueling. Apparently cost savings go down due to a reduction in labor and increase in productivity. (Remember it takes up to 30 minutes or longer to fill a truck, plus the mileage of going to the fueling location.) Shrink also goes down, and miraculously, miles per gallon increases (according to patrons of the concept)!

Mobile refuelers are not burdened with blinding EPA expenses and the need for risky and costly premium real estate. Obviously there are expenses, but if the business isn't there, you can always rollup your hoses and go somewhere else! ©

PCATS…
The 'So What'

By Drew Mize, VP Product Management & Marketing

PCATS Fast Facts

Origination: 1995

Became "PCATS": 2004

Member companies: > 170

Member stores represented: > 22,000

About PCATS

The Petroleum Convenience Alliance for Technology Standards (PCATS) is a non-profit organization devoted to the development, maintenance, and implementation of standards, education, and best practices for the convenience store and petroleum industries. The origination began as a Technology Standards Project of NACS, later spun into PCATS as a stand-along organization in 2004. Members of PCATS collaborate on key industry challenges and initiatives, the group's work efforts really do influence and prioritize the future direction of technology within the convenience retailing and petroleum marketing industry.

What Does PCATS Do

Enabling Connections – PCATS brings together members from the convenience store operator, petroleum marketer, and technology supplier communities to collaborate on industry issues that can be solved with information and technology solutions. Its members work within the industry to provide strategic leadership and direction, so members can concentrate on the value added processes that PCATS initiatives bring to their business. All members have an equal say, regardless of company size or technologies used.

Finding Solutions – PCATS develops data exchange standards specifications that enable your technology solutions to interface and integrate, but it doesn't stop there. PCATS is equally focused on facilitating implementation of those standards, development and delivery of best practice and guideline documentation, and building education and awareness programs.

Researching Technologies – PCATS is very focused on the technology opportunities of today as well as those that will shape the industry in the future. PCI and Data Security, emerging payments standards, mobile technologies, social networking, all examples of areas that PCATS remains focused; If it involves technology development or the successful implementation of technology in this market, PCATS is focused on the delivery of solutions to enable those technologies in your business.

Contrary to popular belief, PCATS does a whole lot more than develop XML schemas and data dictionaries!

Why Should You Care

PCATS enables convenience store operators and petroleum marketers to focus on the business instead of focusing on how to implement and streamline the technologies. By connecting industry-wide retailers with suppliers, PCATS provides a common set of specifications, implementation guidelines, best practices, and education to ensures technology suppliers can connect the various systems you use and that they 'talk the same language'.

As a technology consumer, YOU get the voice to drive and prioritize PCATS' work efforts. You get assurance that the

technical systems you implement either adhere to the PCATS standards and work efforts, or have the opportunity to ensure when they do that it will be done right.

How is Pinnacle involved in PCATS?

Pinnacle has been heavily involved with PCATS since its beginnings in 1995 as a NACS technology committee. We were at the table when the organization stated, and still there today. We've participated at every level of the organization including committee participation, committee chair, Board of Advisor, and Board of Director responsibilities. We've been engaged in early stages of every technical and business committee, and serve on many today. Current positions held by Pinnacle staff include:

- Brian Reynolds, Director Fuel Solutions – EB2B Fuel Committee Chair
- Drew Mize – Director of Membership & Marketing, Board of Advisors, Board of Directors

What Do I Get?

As a member of PCATS you will be afforded benefits that make the task of building or implementing technology a much easier task. You don't just get the opportunity to participate in the development of technology standards, you get to participate in the prioritization of those standards and ensure PCATS delivers them to the industry in a way that fits the needs of your business.

PCATS offers multiple levels of membership to suit the needs of organizations large and small, and your available time to commit to the organization. Depending on the level you choose, benefits include PCI/Data Security Advocacy, News Bulletins, Quarterly Technology Report, reduced Annual Conference fees, online and recorded PCI training webinars, access to PCATS specification documents, ideation sessions, voting rights, Board eligibility, and Technical Vision committee eligibility.

Now What?

Do you wonder why the industry doesn't yet have a plug -n-play standard to connect your technology solutions? Do you see the benefits of having a voice in standards development? Interest in collaborating with leading industry retailers and suppliers on current or future technology trends?? How about access to the latest Data Security bulletins, training materials and best practice documents? These are just a few…

Visit www.pcats.org for more information about PCATS, learn more about the benefits, and information on how to join; Or, feel free to contact me directly. I'd be happy to discuss the value of PCATS to Pinnacle and my feelings on how PCATS will be beneficial to you. ©

"PCATS EB2B standards has enabled a more streamlined supply chain to retailer process. A supplier being able to deliver an industry standard invoice to a retailer electronically has improved accuracy and efficiencies for the retailer. Correct inventory levels are essential to a retailer to enable accurate product replacement for optimum sales."
Jenny Bullard, CIO at Flash Foods

"Using PCATS standards allows us to avoid the manual paperwork that traditionally accompanies our deliveries to retailers. Since we deliver products multiple times throughout the week, exchanging this information electronically using the PCATS EB2B transactions, ensures the highest level of delivery and invoice accuracy. It also provides the opportunity to focus on other value added aspects of our partnership from merchandising, to delivery efficiencies, or point-of-sale consumer marketing that provide consumer points of inspiration throughout our customer's stores."
Kraig Adams, VP Customer Solutions at Coca-Cola Refreshments

"If I want to go out and deal with a supplier that's already using a NACS standard, it's less work for that supplier and less time in development for that supplier to get to the point we want to reach which is electronic exchange of information."being forced to take what's available or forego that type of solution."
Margaret Akins, Business Analyst of Pilot Travel Centers

Pinnacle on the Forefront:
Self Serve and Quick Serve Solutions

By Denise Lewis, Retail Solutions Manager

There is a growing trend toward self-serve, quick-serve and interactive content in the convenience retail market. These solutions range from fast food kiosks to forecourt merchandising, and more. Pinnacle is watching these trends closely as they emerge and we are developing capabilities in POS to enable these innovative concepts.

Installations of Palm.kiosk, Pinnacle's food service kiosk, have increased in the past 12 months. From a food service perspective, kiosks offer several advantages over traditional cashier-attended POS stations.

> Food service kiosks allow you to better manage your labor resources by assigning employees to more value-added activities like custom food preparation rather than just taking orders. This could let you reduce the overall number of staff you need to run your stores during peak rush hours, or reallocate employees to the food prep station. Either way you will be more efficient.

> By letting consumers make their menu selections directly on the interactive GUI, there is almost no chance for human error since the kiosk GUI is designed to let the consumer review their order and make changes before finalizing it. Compare that to verbally placing a food order. I think we've all experienced how error prone that

process can be, especially when requesting special orders, making last minute changes, and dealing with language barriers.

Overall, kiosk orders are much faster and more accurate.

> One of the most profitable benefits of kiosks is the opportunity they provide for 'upselling' your customers. There seems to be something about consumer psychology that prevents people from ordering certain food service items when they actually have to say the words out loud, but they will order the same items without hesitation if they can self-select the items in relative privacy from a kiosk. It's remarkable. Sometimes this is because it is perceived as a hassle to ask for a special order. The customer sees how busy the store is and doesn't want to be the reason for slowing down the line even further. Other times the reason is related to the social stigma of ordering certain items such as super size drinks, extra cheese, or double meat; everyone wants them but at the same time they know they are better off without them. In both these examples kiosks give customers a chance to order what they really want and get the best meal experience possible from your stores. In addition, the kiosk allows you to charge extra for specific condiments like bacon or cheese on a sandwich, or extra

pepperoni or extra sauce on a pizza. All these upsell opportunities can be presented to the customer at the appropriate time during the transaction without having to rely on a cashier to remember to make the suggestion during a busy rush hour.

Merchandising at the forecourt is another area where our industry continues to seek good solutions. Pinnacle has been exploring many options for you and will keep enhancing Palm and working with partners to bring you functionality you can leverage to drive sales.

> Pinnacle has worked with Allied to allow you to prompt for additional merchandise or food items at your dispenser CRINDs. You can control the text prompts and configure them any way you want, including adding a 'More' button that lets you scroll to another screen for additional items. The "More" button allows you to expand the selling space available on a CRIND. Reconfiguring the CRIND prompts is very fast so you can make changes quickly. Currently this functionality is limited to car wash add-ons or you can use the car wash prompts to sell other items if you don't have car washes at your store. Pinnacle can expand this functionality in Palm in the future if the market feedback indicates this would be a valuable feature.

> Another innovative concept is vending on the island. Vendgogh has introduced this concept and is running a proof of concept test at several c-stores with Palm. They offer a beverage vending unit that allows customers to select a drink from the beverage dispenser while they are fueling their vehicle. The beverage price is added to the fuel transaction so the customer gets one consolidated receipt and pays only once.

> Some retailers prefer to put kiosks on the forecourt island which would then drive customers inside to pick up their orders. Pinnacle has a hardware platform available that is suitable for the outdoor weather elements.

Self-serve and quick-serve concepts continue to emerge and Pinnacle will continue to adapt Palm to accommodate them. We constantly look to the general retail, grocery and restaurant industries to give us insight into which technologies and trends are likely to be next in convenience retail. Among the trends we are currently watching that we think will evolve further over the next 24 months are: interactive digital signs, mobile hand-held POS terminal devices, and self check out. ©

Pinnacle Lottery Management:
Taking Control of Instant Ticket Inventory

By Jennifer Trafelet, Solutions Analyst

With many retail c-stores purchasing and selling lottery games, there is a need to be able to monitor and inventory lottery gaming products. Pinnacle takes Lottery Management to the next level.

Lottery Management is part of the Retail C-Store solution suite providing store managers with the ability to maintain and control their lottery instant ticket inventory; and the home office the ability to reduce theft by monitoring instant ticket inventory levels. The Lottery Management solution provides an easy to use and follow user interface.

While Pinnacle's Lottery Center provides ease of use, planning and considerations need to be made. A few things that need to be considered:

- Description of Ticket Book
- How many tickets are in the book?
- What is the ticket price?
- What BIN will the book be stored in?
- Will the book BIN's need to be changed?
- Will books be split?
- Do ticket numbers and books need to be sold in reverse order?

Ticket Book Basics
Lottery games (also referred to as instant tickets and scratch-off tickets) are purchased in a book format. The amount of tickets in a book may vary from game to game but each specific game will always have the same count. Typically books are sold in denominations of $300. So for $1.00 tickets the book would consist of 300 tickets, $2.00 tickets = 150 tickets, $5.00 tickets = 60 tickets, $10.00 tickets = 30 tickets, etc.

Each lottery game ticket book contains a serial number and indicates the starting and ending ticket numbers contained in the ticket book. The ticket number range within a ticket book can vary from game to game. Ticket numbers within the same lottery game will always contain the same ticket number range within a ticket book. Tickets within each ticket book have a serial number and barcode. The barcode typically contains a unique book ID and the ticket number within that particular book. Some tickets may also have an additional "SKU" barcode intended to be scanned at a POS. The intention of the second barcode is to identify the lottery game and/or game price. All tickets within a book have the same game price but ticket prices across games may vary.

Like many other products, lottery ticket books have a lifecycle. Lottery games change over time as the lottery supplier or state government markets new games making others obsolete. When a game becomes obsolete, it is identified as being expired. Often the ticket books have an expiration date printed on them, as the expiration is pre-determined before the book is even delivered. Once expired, tickets for the expired game should not be sold, and any books for the expired game are returned to the supplier.

Ticket Book Life Cycle:

Receive Books

Inventory Books

Activate Books

Sell Tickets

Track Sales

| Close Book | Return Expired Books |

Settle Book
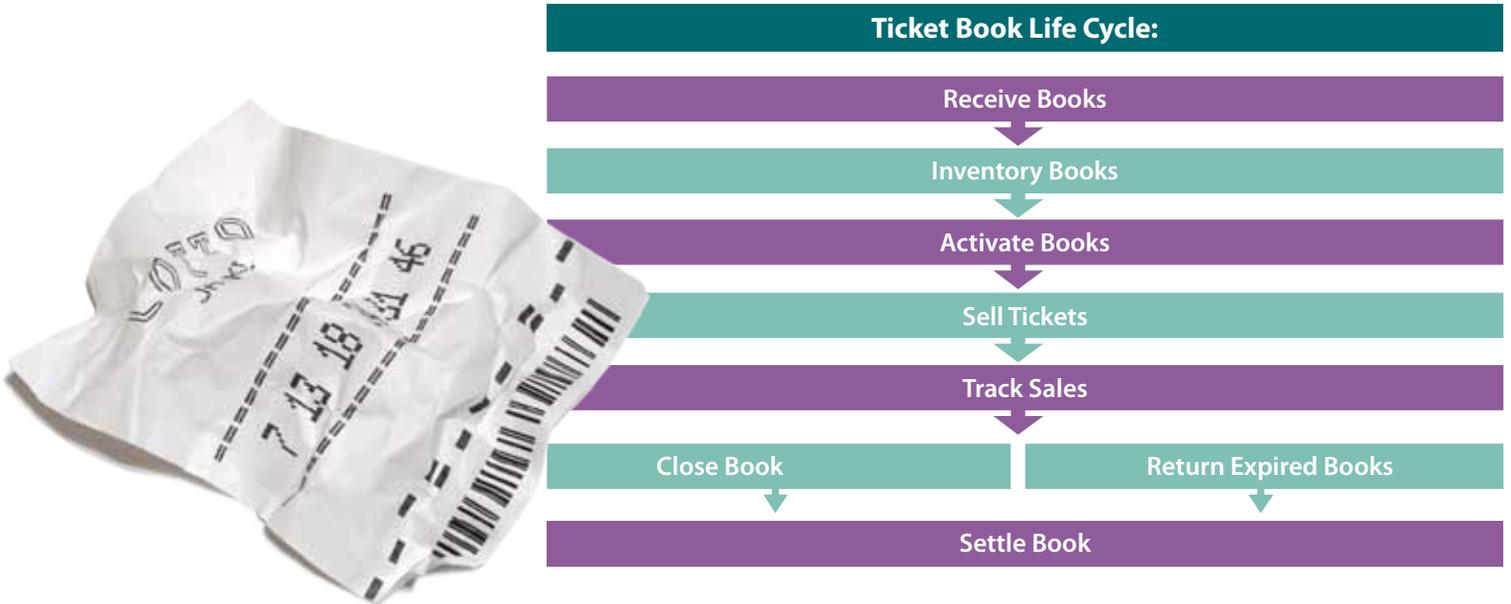
Books and Games

Lottery Center was designed to accommodate the many tasks associated with instant games. Whether managing Games, Winners, Books or adding new books, the user friendly interface provides easy navigation from task to task with a simple tab selection.

Books

Pinnacle simplifies lottery book management by supplying separate screens for entry of new books and book maintenance.

New book setup is strictly dedicated to setting up and activating books.

- Book description specifics
- BIN
- Shift specifics
- Number of tickets in book
- Ticket price
- Book activation

New books are not activated when they are received by retailers. Typically, new books will be inventoried and stored and not activated until they are needed for stock replenishment. By not activating the books, the risk of theft is reduced. The Lottery Center will not authorize any redemption of a winning ticket that has not been activated.

While Pinnacle's Lottery Center provides ease of use, there are many book handling scenarios to consider when maintaining books:

- Move books from one BIN to another

- Assign a BIN to a new book
- Split a book
- Handle tickets being sold out
- Return books to the State
- Handle a book that was unintentionally activated
- Handle tickets that were sold out of order
- State requires tickets to be sold in a specific book order
- Settle returned or sold out books

There may be times where a book may need to be split for operational purposes. Splitting a book means that a single physical book is split into multiple books that are then tracked as separate books until they are either sold out or returned. Effectively, each section of the book will be tracked as a separate book. Although when each section is sold out, the book will again be treated as a single book and merge back together to be recorded as "closed out " for reconciliation purposes.

- A few examples of why a book may be required to be split:

- A book is running low so to increase sales; the book is split and placed at each POS location.

- A book could accidently be placed in the BIN in reverse order meaning the ticket number would sell highest to lowest. In order to straighten out this situation, the book is split at the current ticket number. The part that has been sold is treated as a "sold

out" book. The remaining portion would be flipped around to be in the proper order and treated as a new book.

Games

Lottery Center provides the functionality to be able to Change BIN's, mark books as sold out, split books, reverse the book order, settle books, return and deactivate books.

- Games and Prizes
- Games and their associated prizes are easily managed
- Game Description
- Ticket Price
- Associated Books
- Ticket Numbers
- All available prizes available for particular game

Lottery Game Ticket Basics

Once activated and placed in a BIN, instant tickets are typically sold and paid for at the POS. The ticket can be sold using an open department key and manually keying in the selling price of the ticket. Games may also be sold by scanning the SKU barcode which captures the game and selling price automatically.

Some states may require the sale of game tickets to be recorded on the state lottery terminal. In such case the state terminal may provide reporting for sales of instant tickets by game, or even the detail of the exact tickets that were sold. In this case, retailers may operate a completely separate cash drawer for lottery.

Ticket Calculation

Instant ticket sales can be calculated by subtracting the next available ticket number to the previous shift's next available ticket number and then multiplied by dollar value of the ticket as setup in the "Games" tab. . The calculated sales based on ticket change in inventory should be in agreement with the POS sales and/or the lottery terminal sales.

Discrepancies may be due to:

- Lottery ticket theft
- The instant lottery ticket counts were incorrectly made because:
- The ending ticket number was misread
- The book was backwards , causing the next available ticket number to be invalid
- An entire book was sold and not accounted for because it was never entered into the system.
- Sales were recorded incorrectly on the POS (either the lottery POS or the store POS)

Inventory

Best practice is to inventory non-activated and activated books separately. Non-activated books will be easier to account for since they are typically kept in a secure safe which has limited accessibility. Tickets may be inventoried by the total number of tickets and/or by the selling price of the tickets. In rare cases, inventory may be broken down by the game if different games contain different ticket face values.

Winning Tickets

Lottery management consists of more than just setting up and selling tickets. Winning ticket must also be accounted for. Winning tickets may consist of a cash value or in some instances a free ticket.

Random tickets within a book will contain prize winning tickets. When the ticket has been validated to be a winning ticket, the store will pay out the amount of the winning ticket to the customer. There may be instances where the winning amount is more than what the store can pay out. In some cases, the store is only responsible for paying on winning tickets that are below a certain amount. For larger winnings, the state will pay the consumer directly with a check or deposit. There may also be instances where a store doesn't have enough cash on hand to pay on a winning ticket.

Pinnacle's Lottery Center allows for filtering on games which returns the prizes for the game selected only. This simplifies the search process necessary for updating the winning tickets with the associated prize level.

Lottery Center also provides an audit function that verifies that the store and lottery system are in agreement with the tickets indicated as winners.

Daily Tasks

From within the MWS Store checklist, daily tasks are setup for Lottery Center activities. The checklist provides ease in recording of daily sales and printing of worksheets and lottery reporting.

Lottery Center Highlights

There are a lot of considerations when it comes to Lottery Management. Pinnacle's Lottery Center contains functions that are crucial to instant games sales and inventories.

- Setup games in the system
- Prize setup
- Add and activate books
- Deactivate book
- Return, sell out or settle books
- Change book BIN's
- Delete unopened books
- Split books
- Reverse ticket numbers or books
- Enter daily paid outs for winning tickets
- Audit winners
- Lottery reporting

With the increasing amount of lottery games that are continuously introduced, receiving, maintaining and settling tickets and books can be overwhelming and time consuming. Pinnacle's Lottery Management solution provides ease of use, an extensive list of management capabilities and time reduction by reducing manual processes required when not using a Lottery Management Solution.

To learn more about Pinnacle and Lottery Management please visit our website at www.pinncorp.com or contact our sales team at 1-800-366-1173. ©

OMEGA ATC CASE STUDY:
Plaid Pantries Convenience Stores Sought PCI Compliance That Could Do It All

Featuring: Brad Buckmaster, IT Manager, Plaid Pantry

OMEGA
omegasecure.com

Plaid Pantry's Background

Plaid Pantry, headquartered in Portland Oregon, has 103 convenience stores under its own brand name with locations ranging from Salem Oregon to Seattle Washington. With the number of credit card swipes increasing at each store, PCI compliance was critical. Nearing 1 million credit card transactions per year, Plaid Pantry is preparing to be a level-2 merchant. They have the following Pinnacle solutions: Palm™ POS, Oasis™ back office, and Price Book™.

Objectives:

Originally, Plaid Pantry was looking to obtain better logging processes by building a solution internally. However, a homegrown solution was going to end up being expensive and time-consuming to build. So instead, the IT Manager sought out existing solutions, and started by looking at several different offerings, quickly realizing that a comprehensive PCI compliance solution with a team of data security experts behind it would be most advantageous to Plaid Pantry.

Challenge:

Plaid Pantry wanted to become PCI compliant quickly, but didn't want to get there on its own. The firm needed a solution that would not only help with immediate PCI compliance needs, but also help its convenience stores remain compliant.

Solution:

Plaid Pantry selected OmegaSecure™, the hosted PCI compliance solution. The solution was implemented one year ago across all 103 stores. Plaid Pantry was impressed by the expertise of the Omega team and the comprehensiveness of OmegaSecure™ solution, which manages every aspect of PCI compliance within one console. The team at Omega is steadfast in its mission to be up-to-date with all PCI compliance mandates and changes, and shared that benefit with Plaid Pantry. The OmegaSecure™ solution, which already offers robust overall functionality including logging, patching, and remote control, provides Plaid Pantry with automatic software updates to help the firm keep up with emerging industry mandates for PCI compliance.

Client Opinion:

"The people at Omega are good to work with from the bottom up. Their team is extremely knowledgeable in data security and PCI compliance. They are always available to answer questions. They are true experts and they delivered on the commitments they made."

-- Brad Buckmaster
   IT Manager, Plaid Pantry

Results:

- OmegaSecure™ offered more than Plaid Pantry was originally seeking – it offered comprehensive technology to manage all aspects of PCI compliance, besides logging

- All OmegaSecure™ agents were up and running across all 103 stores within 2 months

- Very little interruption to each individual store, and did not require any hardware changes within each store

- The Omega agent allows them to connect to stores securely and access the logs in one place

- Impressive scripting and ability to change passwords remotely

- Two-factor authentication through a system that is incredibly easy to use ©