

NEXTCHOICE™

Smart Self-Service™

Grocery/Supermarket

White Paper

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Introduction

NextChoice produces software for self-service ordering and payment for the food service industries, including a product suite focused on the Grocery industry, specifically servicing the Deli and other departments that involve interactive preparation of food such as bakery, butcher, seafood, and sandwich counters. As consumers have come to expect higher-end services from their markets, with customized take out specialties, opportunities for these systems will continue to expand.

NextChoice's NextWave™ Intelligent Self-service System provides enhanced customer satisfaction, increased throughput and cost efficiencies for deli and related operations by allowing customers to enter their own orders, separating the customer-service and production processes, even allowing advance orders to be placed outside the store via internet and smart phone ordering.

Experience has shown that our approach can significantly increase sales at the high-margin bakery and deli departments because of the time-savings and increased convenience provided by the system. The NextChoice system can also reduce store costs.

The industry is testing and deploying customer self-service to increase top-line, bottom-line business results and meet customer expectations for expanded technology allowing for increased speed, flexibility, convenience and personalized consumer experience. This paper will focus on the upcoming self-service trends that are today's reality and tomorrow's imperative as grocers strive to deepen customer loyalty, increase sales and remain competitive. NextChoice's products are highly automated and designed for high-availability and minimal maintenance, so as not to distract from your core business.

Solution Overview

With the NextChoice Intelligent Self-Service Solution, customers are given the ability to interact with your business how and where it is convenient for them, and enjoy a personalized experience tailored to their individual wants, needs, buying habits and history.

Customers can order before they reach your location via computer internet or smart phone, or upon arriving as they enter the store using customer activated terminals with NextChoice's user-friendly Zero-Training™ interface.

Customers who would rather look and then buy can proceed to the deli and utilize a customer activated terminal or can verbally give their order to a customer service employee behind the counter. This employee may (optionally) use a NextChoice NextPoint™ TouchPoint (Employee Activated Terminal) to enter the order for the customer.

All orders that are entered via NextChoice Nexpoints will be entered into the same preparation queue and delivered to the deli or bakery using preparation printers or overhead video displays.

Kiosk and internet/smart phone orders are prepared and then placed into a holding case where customers can pick up the orders at their convenience by matching the number on their paper or email receipt with the order number on the prepared order.

Customers that utilize the NextPoints as they enter the store, find that their order is complete by the time they reach the deli or bakery. Customers enjoy the ability to shop and then return to pick up their order, rather than waiting with a number for their order to be taken.

Customers who opt to pre-order bakery, floral, hot foods or deli items from their home or office before entering the store, can place their orders ahead of time, specifying a pickup time and eliminate any wait for their orders. This encourages large orders, such as when planning a party, and reduces the customer's shopping time.

Benefits

Consumer Benefits

1. Little or no wait time to enter an order.
2. Eliminates frustrating non-productive time while waiting for number to be called.
3. NextPoints at entrance allows orders to be placed immediately, reducing time waiting for preparation.

4. Ability to enter large deli orders or custom cake orders from home or office at any time of day.
5. NextPoints and internet remember customer's past orders and allows them to be repeated with a single touch.
6. Counter employees are focused on customer service rather than combined customer service and preparation role.
7. Ability to order bakery, deli, floral and hot food items at the same time, from the same Nexpoint.

Operator Benefits

1. Increased sales in the Deli and other departments where implemented
2. Enhanced customer loyalty and pull-through revenues.
3. Reduced manpower needs during peak hours
4. Higher throughput
5. Automatic maintenance of items and prices.
6. Automated multi-station order production.
7. Increased efficiency and sanitation by segregating customer service and production roles.
8. Competitive differentiation
9. Brand re-enforcement
10. High-availability architecture and extensive manageability features avoids downtime and reduces maintenance costs.

Product Description

The NextChoice solution consists of several components:

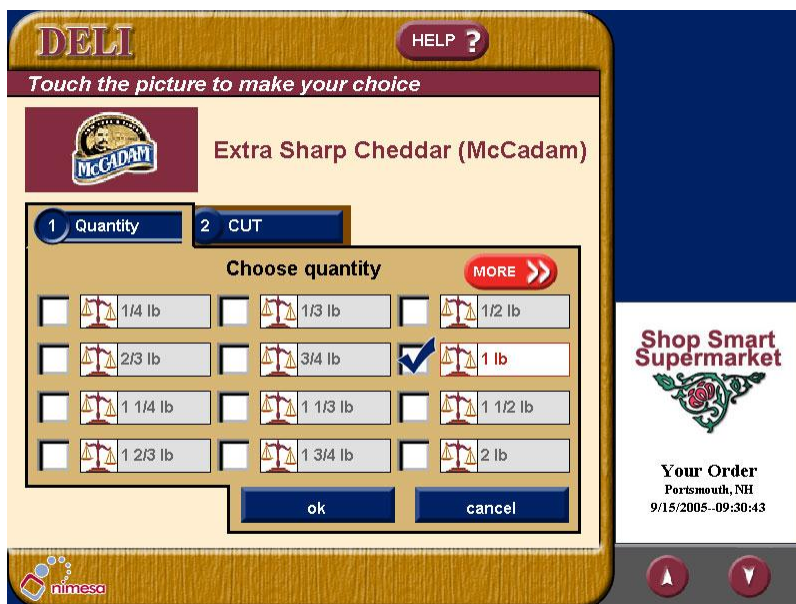
NextChoice Customer NextPoints

NextPoints can be free-standing kiosks, countertop/handheld devices or an Internet or Smart Phone interface. They are touch-screen activated, and provide our simple, intuitive Zero-Training™ interface. This interface has been extensively consumer-tested and refined. Nearly anyone can approach a Nextpoint and know exactly what to do, without any previous exposure.

The customer is welcomed and presented with pictures of the categories of food available. Choosing a category shows the items within that category with optional pictures or brand logos. Other categories remain on the screen so customers can easily move from one to another. During the experience customers are guided by visual prompts and optional voice prompts.

Items that have been ordered during the transaction are presented using a convenient on-screen receipt. Touching the item on the receipt allows the customer to change or remove the item.

Once an item has been chosen, the customer is guided through the process for specifying the item, such as weight, thickness, or other characteristics relevant to that item.



Example of a NextPoint Interface showing Item Customization

The in-store NextPoint includes a thermal receipt printer that prints a receipt including the order number when the customer completes the order.

It can also have magnetic-stripe readers and/or scanners for reading cards, loyalty-tags or other identification for the consumer. Use of such identification allows the system to remember the customers' previous orders and allow "favorite" orders to be chosen with a single touch. It also allows the system to provide automatic discounts, limited time offers or other promotions. Additionally, the system can target any up-selling to items for which the customer has previously shown interest.

Any given NextPoint can be restricted to ordering from a single department or can support multiple departments.

NextPoints can be customized to re-enforce your corporate branding, including your colors, fonts, terminology, logos and voices.

Employee NextPoints

The NextChoice Employee NextPoints provide the employee the same ordering interface as provided to the customer. This offers a number of advantages: First, the easy to use Zero-Training™ interface eliminates extensive training and allows for easy movement of employees among departments; second, consumers and employees sharing the same interface eases communication with the customer and; third, since employees see the same configuration as the customers, employees will quickly see any configuration issues that might have been inadvertently introduced.

In addition to the same view as the customer, the Employee NextPoint can provide additional options to handle unusual situations (e.g., Specialty Orders) that may not be offered through the customer terminals. Any items or options can be administratively limited to employee terminals.

Furthermore, NextPoints provide access to NextChoice's administration suite, allowing employees to view the status of all terminals in the store, mark items unavailable (across all terminals), change the way items are presented or categorized, update promotion rules, run reports and many other administrative capabilities.

In addition to the receipt printer and optional scanner and card-reader, the NextPoints allow an optional keyboard that can be used to enter free-form text (e.g., cake decorating instructions, special catering instructions) which will show up on the preparation devices.

Store Controller

The Store Controller coupled with the Management Server provides the heart of the system. It synchronizes items and prices with the store's inventory system, drives the food preparation and maintains a rich set of statistics and reports. It also controls the behavior of the NextPoints.

The Store Controller and optionally, the Management Server, stores the profile for each customer using a loyalty card or tag. The Store Controller can interact with controllers at other stores in the chain as well as the Management Server allowing customer information to be shared across all of your stores providing a single point of maintenance for defining the consumer experience and a rollup of all statistics.

The Store Controller also provides Internet access into the store and can drive a NextPoint.

The Store Controller is based on a highly reliable hardware platform, but can also be set up with a warm backup that is always ready to take over in the event of a failure, minimizing any downtime even in the face of a catastrophic failure.

Management Server

The NextView Management Server provides Operator, Marketing, IT and Franchise personnel a rich data set to view and manage store self-service sales activity. The data is graphically displayed using an easy-to-use dashboard. The dashboards included are IT Dashboard, Marketing Dashboard, Operator Dashboard and Franchise Dashboard. The Dashboards allow users to manage:

- **Adaptive Consumer Experience** – Single Consumer Experience Definition across all outlets. Automatically adapts to the constraints of individual regions or stores.
- **Unified Market Intelligence** – Rich set of statistics, consumer data and consumer feedback are rolled-up to regional and central sites and accessible anywhere.
- **Distributed Consumer Profiling** – Customer profiles are accessible from anywhere and provide an experience tailored to each consumer.
- **Notification Rules** – Allow any event to be delivered to the appropriate parties via printer, pager, e-mail or external program. Easily Integrates with existing monitoring or trouble-ticket systems.

Additionally, the NextView Management Server allows for the management of hardware devices and servers in the self-service system. This includes fault management, configuration management, deployment management and statistics management. It can interface to any Enterprise/Infrastructure management systems that exist in the environment.

Food Preparation

NextChoice provides flexible implementation and management of the food preparation process. Two modes of food production are supported: preparation printers and overhead video displays. These modes can be mixed within the same store for different departments or even within departments.

Different food items can be sent to different preparation stations, for example cheeses may be sent to a cheese slicer while meats are sent to a meat slicer; prepared foods such as salads may go to a third station. Items can also be copied to multiple stations, for instance to support preparer and expeditor roles for high-throughput situations.

High volume operations can also be supported using multiple slicing stations with overhead video displays. A new order will show up on all video displays and can be claimed by the first available production employee. This allows the capacity to scale to any level of demand.

Connectivity

NextPoints are connected to the System Controller by standard 802.3 (Ethernet) connections. These can be wired or wireless. Use of wireless connections allows NextPoints to be easily placed anywhere in the store and moved at will.

Preparation devices such as printers and overhead video displays are typically wired directly to the System Controller, but can also be connected wirelessly if required by the store's layout.

Integration

During deployment, the system is integrated with your current inventory or scale system for pricing and item updates. This allows the System Controller to synchronize on a daily basis with any pricing changes, new items or removed items in your inventory.

To achieve this integration all you need to provide is a daily batch extraction of relevant item names, numbers, prices and (optionally) categories from your inventory system onto an accessible disk drive. Based on that information, the System Controller will automatically remove, add or change prices of items on all of the terminals.

The system can also be configured to recognize tokens within item names that identify individual item brands (e.g., LOL= Land of Lakes) and present the appropriate brand icon on the screen.

Different item categories can be configured to require certain options to be specified. For example a new cheese would automatically be set up to ask for weight and slice thickness, while a new salad may only require weight.

Once these configuration rules are set up, the system will automatically apply them on a daily basis.

Manageability

The system provides extensive manageability features, designed for chain-wide operation to ensure that customers have the best possible experience.

The system is self-monitoring and will immediately detect the failure of any component. It can notify the appropriate personnel in a number of ways: by printing a message on any of the prep printers; by sending an e-mail to a help desk or dispatcher, by paging an employee, or by sending an alarm to a help-desk system such as Tivoli or OpenView. Each type of failure can be configured to be delivered in the most appropriate manner or through multiple means.

Any consumable resources, such as printer paper, are monitored and the appropriate personnel can be notified through any of the means above *before* it runs out and becomes a customer issue.

A chain-wide status screen can be run from anywhere via the web and shows the status of each device in each store. Any issue will automatically appear as a yellow, orange or red alarm based on the severity of the issue.

Configuration changes can be made on a store-wide or chain-wide basis. Chain-wide changes will automatically propagate to all of the stores and all of the devices in the chain.

Statistics can be configured to be consolidated on a chain wide basis for corporate level analysis and reporting.

Technical Specifications

Customer NextPoint

1. Free-standing or countertop units available
2. 80 mm Thermal Printer
3. 15" or 17" touch screen
4. Optional magnetic-stripe reader
5. Optional scanner
6. Optional loyalty card dispenser
7. Optional high-fidelity sound system
8. Optional wireless networking
9. Zero-Training™ user interface
10. Virtual menu board
11. On-screen receipts
12. Printed receipts at end of transaction
13. Rule-base Promotions and Up-selling capability
14. Visual and optional audible prompts
15. One-Touch Surveys™ allow customers to be polled for general or focused feedback

Employee NextPoint

1. Countertop Unit
2. 15" or 17" touch screen
3. Optional magnetic-stripe reader
4. Optional scanner
5. Optional keyboard
6. Optional wireless networking

7. Zero-Training™ user interface
8. Virtual menu board
9. On-screen receipts
10. Printed receipts at end of transaction
11. Configurable multi-department or single-department ordering
12. Full access to NextChoice Management Interface (below)

System Controller

1. Windows Based Server
2. 8 Serial Ports
3. 4 USB Ports
4. Optional Touch-screen -- allows the System Controller to be used as a NextPoint
5. Optional magnetic-stripe reader
6. Optional scanner
7. Optional keyboard
8. Optional wireless networking
9. NextChoice Application Server Software
 - A. Manages Prep Devices
 - B. Statistics and Reporting
 - C. Communication with other stores in chain
 - D. Remote maintenance support
10. NextChoice Internet Server Software (Optional)

NextChoice Internet Server Software

1. Choose any store in the chain from corporate web site.
2. User-friendly customer interface accessible from anywhere
3. Same look and feel as in-store NextPoint
4. Anytime Ordering™ allows orders to be place for future dates or times
5. Will hold advance orders for just-in-time preparation to assure freshness
6. Ability to pay by secure credit transaction at time of order placement
7. Optional pay on pickup feature
8. Optional delivery module
9. Optional Customer-accounts store payment, delivery and favorites information
10. Stores and displays customer favorite orders
11. Utilizes the same configuration, statistics and preparation rules as the in-store software
12. E-mail or printed receipts to customer

Preparation Devices

13. Prep Printers – 80 mm thermal printers
 - A. Wired or optionally wireless
14. Kitchen display system
 - A. Multiple overhead videos with touch screen bumping
 - B. Allows pooled production with touch screen order claiming
 - C. Requires a separate controller

Maintenance and Administration

Monitoring

1. Centralized monitoring of all components (chain-wide)
2. All components are continually monitored
3. Configurable error notifications
 - A. Prep Printer
 - B. E-mail
 - C. Pager
 - D. Command line scripts – can be used to send alerts to help-desk systems, etc.
4. Extensive event logging

Configuration

1. Optional centralized configuration allows control of configuration from corporate office
 - A. Stores
 - B. Production Rules
 - C. Menu presentation
 - D. Appearance
 - E. Promotion Rules
 - F. Hours of Operation
 - G. Delivery Destinations
 - H. Operating parameters
 - I. Translations (multi-lingual)

Maintenance

1. Centralized software updates and distribution
2. Remote maintenance facility allows diagnosis, troubleshooting and, in many cases, repair without a site visit
3. Extensive maintenance statistics and diagnostics

Control

1. Audio volume
2. Terminal In / Out of Service
3. Restart system

Reports

1. System Summary
 - A. Sales breakdown
 - B. Promotion effectiveness
2. Product movement
3. Order details
4. Customer Feedback
5. Advance orders

NextChoice Software Architecture

NextChoice components include the store controller software, supporting internet users from home or office as well as local wired and wireless terminals. These may be any combination of Customer and Employee NextPoints. The store controller software also integrates to NextChoice-provided preparation devices including printers and overhead video. It can also, optionally interface to existing loyalty or electronic payment systems if it is desirable to support payment for Internet or in-store NextPoints.

The NextChoice Management Server is an optional component that provides chain-level management of the entire infrastructure across any number of stores. It allows integration with any back-end systems needing NextChoice statistics or status. Examples of these are CRM systems, Marketing Systems, and Enterprise Management Systems. The NextChoice Management Server provides centralized control over the consumer experience, centralized status monitoring and a roll-up of all statistics.

The system is capable of executing a daily extraction of information from a corporate inventory system being imported into the NextChoice Management Server. An alternate configuration is also supported, whereby each Store Controller imports a local version of the inventory extract, allowing for different prices and items among stores.

Summary

NextChoice NextWave Self-service System provides a flexible, powerful, and comprehensive solution for Grocery or other retail chains looking to improve customer satisfaction, throughput and profitability for in-store preparation centers. A rich set of management features and integration with store and corporate-level systems ensures that your self-service solution will provide reliable service to your employees and customers, and maximize the return on your investment.