



NUCLEUS
RESEARCH

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UPSERVE

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THE BOTTOM LINE

Restaurant managers are faced with many challenges: hiring, training, and retaining staff; defining and marketing their brand; and managing profitability from the menu line items to the labor costs. Additional challenges such as securely managing credit card payments and gaining customers' repeat business only add to the mix. In analyzing the experience of Upserve and other hospitality point of sale (POS) solution vendors, Nucleus found Upserve's cloud-based model, built-in analytics, and ease of use drove positive returns for independent restaurants, with a 48 percent lower ongoing cost on average than traditional on-premise solutions.

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THE SITUATION

Restaurateurs face many challenges in running a profitable business, but perhaps the biggest challenge is visibility: understanding, in near real-time, both front and back of house performance and inventory, guest service demands and trends, product and staff costs, and payment processing to ensure they can close accurately – and hopefully profitably – every night.

Historically, managers have relied on proprietary client-server based point of sale (POS) terminals and some basic reporting – because more in-depth analysis was time consuming and costly. However, in a competitive business where an estimated 60 percent of restaurants fail in the first three years, managers have recognized they need to take advantage of new and evolving technologies such as real-time analytics to stay ahead of the game.

The cloud is changing the dynamics of restaurant operations as well. Nucleus data has shown that cloud applications deliver 2.1 times the return on investment of traditional on-premise solutions (Nucleus Research *q65 – Cloud delivers 2.1 times more ROI*, April 2016), and the cloud ROI multiplier applies to restaurant applications as well. This multiplier is driven by lower upfront costs and higher usability and accessibility. It is also driven by cloud applications' flexibility, which enables users to gain more benefit over time without the cost and disruption associated with traditional on-premise applications. To better understand the technology trends impacting the restaurant business and Upserve's value proposition, Nucleus analyzed the experiences of a number of restaurant managers. Most had used multiple applications for point of sale, loyalty, and credit card processing, and many had recent experience with Upserve.

THE SOLUTION

Upserve is a cloud-based service for restaurant management. Key components of the service include:

- Breadcrumb POS, a cloud-based point-of-sale system designed for restaurant operations and workflows.
- Upserve Live Mobile, a real-time mobile dashboard to monitor and manage performance at single restaurants or multi-site operations.
- Server Performance, which analyzes front of house performance to identify areas for improvement.
- Menu Intelligence, which analyzes reviews and other data to provide recommendations on menu changes.
- Guest Book, which enables users to integrate data from multiple applications, including POS and payment processing, to give managers a better view of their customer segments and how to market to them.
- Sales, which helps managers view sales, comps, voids, and covers and understand trends.
- Loyalty, a rewards program enabling restaurants to reward repeat guests.
- Payments with fully integrated support for EMV chip payments.

KEY BENEFIT AREAS

Nucleus found that companies moving to Upserve experienced increased staff productivity, greater operational flexibility and agility, and improved data reporting and visibility for better decision making.

INCREASED STAFF PRODUCTIVITY

Given the relatively high level of turnover and seasonal nature of some restaurants, usability is key to rapidly bringing new servers up to speed on any application. Nucleus found that the intuitive nature of Upserve enabled servers and managers to rapidly adopt and effectively use the application with minimal training, shortening training time while accelerating order entry and processing.

CUSTOMER EXAMPLE – COMPETITIVE WIN AGAINST NCR ALOHA

Another customer Nucleus analyzed had used Aloha at previous restaurants but chose to go with Upserve because of more competitive pricing, flexibility, and cloud access. The manager said, *“The advantage of Upserve is not having to pay for everything up front, and not having to pay NCR every time you have a problem or need something changed. NCR support is charged at \$175 an hour, which adds up.”*

3-YEAR AVERAGE COST COMPARISON – UPSERVE VERSUS NCR ALOHA

Initial costs				
	Upserve	Details	NCR Aloha	Details
Software	\$-	See below (annual subscription)	\$7,601	3 POS software 1 time purchase, 3 cc software 1 time purchase, loyalty, gift card integration
Hardware	\$4,021	POS terminals, stands, accessories, printers, payment accessories, cabling	\$7,743	POS Terminals, Back-office computer, stands and cases, accessories, printers, cabling, caller ID interface
Installation	\$850	Menu, venue and zone customization, on-site installation, configuration and PCI, Data migration	\$6,969	Menu, venue and zone customization, on-site installation, configuration and PCI, Electronic payments configuration of cc software
Manager time	\$231	8 hours @ \$60,000 fully loaded	\$1,385	48 hours @ \$60,000 fully loaded
Training	\$288	1 hour/user for 20 users at \$30,000 fully loaded	\$505	1.75 hours/user for 20 users at \$30,000 fully loaded
Total initial cost	\$5,390		\$24,203	
Ongoing costs (per year)				
	Upserve	Details	NCR Aloha	Details
Subscription	\$4,188	Annual subscription: Upserve HQ, Upserve Live, Breadcrumb HQ, 3 Breadcrumb POS licenses, CC Authorization Software, loyalty, gift card integration	\$-	Perpetual license
Service / support	\$-	Included in subscription	\$4,200	\$175/hour @ 2 hours/month
Manager time	\$4,326	3 hours/week @ \$60,000 fully loaded	\$8,654	6 hours/week @ \$60,000 fully loaded
Total 3-year costs	\$30,932		\$62,765	
Savings	51 %			

Nucleus found customers moving from NCR Aloha to Upserve experienced an average of 51 percent savings over three years.

Additionally, the analytics for managers on sales and server performance helped them to identify problems in service and address those problems with coaching or additional training, driving improvements in productivity for individual staff members. Customers said:

- *"Upserve is the most user friendly; the easiest interface I've ever worked with. Clock in-out feature and changing hours is really easy. I love that you can access back of house from a POS and from a computer."*
- *"Biggest benefit is ease of use. Staff and management are comfortable with it."*
- *"It takes at least 75 percent more training time for POSitouch. With Upserve I knew within a few days or I knew how to search and find what I needed. Aloha's probably 60 percent more training time."*
- *"Looked at TouchBistro. Didn't see anything that was up to the polish that Breadcrumb was at. Design is an important aspect of technology – they put effort into thinking about how it's going to look and work and how is my end user going to use this product. It's not difficult to incorporate good design into a product if it's done from the beginning. If it's cloud but it still looks like it was designed in the 90s, how good can they really be?"*

GREATER FLEXIBILITY AND AGILITY

Managers that had experience working with other traditional on-premise restaurant management applications told Nucleus that the ability to customize and make changes to the application – and take advantage of new enhancements and capabilities of Upserve through upgrades – gave them greater flexibility. Changes took less time and could often be executed by business users without support for the vendor. Even more importantly, changes such as adding and categorizing new menu items, adding buttons, or 86ing a menu item could be made during service without disruption.

Additionally, the ability to access the application from multiple devices – and, specifically, not have to leave the floor to access a back-office computer to make changes during service – reduced service disruptions and enabled managers to spend more time on the floor. Customers said:

- *"I used to work with Aloha and making a button was a 2-hour experience. It was using a rotary phone. Same with Micros."*
- *"We just don't have a lot of time to be physically in the office. Upserve is more aligned with the needs of the industry."*
- *"With Micros and POSitouch, you just don't update the software. I've seen a software update once from Aloha in years."*

- *"They're [Micros, POSitouch] all archaic and were built a long time ago. They're not updating their products and never update the backend, so you have to do a lot of steps that are unnecessary."*

INCREASED VISIBILITY

Nucleus found that real-time reporting, as well as mobile dashboards, gave managers greater visibility into ongoing operations and also enabled them to better predict and plan service based on the data. Managers said:

- *"We use it a lot for labor percentages, product mix. Micros would provide you with some of that but they didn't give us the labor part. Breadcrumb POS allows you to check throughout the day – up to the minute you can see sales versus what you're spending on labor."*
- *"What it's capable of doing on the backend is awesome – suggestive selling."*
- *"I couldn't pull together the info – it [Upserve] puts it all together in one place. Key analytics and listings of reviews are helpful. [You] also get simple area charts that indicate sales over time, compare sales over time with other days. Gives you a broad overview and also the ability to see the best customers, average sales."*

CUSTOMER EXAMPLE – SINGLE-LOCATION RESTAURANT

One customer Nucleus interviewed recently migrated from a Micros 3700 system to Upserve. The primary motivations for the move were reduced ongoing cost, greater flexibility, and access from anywhere. The proprietor said, *"Micros you buy once and then pay if you ever have a problem, and the ongoing maintenance is really very expensive. With Upserve you get a product that evolves with time."* Key benefits achieved by this customer beyond cost savings included:

- Improved reporting. Day-of and historical dashboards, and other reporting and data were included in Upserve that were only available at an additional charge from Micros.
- Time to productivity. Intuitive design made time to productivity for new staff minimal as compared with the traditional solution.
- Greater flexibility. The ability to change menus and other screens and processes could be done with minimal training. Similar changes with Micros would have required an outside consultant.
- Predictable fees. Fixed per-transaction charges made forecasting bill processing payments easier than varying percentage charges.

THREE-YEAR AVERAGE COST COMPARISON – MIGRATION FROM MICROS

Initial costs				
	Upserve	Details	Oracle Micros	Details
Software	\$-	See below (annual subscription)	\$7,745	3 POS software 1 time purchase, 3 cc software 1 time purchase, loyalty, gift card integration
Hardware	\$4,021	POS terminals, stands, accessories, printers, payment accessories, cabling	\$10,807	POS Terminals, Back office server, stands and cases, accessories, printers, cabling, caller ID interface
Installation	\$850	Menu, venue and zone customization, on-site installation, configuration and PCI, Data migration	\$3,456	Menu, venue and zone customization, on-site installation, configuration and PCI, Electronic payments configuration of cc software
Initial manager time	\$231	8 hours @ \$60,000 fully loaded	\$1,384	48 hours @ \$60,000 fully loaded
Training	\$288	1 hour/user for 20 users at \$30,000 fully loaded	\$505	1.75 hours/user for 20 users at \$30,000 fully loaded
Total initial cost	\$5,390		\$23,898	
Ongoing costs (per year)				
	Upserve	Details	Oracle Micros	Details
Subscription	\$4,188	Upserve HQ, Upserve Live, Breadcrumb HQ, 3 Breadcrumb POS licenses, CC Authorization Software, loyalty, gift card integration	\$-	Perpetual license
Service / support	\$-	Included in subscription: 24/7/365 US-based call, e-mail support, support site	\$4,200	\$175/hour @ 2 hours/month
Manager time	\$4,326	3 hours/week @ \$60,000 fully loaded	\$8,654	6 hours/week @ \$60,000 fully loaded
Total 3-year costs	\$30,392		\$62,460	
Savings	50%			

Nucleus found customers moving from Oracle Micros to Upserve were able to reduce costs by an average of 50 percent while increasing flexibility and agility.

COST CONSIDERATIONS

In analyzing the experiences of restaurant managers, Nucleus found a number of key cost considerations also drove them to adopt Upserve including upfront hardware and installation costs, service and support costs, payment processing costs, and training costs.

HARDWARE COSTS

Nucleus found that, for many customers, low upfront costs were an important driver in choosing Upserve. Compared to the initial purchase and installation price of a Micros, Aloha, or other traditional terminal, which typically ranged from \$10,000 to \$18,000, and back-office computers, which ranged from \$3000 to \$5000, Upserve customers have base hardware included in their subscription fee, with a base list price of \$99 a month for a single terminal. Nucleus found customers' initial hardware cost in total for Upserve ranged from \$2000 to \$10,000, depending on the size of the restaurant and number of terminals.

SERVICE AND SUPPORT COSTS

Nucleus found that in many cases the ongoing annual subscription costs for Upserve, which included support and upgrades, was less than the annual software and hardware support maintenance fees charged by traditional POS vendors.

When comparing Upserve with traditional solutions, Nucleus found that many customers chose not to pay for an ongoing support contract with their traditional POS vendor, instead paying for tactical support when they had a specific problem. Customers said:

- *"We moved off Micros because having blackbox proprietary systems is fairly costly – costly to maintain and set up. Every year the annual fee just to have customer service is thousands of dollars. Major outlay to buy the hardware and software, one training class – we have staff turning over constantly and Micros is not very intuitive. If you can use your iPhone, you can use Breadcrumb."*
- *"With Micros we would try to troubleshoot things ourselves because we didn't want to pay \$3000 in fees a year and then call them in for tech support which was becoming increasingly frequent. We're paying a little less with Breadcrumb."*

AVERAGE 3-YEAR COST – UPSERVE VERSUS TRADITIONAL SOLUTIONS

Initial costs				
	Upserve	Details	Traditional	Details
Software	\$-	See below (annual subscription)	\$6,844	3 POS software 1 time purchase, 3 cc software 1 time purchase, loyalty, gift card integration
Hardware	\$4,021	POS terminals, stands, accessories, printers, payment accessories, cabling	\$8,427	POS Terminals, back-office computer, stands and cases, accessories, printers, cabling, caller ID interface
Installation	\$850	Menu, venue and zone customization, on-site installation, configuration and PCI, Data migration, 3rd party integration costs	\$3,659	Menu, venue and zone customization, on-site installation, configuration and PCI, Electronic payments configuration of cc software
Initial manager time	\$231	8 hours @ \$60,000 fully loaded	\$1,384	48 hours @ \$60,000 fully loaded
Training	\$288	1 hour/user for 20 users at \$30,000 fully loaded	\$505	1.75 hours/user for 20 users at \$30,000 fully loaded
Total initial cost	\$5390		\$20,820	
Ongoing costs				
	Upserve	Details	Traditional	Details
Subscription	\$4,188	Upserve HQ, Upserve Live, Breadcrumb HQ, 3 Breadcrumb POS licenses, CC Authorization	\$-	Perpetual license
Service / support	\$-	Included in subscription	\$4,200	\$175/hour @ 2 hours/month
Manager time	\$4326	3 hours/week @ \$60,000 fully loaded	\$8654	6 hours/week @ \$60,000 fully loaded
Total 3-year costs	\$30,932		\$59,382	
Average savings	48%			

- *"The monthly fee is the one thing that you get with Upserve. In the end it works out because point-of-sale systems are so expensive. Micros can be \$15-*

20K on up, paid \$35K for one. The system that I bought four to five years ago is falling apart and not really friendly for small businesses. I won't upgrade it, we'll move to Upserve."

- *"Maintenance costs are a lot less. Not just Micros – any traditional POS, you have to change servers, update machines, [and there are] built in costs. We did it in house. Time and aggravation, training."*
- *"We initially paid for support and then we stopped. First couple of years it made sense and then when you figure out how to handle things we just paid on every instance when we needed support."*
- *"We paid \$1200-1500 a year for support. If you called it was \$50-100 a hour."*

CONCLUSION

In the challenging environment of restaurants, the ability to balance labor and inventory costs against sales, easily communicate between the front and back of house, and deliver on hospitality is critical – as is the ability to take advantage of new innovations that bring in new customers and drive repeat business. Upserve provides a modern cloud-based approach to POS and reporting for the independent restaurant industry. In analyzing the experiences of restaurant managers, Nucleus found that Upserve gave them significant advantages in visibility for data-driven decision making that had a positive impact on their bottom line. High usability and flexibility driven by the cloud application – coupled with lower initial and ongoing costs than traditional vendors – enabled managers to focus on running their restaurants instead of managing technology. As in other sectors, Nucleus expects the hospitality industry will increasingly move to cloud applications such as Upserve because of both lower cost and the benefits of greater ongoing innovation.

