

Factors to consider when selecting a depot for POS and retail IT hardware repair.

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Introduction

Revenue, the lifeblood of any business, comes into your retail operation at the outset thanks to the point of sale (POS) technology processing transactions. Thus it is important that the POS functionality enhances the service provided by checkout staff to customers, and delivers a valuable return on investment over many years.

The importance of POS technology and revenue means that any downtime should be avoided. So ensuring the equipment functions as intended through regular upkeep and maintenance is paramount.

Who this paper is for?

It is relevant for those responsible for the upkeep and maintenance of payment terminals, monitors, barcode scanners, handhelds and related technology for a retail store with many sites. You have investigated the options of servicing the technology in the optimum way, and have decided that depot repairs will provide the best value for money. Now, you are seeking to find the vendor who will add further value. Your experience may well make you aware of factors to judge already, so at the very least this guide can serve as a useful check.

This paper is divided into three sections to cover the main influencing factors on the decision: experience, turnaround time and pricing. Finally some other factors that the reader may not have considered are listed. These may prompt further questioning of potential vendors.

Experience

Reputable vendors should not be daunted by any of the following questions when you assess their suitability:

How long have they been trading?

Stability is crucial when outsourcing. Vendors with an established history will have traded through many business cycles and this gives a strong clue that they will continue to do so. They will be comfortable when talking in these terms and sharing their business continuity methods.

What skills do the technicians possess?

With experience comes knowledge. An established company will have built up a tremendous amount of technical expertise over the years within its technical department. So obtain details about this team –

- Find out who the longest serving staff members are.
- Press for an average length of service.
- Learn about the qualifications the technicians possess.
- Understand what internal training is taken.

Transparent vendors will be accommodating if you wish to speak directly to the members of staff who will be completing the actual repair work. You should be striving for a relationship where the links between you, your in-house colleagues and an external repair team is seamless.

Are you knowledgeable about my hardware?

The skills of the technicians should help you answer this question, but press further. You can ask specifically about the model numbers of the equipment you use.

However, do not be put off if a vendor is unable to supply precise repair prices because they are not overly familiar with your hardware. Many familiarities exist between the manufacturers, and so repair techniques are similar. For peace of mind, simply send in a sample of devices from your

range for repair and see how they come back. Reputable vendors will carry out these trials free of charge and will then supply prices for future work.

What resources are at my disposal?

Along with being able to speak to a vendor's technicians directly, you can ask about what else they can provide to aid your operations. For example, if you are managing an in-house team and seek a vendor for some component-level repairs or for overflow work in times of high demand, then ask if they have anything to share. The vendor may publish a tech blog, provide guidance sheets or instructional videos on repairs for example, all of which you could put to use.

Can you tell me more about your customer base?

Perhaps the most revealing indicator of a vendor's credentials is the work they are already carrying out. So obtain case studies from them or ask to speak directly to some of their customers. Length of custom is also important here, as you can take a lot from a relationship that extends over many years.

What is your geographical coverage?

You will need to understand how a depot repair center can service all of your locations. This could number thousands of stores. So ask how the potential vendor handles logistics and how they assist with others with a similar profile.

Pricing

The depot repair model can offer excellent value, but different vendors will propose different pricing methods, so you need to choose a system that suits. The following are common, so ask providers to give you costs based on your preference:

Time and Material (T&M)

This is a method often preferred by Original Equipment Manufacturers (OEMs). You ship defective equipment to them then they will evaluate it and provide a repair price. This can be based on labor rates from \$80 to \$200+ per hour. They may also charge an evaluation fee if you decide not to proceed with the repair. In addition, the T&M process may not be manageable for large volumes of repair work.

Contract Method

With this pricing model, you pay a certain amount per month for each item of hardware that you place under the repair contract. Typical repair prices ranges from a few dollars for a barcode scanner to \$20 plus per month for premium equipment.

The great advantage to this method is that you can budget, as total repair costs are known upfront. Anything that goes wrong with the equipment listed in the contract is covered and will be repaired at no further cost.

However, this method is typically an expensive way of repairing your equipment. When pricing this way, the repair company has to assume the worst in terms of how much equipment will need repairing. Each type of equipment will be judged on the typical number expected to come in for repair during any one year, but still the repair company will have to err on the side of caution and price the contract so that they do not lose money.

Another disadvantage to this method is that you must maintain an accurate record (with serial numbers) of the equipment that you want covered, which can be tricky with hardware spread far and wide in the field. Any equipment that you do not list upfront with the repair company may not be covered.

Again, this contract method may be popular with OEMs and some third-party repair companies as it can be most profitable - for them!

Flat-rate repairs

The flat-rate repair pricing method is probably the most popular.

The depot repair company charges a set amount per unit repaired and this includes all parts and labor. The price is set up front and it varies depending on what is being repaired. There is a typical range of between \$70 to \$100 for some barcode scanner repairs, up to a few hundred dollars for high-end label printer fixes.

Typically the repair price is around 15% to 40% of the cost of buying a replacement, so it offers excellent value. Normally these repairs are not covered by a formal contract and you pay only for what you send in to have repaired. If your repair needs change, or if you are unhappy with the service, then you can just stop repairs and move elsewhere.

A further consideration with a flat-rate repair is the associated warranty. Be sure that the selected vendor makes this explicit and negotiate for the best terms. For example, a six-month unconditional warranty can be found in the industry. This means that the warranty covers the whole unit, and not just the fix on the original fault.

Turnaround time

The turnaround time (TAT) for depot repairs is defined as the amount of time (working days) that an item is in the repair depot being repaired. It generally excludes transit time to and from the repair depot.

When choosing a repair depot, explain your TAT requirements at the outset. Depending on your processes and hardware, the TAT can range from a few days to one month.

If you need a quick turnaround on your repairs then make that clear to potential vendors. Then check whether they have experience in such fast turnarounds and how they continue to ensure quality repairs with tight deadlines.

Conversely, if you do not need everything repaired yesterday then tell them so. Some repair depots charge extra for fast service, so you may save money by relaxing the TAT requirements.

Whatever TAT you work to, occasional delays in repairs may occur because of an unexpected parts shortage or another external factor that is out of the repair depot's control. However the vendor should be staffed and prepared in these cases, meaning delays are infrequent and notification is prompt if they do arise.

Frequently, the chosen repair depot should provide precise reports on the status of your equipment in terms of the inventory they are holding and its repair status. You should question this reporting at the selection stage, as potential vendors may not be sufficiently organized. It is known in the industry that some vendors, including a collection of some major OEMs, have lost equipment or mix it up with that from other customers!

Overall, share realistic expectations so that potential vendors are clear about your TAT needs, and once your chosen company begins work, monitor the turnaround closely to make sure they're being met.

Other considerations

Potential repair depots can offer a lot more in addition to the standard repair work that they carry out. In fact many can provide added value services that rival what is available from a provider who carries out repair work on-site, both at a fraction of the cost and without the burden of a lengthy contract commitment.

Consider whether those on your shortlist could assist with any of the following areas and contribute to even greater efficiency improvements:

Inventory management and advance exchange

Further benefits can accrue when, along with repair work, the logistics and inventory management of your hardware is outsourced. With advance exchange, a vendor can often ship replacement hardware to a store by the next working day. This minimizes equipment downtime and rivals an on-site service, as even if a visit is scheduled on the same day that a fault is found, a variety of factors may prevent an engineer from completing the work or replacing the equipment in a single trip.

Even if inventory management and logistics are handled in other ways at present, circumstances can quickly change. It could be reassuring to know that your eventual choice of vendor has this capability, in the event that they are needed.

So investigate this area further, as you need additional confidence in your supplier. They may be located hundreds of miles away and so you can not watch over them daily. Make sure the following items are agreed to beforehand:

Updates

Ask for regular (at least weekly) reports from your supplier, covering what has been repaired and what their equipment stock is.

Competitive fees

What will the depot charge for managing your inventory? Further charges in addition to shipping costs should be minimal. This is because many depot repair companies view inventory management as a way to add value to their relationship with customers and strive to keep costs low.

Processes

Determine how equipment is sent into the field – how does the vendor know what and where to send equipment? Who is responsible for ensuring that defective equipment is returned to the depot?

Covering warranty

How is warranty repair work handled? Again, suppliers may be authorized to carry out repairs on a manufacturer's behalf. Even if they do not have authorization, they may be able to process the repair at little or no cost as a way to add value to a customer.

Maintaining legacy equipment

If you work to maintain and support legacy technology then a repair vendor may be able to offer additional services in addition to the basic upkeep and maintenance of the equipment. For example, if a device is beyond economical repair then they may be best placed to source a replacement, even if the product has been discontinued. This is because vendor can explore many channels on your behalf thanks to their industry expertise and contacts. Furthermore, they may often add a further warranty on the products that they supply to prolong use, enhance the return on investment and provide overall peace of mind.

Customer service

This paper makes many references to the selection of a vendor who will keep you updated. This is particularly important if they assist with your inventory management or carry out advance exchange on your behalf. Also if they assist with sourcing legacy equipment or replacement parts then a close working relationship built on trust should be pursued.

Thus personal customer service is crucial. You should consider vendors who can provide this and be easily reached. Can you pick up the phone and reach your contact straight away at the company? Are others available to provide updates? The vendor's role should be that of a trusted partner with whom you are comfortable in sharing information to benefit the smooth running of your operation. If you are considering an overhaul of some of the POS technology then tell the vendor. They may be able guide you on your choice by sharing knowledge based on the work they carry out, such as common equipment faults or suggesting manufacturers with strong initial warranties.

Vendors should be willing to carry out regular reviews to discover how additional value could be added to the relationship. This could be done with the aid of a webinar or a personal visit so that there is some genuine personal contact from the company, building on the adage that "people buy from people".

Conclusion

After careful consideration of potential depot repair centers, the best fit will be the one that can show the flexibility to complement your set-up. In tough economic times, pricing will have a key bearing but a decision should not rest on this factor alone. A company with the ability to highlight added value and additional services may provide more in the long-term compared to a rival who competes solely on cheaper repair prices.

A great deal will be down to your personal interactions and how you view the company and their personnel. Are they genuine, experienced and likely to be around for the long-term? Judging this at the start could lead to many years of stable, trusted service, where you are safe in the knowledge that high-quality repair work is being carried out.

The flexibility of the depot repair model provides further security based on the fact that you are not tied in to one vendor should anything untoward happen. Flat-rate repairs, without any restrictive contracts, mean that you will not be held to ransom. If a change is needed then it can happen quickly and selecting an alternative match based on quality, price and overall service means you can always be in control.

About

Mercom has been supplying POS and store system hardware repair services to many leading retailers since 1994. They have retained Mercom for the bulk of this time thanks to the value provided by its depot model. When added to Mercom's repair quality, subsequent warranty and overall personal service, retailers have a valuable resource to utilize.

Tony Alcock founded the company's American venture and heads its operations. His industry expertise makes him an ideal choice to consult when discussing repair options and what would complement a retailer's particular set-up. He can be reached directly by telephone on +1 281-201-1834 or by email tony.alcock@mercomrepair.com

