Policies, Procedures, Requirements & Owner's Resource Guide

For SPOT Software and Business Systems

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About SPOT Business Systems

Located in the southern portion of Utah's Salt Lake Valley, SPOT Business Systems, LLC (formerly Westgate Software, Inc) provides high-performance software and systems to the drycleaning industry. SPOT stands as the management tool of choice for more than 4,500 drycleaning locations and covers the globe with systems in 49 states and 13 countries. Providing software and computer systems of superior quality and value to fill the demanding needs of our clients is the hallmark of our existence since 1984.

Our four full-time programmers constantly enhance SPOT with advanced features, keeping our clients on the leading edge of profit-enhancing technology. We continually strive to remain the leaders in our industry, providing an easy to use, yet flexible product to exceed the needs and expectations of our clients. In keeping with this philosophy, SPOT is unique among its peers as an open architecture design based on a proven industry standard platform—Microsoft Windows XP and Microsoft SQL Server.

We thank you for your interest in SPOT and SPOT Business Systems. We invite you to visit our International Headquarters located at 12345 South 300 East, Draper, Utah or visit our web site at www.SPOTpos.com.

Privacy Policy

This Privacy Policy is published to reaffirm SPOT Business Systems's commitment to maintaining the privacy of our customers in the electronic environment and inform you of our practices concerning the collection and use of information you provide us through all means, including, our customer support desk. ***NOTE: The term "Personal Information" referenced in this section refers to customer name, address, and email address only and does <u>not</u> include store data. Store data is <u>never</u> exposed to any other entity other than the owner.***

BENEFICIAL USE OF YOUR PERSONAL INFORMATION

Your personal information is used in the following ways:

- **User IDs and Passwords**—Provides you with access to your profile areas and to protected content. You need to take required action to prevent these from become lost or accessible by others.

- **Customer Feedback and Support**—Provides a mechanism for requesting information from SPOT Business Systems. Also used to tell us how we can improve our products, services and site designs.

- **Email Correspondence**—Used to raise and respond to issues and inquiries of all types. Also used to distribute information about SPOT Business Systems, our products, services and newsletter.

- **Services to You**—Used to the extent necessary for SPOT Business Systems to provide its services to you.

Use of Your Personal Information

SPOT Business Systems will only use your personal information in the ways generally provided herein. We will not subsequently increase the ways in which we use your personal information, unless this Privacy Policy is amended.

Security of Your Personal Information

SPOT Business Systems takes reasonable action to protect the personal information you share with us. Access to your personal information is limited to people who need to know so that we can better serve you.

To better serve you, third party agents may also need access to some of your personal information. For example, if we need to ship something to you, we must share your name and address with a shipping company. We only provide third party agents with the amount of your personal information we believe to be necessary to provide service to you. We do not otherwise share your personal information with third parties. Naturally there is an exception to this rule for instances where we are legally compelled to do so pursuant to an order of a court of competent jurisdiction or other governmental order. **We do not and will not sell or rent your personal information with outside organizations.**

Control Your Personal Information

We need your help in making sure your personal information is correct in our systems. Please notify us of changes to your name, address, title, phone number or email address.

ELECTRONIC MEDIA

No one can guarantee that data transmission over the Internet will be 100% secure. Nevertheless, SPOT Business Systems has taken technical, administrative, and physical steps to protect against unauthorized access to your personal information.

Use of Cookies

SPOT Business Systems web site uses cookies. For example, we use cookies when you register for one of our demos or access our online videos. In this situation, a cookie will store useful information that enables our web site to remember you when you return. Cookies allow for faster access by you and by us of our services.

If you choose to disable cookies in your browser, you can still access most of our online content. However, some content will not function properly if our cookies are disabled. For example, our online video pages use cookies to remember your bandwidth and feed the appropriate video clip to you. If you do not accept cookies, the associated video pages will not work and you would not be able to view the clips.

Linked Web Sites

We provide links to third party sites. Since we do not control these web sites, we do not know of their privacy policy. We encourage you to review the privacy policies posted on these (and all) third party sites.

Use of Third Party Ad Networks

SPOT Business Systems does not display advertisements from third parties.

Unsubscribing

Each email newsletter has instructions on how to unsubscribe from the newsletter. If you need assistance removing or changing your information, contact SPOT Business Systems using the contact information below. To aid in processing your request, please include the following details:

- Your contact information (your name, address, email, etc.).
- Name of the program or service where you want the update applied.
- Details of the request (e.g. change of email address, unsubscribe from a newsletter, review of my personal information, etc.)

Following such an unsubscription, we may continue to use your personal information in the other ways provided above.

Newsgroups & Forums

SPOT Business Systems will soon offer online forums. These forums will be public. Please consider this before posting information on these forums.

Children's Personal Information

We do not knowingly collect personal information from children under the age of 13. If we learn that we have personal information on a child under the age of 13, we will delete that information from our systems.

POLICY UPDATES

SPOT Business Systems may from time to time update and amend this privacy policy. Last update: April 18, 2002

Third-Party Hardware Purchase Terms

SPOT Business Systems invests a great deal of time and money testing and selecting the most effective and reliable industry-specific peripheral components to be integrated with SPOT software. To ensure the most reliable system, installation, setup, integration, support, and training, we strongly suggest that you purchase a complete SPOT Business System from us. Included in the cost of every component in our SPOT Business System is the cost of applicable software installation and integration, network setup, peripheral configuration, hardware support assistance, and system testing. You have complete responsibility for the cost and coordination of these items if you do not purchase a SPOT Business System.

If you do not purchase a SPOT Business System and you need our assistance with your provided hardware, you or your local integrator will be charged in advance by credit card a minimum of $85 per hour for assistance depending on the services provided. Purchasing a SPOT Business System is the only way you can be fully assured of total SPOT compliance certification with single-point-of-contact support and no additional installation, setup, and integration costs.

SPOT BUSINESS SYSTEMS RESPONSIBILITY

- SPOT Business Systems is responsible only for proper operation of SPOT software, provided the system you supply operates stably and contains properly installed SPOT software and is properly setup, configured, integrated, with compatible components.

NOTE: *Due to practical inability to test SPOT software with the wide variety of hardware components available on the market and given the inherent potential for incompatibility,* SPOT Business Systems *does not guarantee that all third-party hardware components or systems will be compatible with SPOT software.*

NOTE: *Due to frequent computer and related hardware component model changes by manufacturers,* SPOT Business Systems *is not responsible for system integration problems you encounter as a result of your purchase of any such hardware component not supplied by* SPOT Business Systems*, whether or not suggested by* SPOT Business Systems.

NOTE: *Due to the inherent complexities of the drycleaning industry, the flexibility of SPOT configuration, and the wide variety of operational needs of any particular drycleaner,* SPOT Business Systems *does not guarantee that documentation supplied with SPOT will be sufficient for unassisted do-it-yourself installation, setup, configuration, integration, or training.*

YOUR RESPONSIBILITY

- You assume all risk for proper operation and compatibility of third-party hardware and software not supplied by SPOT Business Systems.

- You are responsible for the installation, setup, configuration, and integration of all computers, peripherals, cabling, networks, and software. If you need SPOT Business Systems assistance for any of these fee-based services, advanced payment and a prearranged appointment are required. Technical support services begin on the first day of live site operation only and are NOT designed to handle installation, setup, configuration, and component integration, peripheral setup, or network setup. During routine support calls, technicians cannot deal directly with issues related to your third-party hardware or software, they can only identify the cause of the issue and defer to your local integrator for repair.

- You are responsible for setup, integration, and proper operation of credit card payment processing for all third-party payment processors other than from Payment Processing Inc (PPI). Use any third-party payment processor (other than PPI) at your own risk.

- You are required to purchase SPOT system training for the first installed store only. After that, system training for additional store sites is elective. This is the result of the complex nature of applying SPOT software to your operational needs and our desire that you get the most out of the SPOT system. Do not underestimate the importance of SPOT training.

Purchasing, System Scheduling, and Licensing SPOT

WHAT IS REQUIRED FOR PURCHASE

The *SPOT License and Hosting Agreements* documents contain the terms and conditions for purchasing or subscribing to SPOT. This agreement is designed to protect both parties. ***NOTE:*** *Receipt of this signed document in our office along with the appropriate deposit is the triggering event for us to begin processing your order. Return this document by mail or fax to (make sure to keep a copy for your records):*

SPOT Business Systems, LLC
12345 South 300 East
Draper, Utah 84020
(801) 495-1208 fax

PURCHASE OPTIONS

Entire turnkey systems, designed/integrated/tested specifically for the individual needs of the Drycleaner, are available directly from SPOT Business Systems (SPOT software, computers, hardware, printers, cash drawers, supplies, and onsite installation/training). Payment is required in advance in U.S. Dollars. We accept all major credit cards, approved checks, and wire transfers. Payment guarantee is required in advance of shipment FOB Draper, Utah. Unfortunately, we cannot provide credit terms (see Leasing Options below).

Software Only

Software can be purchased separately and must be paid in advance along with applicable Customer Care (support and software updates), integration, training, or data conversion fees. ***NOTE:*** *We sell software to end-users only and not third-party integrators. Software-only sales require SPOT Business Systems provided onsite training for the first installed store.*

Complete Systems

Due to the variety in drycleaning operations, we typically provide individual custom quotes to ensure you get exactly what is needed to efficiently run your business. This process requires a few moments of your time to fill out the *Pre-Installation Questionnaire* included in this document. ***NOTE:*** *Initial deposit of 50% of the total quote price (by approved payment method) and 50% balance due is required prior to shipment.*

Leasing Options

We do not lease directly; however, suggested agency who does provide leases to Drycleaners is shown below. They are equipped to provide you with the most appropriate lease available. There is no cost to you for lease approval. The approval process takes about two days. Software-only leases are usually not available. You may also use your own leasing agency or bank to purchase a SPOT system.

Once approved with signed lease paperwork, the agency provides a purchase order to SPOT Business Systems for the quoted system. ***NOTE:*** *We are unable to ship your system until a PO is received in our office, so carefully coordinate your installation scheduling. Funds "release approval" to the leasing company for SPOT Business Systems payment occurs the last day of onsite installation/training or proof of equipment receipt.*

Anne Rodriguez
Trinity Capital Corp
475 Sansome St., 19th Floor
San Francisco, CA 94111
800-841-4433 x104 voice
415-956-5187 fax
www.TrinityCapital.com

Comparing the Advantages of Leasing

SPOT Business Systems does not make specific recommendations as to a specific payment method. You should consult your CPA or accountant for help with those decisions. There are advantages and disadvantages to each type of payment method. The following is intended to illustrate the advantages of leasing compared to the alternatives.

Leasing

Advantages

- Depreciation write-off or fully expensable payments
- 100% financing
- Conserves capital
- Preserves bank lines for unanticipated needs
- Always fixed payments
- Easy add-ons, trade-ups
- Seasonal billing available
- Won't appear on consumer credit report of principal

Disadvantages

- Slightly higher interest rate

Cash Purchase

Advantages

- No finance charges
- Direct ownership
- Depreciation write-off

Disadvantages

- Attacks cash reserves
- Reduces investment leverage
- No hedge against inflation
- Most expensive after-tax option

Bank Loan

Advantages

- Direct ownership
- Depreciation write-off
- Appropriate when bank lines are never utilized

Disadvantages

- Payments may be variable
- Covenant restrictions; may encumber other assets
- Exhausts credit lines
- May require: compensating balances, down payment, origination fee
- Training, installation, freight, software may be deemed non-financable
- Cumbersome process and often time consuming
- Bank lacks industry understanding and specialization
- Appears as additional consumer debt on principal's consumer profile

SOFTWARE LICENSING

SPOT is licensed and registered on a per workstation basis by phone by our technical support staff via the Internet or phone. Adding licenses for additional system workstations is fast and simple.

SCHEDULING A SYSTEM

The process of scheduling a complete SPOT business system is fairly straight forward. We do most of the work. When you decide to purchase and we have received all of the necessary agreements and initial funds payment in our office, the process begins. Plan on about 3–5 weeks after we receive your order to the date of installation and training, including equipment transit time. This might vary depending on your preferred installation date. We normally ship insured UPS Ground, unless otherwise specified by you. Freight charges are added to your balance due on the final billing. We are not required to add sales tax to orders shipped outside the State of Utah. The following is a typical sequence of events for shipping a system (usually for the first store only, unless requested for subsequent store installations by the customer):

1 **Purchase Order**—Customer completes *Pre-Installation Questionnaire*, signs agreements, and sends applicable deposit to SPOT Business Systems. This constitutes placement of a SPOT order.

2 **Installation Date**—SPOT Business Systems and customer agree on an installation date acceptable to customer and within an acceptable system build window.

3 **Travel Scheduled**—SPOT Business Systems books installer/trainer travel schedule.

4 **Equipment Setup**—The system equipment and software is configured, integrated, and tested for 36 hours.

5 **Equipment Shipped**—Equipment is shipped to customer site with ample time for delivery prior to installer/trainer arrival. Balance due by credit card on-file or check.

6 **Onsite Installation/Training**—Installer/trainer arrives onsite, unboxes equipment, installs the system, and tests for proper operation (day #1). Trainer begins employee training (day #2). First day of live operation (day #3 - optional). For more information, see the *Onsite System Installation and Training* section of this document.

Elective Fee-Based Assistance Services

ONSITE TRAINING AND INSTALLATION

Assistance for getting your store operational with SPOT software or a business system with the least amount of time and disruption to your operation is the goal of our onsite trainers. Training is an interactive process consisting of setting operational configuration preferences and use instruction. If you consider performing this task yourself, make sure you allow several weeks of time for system setup and familiarization. You will be training your staff to use the system.

Onsite installation and training is usually required for the first installed store. Subsequent stores can then use the existing store as a training ground, saving you money on future installs. This optional fee-based service is available at $1,250 per day including related travel expenses. You can train at our facility for $600 per day (you pay travel expenses).

SOFTWARE-ONLY SERVICES

SPOT is available for software-only purchase. The cost of SPOT is to purchase software only and is not inclusive of other services such as system setup, integration, configuration, consultation, or help with system problems prior to in-store use. These assistance services are optionally available on a fee basis to both you and your local technician. Payment for these services is required in advance by credit card. Please make sure your local technician is aware of all applicable SPOT Business Systems service fees before calling for assistance. If you elect not to purchase the necessary services, we are not able to assist you.

Integration

Integration service includes assistance for installation, setup, and configuration of SPOT software with the computer and all attached peripherals. This optional fee-based service is available onsite or by phone on an hourly rate basis plus related travel expenses. It is provided as a service for those who prefer to purchase software-only on a do-it-yourself basis. Technical support personnel are not able to assist with this service. ***NOTE:*** *This service is automatically included as part of every business system purchased from SPOT Business Systems.*

Price Table Setup

We customize your store price table for use with SPOT. This optional fee-based service is available on an hourly rate basis. SPOT software contains a layout editor allowing you to create or maintain your own price tables. Since efficient setup of a price table can reduce mark-in processing time, it is recommended that our specialists provide initial setup.

CONSULTATION SERVICES

Consultation services are available to help the storeowner get the most out of automation and are available for both software-only or complete business system purchases. These services provide a fast track approach to optimal SPOT system utilization with minimal storeowner effort. Our consultants understand your business and know how to best apply SPOT automation to solve the most difficult operational issues.

Store Consultation

Assistance for determining the most effective use of SPOT within a drycleaning store. Issues such as tag printing, lot tracking, number of workstations needed, racking options, equipment sizing and specifications are considered. This optional fee-based service is available onsite or by phone on an hourly rate basis plus related travel expenses. This service is for those who prefer to purchase software-only on a do-it-yourself basis. Technical support personnel are not able to assist with this service. ***NOTE:*** *This service by phone is automatically included as part of every business system purchased from SPOT Business Systems.*

Enterprise Consultation

Assistance for determining technical SPOT hardware and software specifications for large enterprises (usually greater than 25+ stations) having complex centralized or hosted equipment requirements. The result of this service is to create an overall system architecture of greatest performance and reliability at lowest possible cost. A list of suggested equipment is created. This optional fee-based service is available onsite or by phone on an hourly rate basis plus related travel expenses. Technical support personnel can't assist with this consultation service.

MISCELLANEOUS SERVICES

Data Conversion

Our database conversion utilities can convert only some standardized SPOT Classic databases such as the customer and accounts receivable balances. Competing systems might have radically different formats preventing unattended conversion. Our programming staff will do its best to convert uncommon database formats. This optional fee-based service is available onsite or by phone on an hourly rate basis plus related travel expenses. ***NOTE:*** *Not all database formats can be converted. Contact SPOT Business Systems for details on format requirements.*

Software Customization

As part of our continued effort to provide the latest feature enhancements, we encourage enhancement suggestions from our customers. In most cases, where feature suggestion is universally applicable to the industry, the cost for this enhancement is borne by SPOT Business Systems. In those rare cases when a non-universal enhancement is requested, at our sole discretion we may provide contract programming services on an hourly or flat rate basis depending on the magnitude of the requested change.

All feature enhancements become part of the software program available to all future users and exclusively owned by SPOT Business Systems. We cannot make changes to the software that become exclusive to the client, whether paying for customized changes or not.

SCHEDULED AFTER HOURS ASSISTANCE

Clients requiring special telephone assistance from our technical support staff after the normal end-of-day, can make arrangements for this service directly with technical support. This is a fee-based service charged on an hourly rate basis and is available only upon request and availability of support personnel.

Service Assistance Appointment

When installing SPOT for the first time, integrating or upgrading system hardware, or updating software, it is imperative that an appointment be made to schedule time. Once an appointment is made, make sure to allocate an ample amount of your time to complete the task. Some services can require as much as several hours or longer, especially with equipment we are unfamiliar with. Contact technical support at (801) 208-2210 to schedule an appointment. You will need to provide a credit card number prior to receiving help with fee-based services.

Considerations When Switching To SPOT

SPOT CLASSIC TO SPOT UPGRADES

At some point in the future when Microsoft ceases support for DOS-based applications running under Windows, you may have to upgrade to SPOT. When making the decision to switch to SPOT it is important to understand that it is not simply a Windows version of SPOT Classic. Rather, it's a new product with SPOT Classic features plus numerous major enhancements and high-performance relational database. Plan extra time for adapting to this new system. Fill out and send us the *Pre-Conversion Questionnaire* found in this document. It will help us gage the time required for upgrading your system and prepare an accurate quotation.

- **User Supplied Systems**—If you need new equipment for the upgrade and supply your own hardware and network, plan to add an extra day to the time we normally spend onsite for installation and training. This allows us extra time to setup the system properly and deal with any unexpected issues. If this time is not allowed, any unexpected hardware issues will cut into your retraining time.

- **Translation**—Databases are very dissimilar between the two SPOT products. So, data from one system to the other is translated rather than simply converted. If you elect to use our Data Conversion services, depending on how your price lists are defined and how many tables you have, translation can take as long as an entire day to complete. You will need to operate your store manually during this process. The fewer databases we need to translate the shorter the time to do so. Translating recent history only takes less time. Be prepared for a potentially rigorous process that might take several hours to an entire day for each store. An automated translation utility is provided with the SPOT installation disk that converts the SPOT Classic (version 7 only) **Customer** database to SPOT .

- **Manual Setup**—Major changes to the way alterations, form layout editors, credit card payment processing, and price tables function within SPOT might require some re-initialization.

- **Custom Translation Service**—In some cases where expanded translation requires our programming services, an optional fee-based service is available when needed.

DATA TRANSLATION FROM COMPETING SYSTEMS

Translating data from other systems can be quite difficult due to the inherent data structure differences employed by each system supplier. In general, the easier data to translate is customer name and address database. In order to provide data translations for systems other than SPOT, your system will need to have the ability to export data in a standard format such as Comma Delimited ASCII, text, XML, or spreadsheet. We can typically translate the customers as long as a standard format for the database is available. All other databases are questionable depending on the system. ***NOTE:*** *Fees may apply to data translations from other systems since it may require modification to our translation utility* (see *SPOT Products Price List* section).

NON-COMPUTERIZED STORES

For stores with no computer system, the transition from a manual operation can be made easier by using specialized entry utilities found in SPOT.

Existing Inventory

At some point, your existing manual tickets must be entered into SPOT. There are two methods for accomplishing this as discussed below. Each has its advantages and disadvantages, so you must decide which is most appropriate for your operation and preference. Both methods utilize SPOT's Direct Entry function. This function generates an new invoice with amount totals only for the selected customer and bypasses the detailing process. The resulting ticket contains an order total amount only with no item descriptors/price.

Concurrent

This method requires less up front labor and effort. All new orders are entered into SPOT while existing manual orders are picked up through your existing system or cash register. When the majority of your manual orders have been picked up (usually 1-2 weeks), use the Direct Receive function to enter remaining orders into SPOT. Staple the manual ticket to the new SPOT invoice and reattach to the racked order. All orders can now be picked up through SPOT. Your cash register can now be removed from the counter. This method requires that you balance both the cash register and SPOT each night and add the two amounts together to obtain a daily sales total.

Preload

This method requires that all manual invoices be pre-loaded into SPOT using the Direct Receive function prior to the first day of live operation. Depending on the volume of orders on your racks, this method usually requires several clerks and the better part of a day before going live. Once completed, you are fully computerized and will not need your cash register again. All order processing occurs through SPOT. This method provides excellent order and customer entry practice when training new clerks—a good reason to consider this method. Using the Direct Receive function you can input your hanging inventory into SPOT at the rate of 50 orders per workstation per hour. Each workstation typically requires a clerk calling out the orders from the rack while a second types order information at the computer.

Charge Accounts

Numerous methods of converting your manual charge account (A/R) system to SPOT exist. This discussion deals with our recommended method. Don't confuse charge accounts with credit card charges, each is treated differently within SPOT. ***NOTE:*** *Orders are posted to a charge customer's account during order pickup only. If posting at the time of order drop-off is desired, use the prepay function during Detailed Entry.*

When to Start

Plan to start using the SPOT A/R at the beginning of a new month or billing period. Use SPOT for several weeks prior to starting charge accounts to gain familiarity with the basic system.

Final Manual Billing

In the days prior to switching to SPOT A/R, plan to make a final manual billing statement and include a letter to your customers indicating the changes in the next billing statement. This will avoid a deluge of calls from your customers questioning the changed format.

Beginning Balances

The night before billing, setup each appropriate SPOT customer as a charge account customer. Enter the beginning balance from the last manual billing for each customer using the A/R adjustment function with the adjustment comment showing "Beginning Balance Forward." The beginning balance amount appears in chronological order on the billing statement, so make sure to enter it prior to any charge account postings.

Order Posting

Orders picked up after customer A/R activation will be posted to the respective customer's account and appears on the next subsequent billing statement.

Barcoded Conveyor Racking

SPOT Business Systems provides barcoded vinyl adhesive labels in several numeric formats. The use of barcoded racking labels and barcode readers is strictly optional with SPOT. Manual racking entry is always available. ***NOTE:*** *SPOT supports numeric racking to conveyors as well as several automatic non-conveyor racking methods. The discussion below applies to numeric conveyor racking only.*

Multiple Racks

A numeric sequence spanning several racks requires a single range of barcoded numbers. For example, rack #1 might use the sequence "0001–0125", while rack #2 continues with "0126–0250" and so on. As an alternative (the more common method) rack #1 would use an alphabetical designator, such as "A," while rack #2 uses "B," and so on. This method results in the use of multiple sets of barcoded labels, such as "A0001–A0100," "B0001–B0100," etc. A SPOT sales representative can assist you with barcoded label selection.

Barcode Label Placement

We recommend placing the barcoded rack labels on a single link section of conveyor (this link section contains several racking slots). Two reasons exist for this; there is usually not enough space to place the labels next to each other due to tight slot spacing, and clerks are forced to look at each order when several orders exist at a single location. The latter reason helps prevent miss-racked orders from being accidentally given to the wrong customer. Make sure to clean and dry rack link sections prior to applying barcoded labels. For long life, each label is made of high quality vinyl material. Take care not to stretch or scratch barcode labels. Additional protection can be realized by placing clear scotch tape over the top of a newly applied label.

Automated Conveyor Assembly

SPOT has custom features that allow it to interface to automated conveyor systems. At the present, only MetalProgetti conveyor systems are supported for interface to SPOT. The SPOT visual Lot Manager provides real-time order and lot tracking as well as the ability to quickly identify incomplete lot items, providing complete control over the assembly process. Contact SPOT Business Systems for additional automated conveyor assembly information at 801-495-1200.

Understanding System Hardware Requirements

EQUIPMENT

Proper equipment selection, setup, and integration is critical to proper system operation and acceptable performance. User-supplied equipment requires careful consideration.

Sizing Your System

In general, each counter workstation can handle gross sales of approximately $4,000 per week. Using SPOT's *Quick Receive* and *Detail On-Hold* features can extend that amount to about $5,000 per week depending on hourly traffic patterns at the front counter. A store with annual sales of $300,000 will typically require a two-workstation system, for example. In a manual environment, the number of clerks required at the front counter is a good indicator of how many workstations will be required to adequately handle orders.

The most cost effective use of each workstation occurs when mark-in takes place at the front counter along with order dropffs and pickups, thereby utilizing all stations to their maximum potential. It might be necessary to dedicate a single workstation to mark-in, a drive-up window, or route work for convenience or for volume considerations. In any case, with SPOT all functions are available at all workstations for added flexibility. Access to functionality at a workstation level is restricted by PIN access rather than by workstation designation.

SPOT Supplied Systems

SPOT Business Systems include set up, configuration, component integration, testing, and burn-in. Manufacturer warranties apply to all SPOT Business Systems supplied hardware. Our systems use only state-of-the-art high performance hardware components tested for proper operation together and compatibility with SPOT software. Everything needed for complete turnkey operation is included for and includes the following advantages:

- Systems burned-in for 24 hours prior to shipping
- Standardized hardware systems for ease of support
- Full system warranties included
- Optimized systems ensure the highest level of performance
- Modem & communications software
- Single point of contact for software and system issues

Third-Party Hardware

Will be happy to work with your local systems integrator, but we do charge for our time to assist him with setup (see *Elective Fee-Based Assistance Services* section). Normally, we charge you for this work and not the integrator to avoid disputes involving payment. The integration phase is where SPOT is combined with network, hardware, and peripheral components then setup and optimized to work efficiently together. Don't underestimate the complexity and importance of proper software/hardware integration. Your hardware technician cannot provide proper integration unless he has a familiarity with both SPOT and your drycleaning operation. ***NOTE:*** *SPOT Business Systems makes no warranties as to the fitness or suitability of any user supplied or third-party equipment or software. Use of third-party equipment is solely at user's own risk. As such, we do not make any warranties that our support personnel can provide solutions for other than SPOT Business Systems supplied equipment and software.*

Existing Hardware

If you have existing computer equipment, as an option you can ship it to our office for setup, integration, and testing. We charge for this service as well as any parts needed to make your system function properly with SPOT. Before shipping equipment to our office, contact us for an integration quote and to verify that your computers are compatible equipment. If using an outside technician for installation and ongoing maintenance, make sure to hire a highly qualified person to provide this very technical service. Your technician will need to know that his calls might be subject to charges. Before you setup your own system, you will need to:

- Install, setup and optimize network
- Install, setup and configure SPOT
- Setup SPOT price tables
- Procure SPOT compatible printers
- Procure SPOT compatible cash drawer
- Setup SPOT backup device
- Setup modem & communications
- Provide self-training (or purchase it)

Previous System Hardware

If you own hardware used with a non-SPOT system, we will make every attempt to use it to save you the expense of repurchase. Be prepared to provide us a list of existing equipment by model and class type for evaluation (see *Pre-Installation Questionnaire* section).

SYSTEM REQUIREMENTS

For the most reliable operation, use only new equipment. If you buy new, remember, you get what you pay for! Inexpensive hardware is inexpensive for a reason, usually containing unreliable or slow system components. Buy only business-class computers and not home-class computers. The difference between marginal and exceptional hardware is worth the little extra you'll pay. The success of your business depends on reliable equipment. Buying new might cost more, but it's usually more cost effective in the long run. Current system requirements are on our web site at *www.SPOTpos.com.*

SPOT For Windows

SPOT software is designed for computers able to run Windows 2000/XP Professional, such as Pentium 4 or greater. RAM requirements depend on the system configuration. Call SPOT Business Systems for specific RAM requirements based on your intended operating mode. Microsoft SQL 2005 and/or Office 2003 Professional will be required depending on system configuration. ***NOTE:*** *SPOT must be run under Microsoft Windows 2000/XP Professional. SPOT will NOT run under Microsoft Windows '95, '98, or ME (do not use XP Home).*

Database Engine

SPOT is designed for use with either Microsoft SQL Server 2005 or SQL Server Express. SQL Express is included in the SPOT installation CDROM at no charge. Currently, SQL Express has a 4 GB storage limit and has no maintenance utilities included other than those created by SPOT Business Systems. The standard version of SQL 2005 is fee-based with licenses required for use from Microsoft, contains effectively no storage limit, and comes complete with DB management utilities. SQL Express is acceptable for small installations (1-5 workstations per store depending on volume), but might be unacceptable in higher volume stores. *NOTE: If you are hosting with SPOT, you will not need to have SQL at your stores.*

NETWORKING SPOT

For systems smaller than five workstations, use Microsoft Windows 2000/XP Professional (do not use XP Home) in a peer-to-peer mode. A dedicated server running Microsoft Windows 2000/XP Server Small Business should be used for systems with six workstations or more. Equip workstations with 512 MB of system RAM and single-user/network servers with 2GB of system RAM. For the best performance use only 100BaseT or GigaBit ethernet network cards and hubs or faster.

Security - If you have a local technician set up your system, make sure to set all user security for Administration rights for ease of access by our support personnel. If you want tighter security by not giving all users Administration rights, make sure someone at the store has Administration rights access. If our technical support staff is not able to gain access to your system we can help you fix issues.

SUGGESTED OPTIONS

While not mandatory for proper system operation under normal conditions, the following items are strongly recommended.

Data Backup

It is recommended that an adequate data backup device be installed on your system and that a copy of your data files be taken off site periodically (every week minimum) in the event of a fire, robbery, or natural disaster). Backup devices other than the type provided by SPOT Business Systems are not supported by our technical personnel. If you use a non-SPOT supported backup device, file restoration should be performed locally by your integrator.

Uninterruptable Power Supply

Servers should be protected by an adequately sized UPS. All other workstations on a network system should be equipped with high quality surge protectors. A UPS provides blackout, brownout, and surge protection to the attached computer.

Communications

Internet

SPOT supports high-speed Internet connectivity. Services such as support assistance and diagnostics using GoToAssist, remote program updates, remote shadow training (hosting), email notices and marketing, application hosting, and high-speed credit card payment processing are all available simultaneously with a single high-speed Internet connection. A single Internet connection can do the work of many phone lines and is typically the cost of a single phone line. ***NOTE:*** *When using the Internet, make sure to use a router with a firewall and install antivirus and spyware blocking software on all computers!*

Modem

If you do not have Internet connectivity, each individual store location will require at least one computer to have a modem (equipped with pcAnywhere). This will be used for remote diagnostics, support, and program updates. An additional modem might also be needed for credit card payment processing if you are not using the Internet. ***NOTE:*** *With no Internet connectivity, when credit card payment processing is used from SPOT, two modems might be required. With Internet connectivity, no modems are required, unless you wish to connect to SPOT remotely.*

Understanding The Various Modes Of Operating SPOT

SPOT FOR WINDOWS

Containing all of the features and functions of our original SPOT Classic product, SPOT employs a rich set of additional advanced features and functions, some specifically designed to take advantage of its new real-time centralized database architecture. Its advanced Microsoft SQL relational database engine can easily store hundreds of millions of data records without performance degradation. SPOT leverages these unique advantages to provide two operational modes. Your decision to use a particular mode will be driven by operation needs and cost of system deployment.

Local Area Mode

Data resides on a single computer (called a server) located within each store. A system can be either a single-user or a multiple-user local area network (LAN). One of the computers acts as a server containing the system database. Data backups and computer maintenance must be performed at each store site. Remote access to each store is made possible by using third-party remote dialup software such as pcAnywhere. This mode is perfect for those who have non-centralized data needs and a limited number of store locations.

- **Minimum Data Service Requirement**—Modem and dialup phone line for pcAnywhere remote dialup connection in each store. High-speed Internet connectivity, such as cable modem or DSL, is suggested.

Centralization Mode

Data resides at a central "data center" and not within each store. Realtime data centralization occurs across multiple stores with the ability to utilize SPOT's production workflow management features: realtime order tracking between stores, production forecasting, and central accounts receivable, store-to-store messaging, etc. Data centralization is accomplished by using remote Windows-based workstations called "thin clients" (or PC's running thin client emulation) and high-speed Internet data connections. There are two ways to accomplish centralization.

Depending on your desire to be deeply involved with computer technology and its management or simply remain a drycleaner without the headaches, you will find one of these options practical. Remember, DO NOT underestimate the complexity or added cost to centralize. The need to centralize data maybe justified by some other offsetting savings within your store, such as labor.

Purchased

You may purchase your own "server farm" equipment and create your own hosted data center from which to centralize SPOT. You will also need to lease SPOT Enterprise software (not available for sale)...the only version of SPOT that supports hosting. Be forewarned, however, that equipping a data center can come with an expensive up-front price tag. There is no cheap way of creating a reliable data center with a high degree of operational redundancy...and you can't do it reliably with a single computer in the corner of a room.

Typically, cutting costs results in cutting performance and reliability. The largest expense comes from the need for "server-grade" computer equipment with designed-in redundancy (such as computers, power, Internet connectivity, etc.) to minimize downtime. SPOT Business Systems's consultation service, charged on an hourly basis, will assist you with designing, integrating, and implementing your own data center (see Elective Fee-Based Assistance Services section).

- **Minimum Data Service Requirement**—Business grade SDSL, high-speed Cable Modem, or Frame Relay between each store and data center. Bandwidth requirements vary by number of workstations in each store.

Subscription

For those who do not wish to invest in or operate a data center, SPOT Business Systems offers SPOT on a monthly subscription service basis. We "host" your SPOT application and databases in a $40 million commercial data center (see Subscription-Based Application Hosting with SPOT) providing 99% uptime, automatic program updates, data backups, conditioned environment, 24-hour armed security guards, virus/hacker protection with advanced firewall technology, and complete data management service. Your operating data is safe from fires, theft, natural disasters, and downtime. Only you have access to your data and not you your competitors. Thin clients at each store site are pointed back to our application hosting data center.

- **Minimum Data Service Requirement**—Business grade SDSL, high-speed Cable, or Frame Relay in each store. Bandwidth needs vary by number of workstations in each store.

- **Equipment Needs**—Hosting is somewhat specialized requiring certain types of hardware to be connected at each store, called thin clients. These are available as true manufactured thin clients or can be PCs running emulation software that effectively makes the PC a thin client. Almost any type of PC can be used. The advantage is obvious, existing equipment in your store could be used as thin-clients potentially saving thousands of dollars in upfront computer purchases.

- **Subscription Cost**—We charge a monthly hosting fee per connected workstation. The hosting fee includes technical support, software updates, automatic data backups, etc. You never have to worry about such things as backing up data, or server equipment maintenance/obsolescence.

- **Payment Methods**—Hosting is similar to subscribing to a cell phone with monthly payment made by electronic funds debit from your checking account (ACH) using a nationally recognized transfer agent. To keep our subscription costs low, this is the only payment method permitted for subscription services. *Application Hosting Agreement* along with *Checking Account Debit Authorization* forms are available online at our Web Site at www.SPOTpos.com or by calling our sales office 801-208-2212.

Onsite System Installation And Training

INSTALLATION

Whether you install the equipment yourself or have our installers install onsite, the guidelines contained herein will provide valuable information for proper installation. Use the Pre-Installation Questionnaire to help communicate your needs.

Site Review

Our installation personnel are prepared to handle typical installations and carry most items required to complete the job. Conduct a preliminary site inspection of your facility paying particular attention to potential problem areas. Should you have concerns or questions about any part your intended installation, please contact us immediately. It might be helpful to make a map of your facility and take pictures of counters, floors, ceilings, walls, etc. and forward to us promptly for a telephone discussion of your concerns.

Travel Expenses

The amount we charge for onsite installation and training includes all travel expenses. Due to the high cost of weekday air travel, we buy nonrefundable super-saver tickets whenever possible. Re-ticketing costs incurred, as a result your requested onsite date changes, made after air travel tickets are purchased by SPOT, become your responsibility. You are also responsible for repayment of advanced reservation travel costs incurred by SPOT due to onsite cancellation. Make sure of your schedule prior to finalizing onsite arrangements.

Time Required

The amount of hours we quote for installation are estimates based on experience with similar systems and sites. Since the actual amount of installation time may vary from site to site, any adjustment to the time required may result in a credit to you or an additional amount due us. In general, we allow approximately three hours of installation time per network workstation. ***NOTE:*** *The time listed below should be added to the suggested training time as described later. One day equals eight hours of actual installation time.*

• 1-4 workstations	1 day
• 5-10 workstations	2 days

Physical Installation

To keep your installation costs to a minimum, help us anticipate requirements by careful consideration of the issues within this document. Remember, the longer it takes to install equipment, the shorter the time available for onsite training. Please help our installer to expedite the installation process:

- equipment unboxing
- equipment placement
- component connection
  - *computer*
  - *cash drawer*
  - *monitor*
  - *printer*
  - *keyboard*
  - *UPS*
  - *backup*
- network and component cabling
- counter hole drilling for cabling
- workstation setup
- workstation testing

NOTE: *Unreasonable demands for cable routing, hole drilling or lack of power at computer workstations will delay the process and reduce allocated training time.*

Cabling

Each computer workstation location requires power and networking cables. We run network and equipment cabling as required for interconnection purposes only. We are not equipped to install cabling in conduits. You will need to hire an outside electrical contractor. Cosmetically hiding cabling in walls, under floors or between cabinets can require a large amounts of additional time and additional equipment not anticipated. This may extend installation time, costing you extra and reducing allocated training time.

Hole Drilling

We are equipped to drill up to two inch holes for cabling. Your input is required for hole placement preference, especially on counter tops. Make careful plans, we can't easily plug holes and we aren't responsible for hole drilling. All hole drilling is performed at the customer's direction.

Your Responsibilities

The following issues must be dealt with by you. Review items carefully, advising of deficiencies prior to onsite installation.

Power Outlets

Each SPOT workstation location requires a grounded 20 AMP duplex outlet and preferably not shared by other equipment. You can place up to four SPOT workstations on one dedicated 20 AMP circuit. In this configuration, if the breaker on that circuit trips, power is lost to all workstations. ***NOTE:*** *Don't use extension cords or ungrounded outlets for electrical connection to workstations. Make sure to obey all local and NEMA electrical codes. We are not equipped to resolve electrical problems, so have a licensed electrical contractor inspect your facility and make any changes or additions required prior to installation.*

Modem Phone Line

Each SPOT Business System server is equipped with a modem for support and data communications. It's preferable that a dedicated telephone line be installed near the SPOT workstation containing the modem, especially if you plan to dial into the system for data collection after hours or credit card payment processing. As an option, utilize an existing telephone line for this purpose, but you must have a modular phone jack installed in the same cabinet as the computer with the modem.

Telephone Access

A telephone, capable being used comfortably while working on the computer, must be permanently located near computer equipment for technical support purposes. Portable phone are a good solution to this need.

Cabling Access

Decide where to drill holes for routing cables. Pay particular attention to critical area such as between counters or through walls and floors. Other routing obstacles should be noted. In some cases, network cabling can be installed through brass garment hanging tubes between counters. There must be access holes in the counter to the tubing and the inside diameter of the tube must be large enough to accommodate cables. ***NOTE:*** *We are not equipped to cut holes in glass, rock, metal, or other hard surfaces. You must be prepared to have a local person perform this service.*

Equipment Ventilation

Both computer and monitor require adequate ventilation to function properly. Drycleaning operations are particularly difficult because of the higher than average ambient air temperatures. Make sure to allow at least six inches of clearance around each piece of hardware. Don't enclose the monitor under the counter without providing for air circulation. Also, never stack clothes or supplies or other items on top of or around equipment requiring ventilation.

Counter Carpentry

It's normal to drill a two inch hole for cabling in counter tops where computer workstations are located. This hole, used for keyboard, monitor and printer, is usually placed at either outside corner directly above the computer. Very hard surfaces, such as marble or cultured stone, may require special drills. Your counter specialist will need to drill these holes. Make changes to counters prior to our installation visit. Using a monitor stand to mount monitors above a counter saves space.

Equipment Location

Locate components in logical, easy to reach areas of your counter. Make sure there is plenty of room for cash drawers, computer, monitor and printer on counters. Provide a flat surface underneath the counter for cash drawer mounting. Cash drawers should be located under the counter directly below the keyboard and monitor, although any preferred location within about six feet will work.

New Counters

If equipment is installed in a new counter, it's a good idea to have your cabinet supplier contact us for equipment location and mounting recommendations. This will save a great deal of installation time as well as provide a much more efficient and professional installation.

Counter Cleanup

Prior to our arrival, it's important to clear and clean all areas containing computer equipment. To avoid extra time and cost, our installer must have room to maneuver equipment and drill holes during installation.

Additional Materials

Our quote lists equipment we normally supply. Certain items such as printer stands, additional network cable, extension cables or extension cords might be needed unexpectedly at the time of installation. These items are usually purchased locally and supplied at your expense.

TRAINING

SPOT training is mandatory for the first system installed. Training is optional for each subsequent system installation. Past experience dictates the necessity of this policy. SPOT is sophisticated software requiring initial instruction and assistance with configuration. If onsite training is purchased from SPOT Business Systems, either separately or as part of a complete SPOT Business System, several training issues should be considered in preparation for training. Use the Pre-Installation Questionnaire to help convey your operational and training needs.

Time Required

System size, complexity, computer familiarization and number of employees often determines the amount of time required for adequate training. While it's difficult to determine the exact time required for training, our past experience provides the following basic guidelines. ***NOTE:*** *The time listed below should be added to the suggested installation time as described previously. One day equals eight hours of actual training time.*

- 1-4 User Systems 2 days
- 5-10 User Systems 3 days

The installation time also affects the available time to train. If installation takes longer than planned, training time is reduced. For this reason, it's imperative that installation guidelines be read and follow carefully, advising us of any unusual or difficult installation conditions. In most cases, site installations are not previewed by our installers, we need your input. ***NOTE:*** *We cannot be held responsible for reduction of time available for training due to unforeseen installation problems or requirements. You are responsible for additional expenses if our trainer remains onsite longer than planned or requires a return visit if requested. Clerks will not receive adequate training if interrupted by store duties.*

Qualified Trainers

Training should be performed only by a qualified SPOT trainer. A portion of the training process includes customizing SPOT operating configuration, price tables, security, and convenience lists as an interactive process with owners. To get the most from SPOT, use only qualified trainers.

Employee Training

During training sessions, it's imperative that clerks have no outside distractions or counter responsibility. Make sure to schedule additional personnel to help run your store, avoiding constant disruption of those in training. It's also a good idea to train in an area of the store where outside distraction to your existing business is minimal. It's desirable to have only one to six clerks in training at a time.

Apprehensive Clerks

Some clerks might be apprehensive about using your new SPOT computer system. Generally, older clerks have little or no computer experience. Younger clerks were computer trained in school. If you have clerks who have previous computer experience, have them learn the system first, then later assist with training of other clerks.

If you have mostly older clerks, consider temporarily hiring a student from a local school who is familiar with computers and software. Our trainer will train that student who will then work in the store to assist your older employees for several weeks until they use SPOT comfortably. The student will cost you far less than keeping our trainer for additional days and is quickly trained saving you additional money.

Follow-up Training

Once the initial onsite training is complete, additional training is available via telephone or in our training facility at SPOT Business Systems. Problems, limited operational instruction, system configuration, price table modification and basic use questions are answered as part of the onsite service.

On-Site Schedule

The following estimated installation/training schedule is provided as a general guide to how our trainer will attempt to utilize his time. These times are goals only and can be affected negatively by many factors as described in the forgoing sections. One day is equal to eight hours of time and may be spread disproportionately over multiple days.

Day 1 - Installation Goal
(add extra day for 5-10 workstation systems or user supplied systems)
- System install, setup & review
- Price table setup & review
- Security setup & review
- Clerk setup & review

Day 2 - Training Goal
- Clerk Training (4-5 hours)
- Clerk practice (3-4 hours)
- Price table modification
- Partial Owner Training (1 hour)
  - Accounts Receivable
  - Price Table
  - Convenience List
  - Configuration

Day 3 - Live Operation
- Follow-up training
- Help with operating questions

Day 15 - Phone/Factory Training
- Owner Training
- Specialty Training

Our trainers focus on clerk training primarily and owner training secondarily. Until enough data is collected using SPOT (usually between 15–30 days), owner training is difficult. We normally conduct owner training over the telephone or from our office training center 15–30 days after initial system installation. By then, a greater degree of system understanding and availability of collected data makes additional training easier.

Training Outline

Our trainer uses the following basic outline during the training process. This is a condensed version of the actual training outline. Use this as a reference when training new clerks.
NOTE: *Training items may vary depending on features required for operating your store.*

Clerk Training (onsite)
Hardware Familiarization
- Startup & Shutdown
- Hardware Descriptions
- Backup Devices
- Do's & Don'ts

System Navigation
- Keyboard
- Mouse
- Touch Screen

Home Page Functionality
- Production Tabs
- Function Buttons
- System Tabs
- Processing Buttons
- Alerts & Commitment Views

Order Processing Usage
- Quick
- Detail
- Rack
- Pickup
- Quote
- Practice Sessions

Cash Drawer Usage
Order Search Utility
Order Exception Handling
Employee Time Clock Use
Menu Function
Clerk Reporting
Shutdown & Reconciliation

Owner Training (onsite)
Management Reports
Owner Utilities
Basic Configuration Editing
- Price Tables
- Discounts
- Coupons

Credit Card Payment Processing
User Security Rights Editing
Performing Physical Inventories
Using Accounts Receivable
Time Clock & Pay Period Editing

NOTE: *Detailed training of the A/R is not possible due to a lack of actual data. It is highly recommended that this training be performed at the time of the first statement run, normally 15-30 days following live use installation. You should call our office to schedule time with a phone trainer in advance of the actual day you plan to run A/R statements. This service is provided at no additional charge from the initial onsite training cost. Phone training for this service is straight forward and does not require an onsite visit. The trainer may connect to your system to assist.*

Specialty Training
Paying A/R Statement With CCOF
Extended Configuration
Route Manager
Hotel Manager

Credit Card Payment Processing

OVERVIEW

(*Note that this discussion applies to North America credit card payment processing with SPOT only. For credit card payment processing compatibilities with SPOT outside North America, see the last topic in this section.*)

SPOT's fully integrated credit card payment processing technology uses a high-speed Internet connection to achieve 2-4 second authorization times! Integrated credit card payment processing along with SPOT's Credit Card On File (CCOF) technology can greatly streamline operations. Increase cash flow, quickly charge monthly A/R accounts and route deliveries, and print timely and accurate reports with speed and ease.

Payment Processor

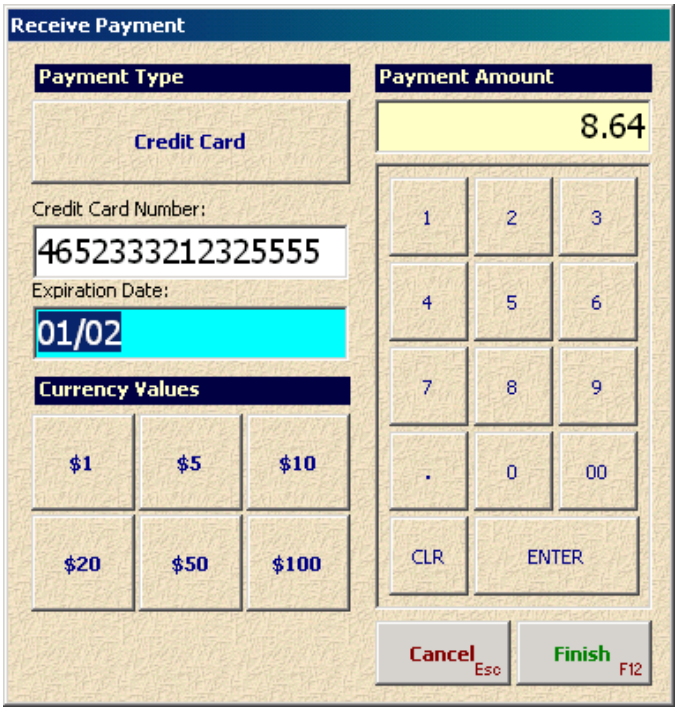
Because of its outstanding record, competitive prices, and service history, SPOT Business Systems selected the Payment Processing Inc (PPI) *Paymover* Internet gateway when designing the integrated high-speed credit card payment processing interface. SPOT now directly communicates instantly and in real-time with PPI for all credit card transactions. PPI has the knowledge and experience that comes with being the one of the few pioneers and a leader in PC-based payment processing. Our *Business Partner* affiliation with PPI offers you the following advantages:

- Competitive rate merchant accounts with fast approvals.
- Visa, Mastercard, American Express, Discover, Carte Blanche, and Diners Club credit card processing.
- Credit card, ACH, EBT, EFT, check guarantee, and check conversion processing.
- 24-hour secured Internet access to your merchant account to view and edit transactions when using the PPI *Paymover* gateway with SPOT.
- Knowledgable e-commerce specialist with state-of-the-art Internet-based payment processing connectivity.
- 24/7/365 Help Desk with toll-free in-house direct technical support for *PPI Paymover*, MSR readers, modems, and administration support for banking and transactional issues.

Your SPOT contact at PPI is:

Payment Processing, Inc.
Jonathan Ching
Sales Representative
4585 Eggers Drive
Fremont, CA 94536
800-774-6462 x4937
jching@paypros.com
www.paypros.com

You can contact PPI directly or have SPOT Business Systems help you coordinate setup for credit card payment processing. Either way there is no difference in cost to you. PPI has very competitive payment processing rates and can meet or beat any comparable industry rate. They provide excellent customer service and have a variety of additional products such as a check guarantee and debit card processing. ***Note:*** *SPOT Business Systems only guarantees that SPOT software will work properly with the PPI network.*



SPOT Credit Card Tender Dialog
(Number shown is not a valid credit card)

CONSIDERATIONS

PPI Paymover Credit Card Gateway

SPOT provides high-speed Internet-based credit card payment processing using the PPI Paymover Internet gateway for improved efficiency, 2-3 second authorization times, and a high level of reliability and security. A specialized interface, built into SPOT, directly communicates ONLY with PPI Paymover.

PPI Paymover also provides secured realtime access to your merchant account transaction via the Internet. This powerful utility lets you view and/or modify card transactions as they occur by simply connecting to your password protected personal merchant account 24-hours per day.

NOTE: *High-speed Internet access must be available at each store running SPOT with the PPI Paymover.*

Credit Card On File (CCOF)

The CCOF feature allows a credit card to be swiped and memorized within a customer account. SPOT allows a high degree of automation by coupling CCOF and credit card payment features to:

- Pay for normal order pickups or prepays without the need to swipe the credit card at each order pickup transaction.
- Automate route payment drafting for all delivered orders.
- Automatically pay accounts receivable statements in full at selected times.

When credit card information is retained by SPOT in this manner for a customer, swiping the credit card for each subsequent transaction is unnecessary. Declined or expired credit cards appear on a SPOT denial report and the card is automatically deactivated for subsequent charges until reactivated under password controlled access.

NOTE: *As part of the Federal Consumer Protection Act, adopted differently by each State, you might be required to have CCOF customers sign a form authorizing you continuing use of their credit cards for a particular purpose. SPOT can print an authorization form for your convenience or you can have one preprinted for this purpose. It is your responsibility to conform to local regulations and any required authorization wording.*

Printed Receipts

SPOT prints all necessary credit card receipts on the same Epson thermal printer used to print most other 3" wide system forms...one for the customer and one with a signature line for your records. For security purposes and to comply with Federal consumer regulations, SPOT only prints the last 4 digits of the customer's credit card on all receipts.

Credit Card Reports

SPOT is capable of printing a variety of reports to help you manage credit cards and for comparison to your bank statement for reconciliation. Additionally, real-time merchant account reports are available via the Internet when using the *PPI Paymover* gateway.

PCI Compliance

In an effort to control fraud, Visa/Mastercard (and other card issuers) will soon require that every payment processor and software developer be fully compliant with their new PCI certification requirements. These requirements are designed to ensure that all credit cards and associated consumer data be totally secured against on-line and off-line theft. PPI is fully PCI compliant as of 2005. In 2007, SPOT will be fully PCI compliant.

Why Use SPOT for Credit Cards?

There are several very good reasons to integrate credit card payment processing though SPOT rather than through a bank provided terminal:

- Authorizing through SPOT results in fluid and automatic approach to credit card payment processing, reducing transaction time, increasing customer satisfaction. Transactions are handled directly from the Order Pickup screen.
- Using Internet-based payment processing (*PPI Paymover*) results in authorization times of 2-4 seconds rather than 12-25 seconds for modem-based payment processing.
- A dedicated bank credit card terminal can handle a single transaction at a time. SPOT is designed to handle multiple transactions simultaneously with the simple addition of multiple low-cost Magnetic Swipe Readers (MSR), one at each counter workstation. This eliminates transaction bottlenecks at order pickup as is common with the single bank-provided terminal.
- SPOT is also uniquely designed to handle multiple credit card transactions from multiple counter workstations when they occur simultaneously. Bank terminals are forced to hang up and redial for each separate approval. This is a big time-saver when your store is busy.
- SPOT and *PPI Paymover* together provide the unique ability to handle multiple merchant account numbers allowing monthly statements to be summarized and totalled by store location.
- Counter clerks never have to leave their workstations during order pickup to process a credit card payment, resulting in improved front counter traffic flow and guaranteed payment application on all picked-up order(s).

- SPOT allows credit card numbers to be memorized using a Credit Card On File (CCOF) function to speed up order pickup at the counter and for automatic drafting of A/R accounts and route deliveries. Additionally, SPOT provides the ability to automatically charge a memorized credit card at any step in the order production process—dropoff, rack, or pickup. Memorized credit card numbers are encrypted within SPOT for security against theft.

- SPOT prints credit card receipts on the same high-speed thermal printer used at the front counter for invoicing.

- Electronic payment processing fees are lower than fees associated with a manual bank terminal.

- Beginning in 2006, credit card companies began requiring the entry of the credit card's *security code* (the 3 or 4 digit number printed on the front of every credit card) for every credit card transaction. An alternative to providing this *security code* is sending the customers billing address. Either method is acceptable to maintain the non-manual transaction rate the credit card company's charge, but the *security code* rate is slightly less. SPOT automatically supports manual *security code* entry with swiped cards in a pop-up dialog and billing address transmission with memorized cards.

ACCEPTING CREDIT CARDS

When the Credit Card is Present

Accepting a physical credit card is safe and simple (non-CCOF). The card is presented by the customer and swiped through the Magnetic Swipe Reader (MSR) usually mounted to the keyboard or monitor on a typical SPOT system. SPOT then connects to the payment processing network via the Internet for authorization.

Within seconds, either the credit card transaction is declined or an authorization code response confirms the transaction is valid. For declined cards, SPOT requests an alternate form of tender, such as cash or check. For valid cards, a customer and store receipt is printed. The customer signs the store copy which is kept as proof that the transaction occurred.

When the Credit Card Will Not Swipe

Sometimes when the card is swiped the magnetic stripe on the back of the card is scratched, corrupted, bent, or may have another problem. SPOT allows you to type in the credit card number manually and proceed as usual to receive a valid authorization code.

When a Credit Card is Declined

Credit cards may be declined for a variety of reasons (i.e. the account has exceeded the credit limit, is closed, is reported stolen, or shows irregular activity, etc.). When this occurs, one of several declined responses will be received. In this case, you will ask for another card or select a different tender type such as cash or check. SPOT has a *Payment Exception* utility built-in which allows for efficient handling of declined credit cards.

Automatic Settlement

PPI provides automatic end-of-day settlement. SPOT does support manual settlement, but this is not needed unless you are using a PPI-provided terminal (Note that terminals are only sometimes used temporarily when you transition to the PPI Paymover gateway).

During the First Week of Processing

Check with your depository bank to verify that credit card transactions are being properly deposited into your account. If there are any discrepancies, access your online merchant account (PPI *Paymover*) or call PPI immediately.

Billing Information

Monthly fees indicated on your monthly merchant account statements are automatically debited from your checking account. It's your responsibility to ensure that there are sufficient funds in your account. Deposits into your account occur daily. Merchant account charges are made monthly, occurring in the first week of the following month. Debits to your account may occur at other times.

Disputed and Fraudulent Charges

Cardholder Signature and Imprint

Obtain the cardholder signature and imprint the credit card whenever possible. A cardholder signature on the copy of the credit card receipt are the two greatest tools a merchant has to protect themselves against chargebacks. Your SPOT generated receipt will have a signature line printed on it.

To Avoid "no imprint"

Always swipe the card through the MSR or get a physical imprint. Always verify that the account number of the card is the same as that on your electronically printed receipt. You might consider having a manual imprinter on hand in the remote event a problem occurs with the automated payment system.

Copy of Draft Not Received

In case of a customer dispute, a copy of the SPOT generated credit card sales draft is required to verify the transaction. Sales draft hard copies must be readily available when requested. PPI recommends that you file your sales draft records by cardholder account number or by date if practical. To minimize chargebacks for "nonreceipt of sales draft", save all sales draft copies and always respond to any retrieval notice promptly. ***NOTE:*** *Per Visa/Mastercard regulations, you must keep all sales draft copies for three years.*

Fraudulent Transactions

If an unauthorized transaction is suspected by the card issuing bank, their investigation will begin with an examination of the sales draft. Make sure that your customer signs the draft and verify that the signature matches the one on the back of the credit card. For CCOF transactions, make sure to check signatures at the time of initial set up. Also, be sure you obtain a clear card imprint of the sales draft if you use a manual imprinter. ***NOTE:*** *SPOT can print a CCOF authorization form for compliance with federal commerce laws.*

Customer Satisfaction

If you have a store policy regarding returns or exchanges for credit, it must be noted on the sales draft in ¼ inch high lettering by the signature line as designated in your Merchant Agreement. In some circumstances, the cardholder does have the right to charge back the entire transaction contrary to existing laws. In the case of specific complaints, such as damaged returned sales items, the Bank can not arbitrate between the cardholder and the merchant. In these cases a merchant may seek recourse through civil court.

Crediting Your Customer

Per Visa/Mastercard regulations, a merchant may only credit a sale by crediting the customers credit card account (cash refunds or check refunds are not permitted). If an order within SPOT is reversed due to a void or redo and the order was charged to a credit card, the credit to the customers account will occur automatically. You can also make manual credit adjustments to a customer credit card from within SPOT.

To Avoid a "duplicate process"

Check your settlement report every night to match each transaction to a receipt. If you have any transaction in your batch report that doesn't have a receipt, it may be a duplicate charge. A credit must be issued to that credit card number if you discover a duplicate charge.

Chargebacks

A chargeback is a dispute between you and your customer that is settled on behalf of the customer. The chargeback fee that is incurred when a customer disputes a transaction is nonrefundable. A chargeback occurs when the customer disputes a charge by calling the 800 number on the back of their credit card and requests that a charge be reversed.

Chargeback Retrieval System

When the Bank receives a notice from a card issuing bank that a transaction is being disputed, the Bank or PPI will notify you in writing by regular mail, requesting a copy of the transaction in question. You can either mail or fax a copy of the transaction slip to the Bank and PPI. The Bank requires this copy received within five to ten days and that it be legible. You may call the Bank at anytime to check the standing of any retrieval request. Merchants may also ask for the Chargeback Department by calling 800-744-6462.

Merchant Funds Deposit

Payments

Payments are transferred into your depository account within 48 hours from the time of settlement. This does not include weekends or bank holidays.

- **Example 1**—If you settle on Monday, the funds will post to your depository account on Wednesday and become available on Thursday. Some banks may take an additional day to post funds.

- **Example 2**—If you settle on Thursday, the funds will post to your depository account on Monday and become available on Tuesday. Daily settlements reflect deposits to your account on a daily basis.

Discount Fees

Merchant funds are deposited to your local bank account for the total deposit amount. Discount fees will be debited at the first of the following month. Example, $100,000 processed, times a discount rate of 2.25% = $2,250.00.

Transaction Fees

At the end of each month, the total number of transactions is calculated for your merchant account. The total is then multiplied by your transaction fee. Example, 25 transactions per month, multiplied by a per transaction fee of $.20 = $5.00.

Other Fees

Any other fees are debited at the end of the month (i.e. voice authorization fee).

Obtaining Credit Card Information

Determining the Card Issuing Bank

You may contact Visa or Mastercard credit to determine the card issuing bank at:

Visa	800-VISA-911 (800-847-2911)
Mastercard	800-MC-ASSIST (800-622-7747)

You can obtain card issuing bank information including phone numbers, cities, states, etc. Credit card numbers are coded using the first digit(s) to signify the card issuer:

Visa	4
Mastercard	5
American Express	37
Discover	60

Calling the Bank

Once you have the card issuing bank information, you can call the card issuing bank and ask them a series of yes/no questions to help you prove the validity of the sale. Some suggested questions include:

- **Cardholder Name**—Was it the same name that was given on the order?

- **Cardholder Billing Address**—Was the billing address given on the order?

Once you have gathered all of this information, it is your decision whether you choose to accept the transaction. Please keep in mind that you are responsible for all transactions that are processed through your credit card processing system.

What to Do

A card swipe, credit card receipt, and customer signature are your first level of protection. For CCOF or other transactions where the card is not present, the Address Verification System (AVS) is the second level of protection. That will at least tell you if the card number matches the billing address. (AVS is not available for non-US addresses, making foreign orders comparatively more risky.) Responses from the bank for AVS are:

- 100% match
- Address only match
- Zip code only match
- No match

It is recommended not to accept a credit card that does not return a 100% match. Of course, a matching card number doesn't necessarily mean the card hasn't been stolen.

Alternate Verification

For US addresses, start by checking to see if the billing address actually exists. You can also check that the area code matches the address. Ask the person who placed the order for home and work contact information, "in case there is a problem with the order". Try using www.555-1212.com You can also ask for the name and phone number of the bank that issued the card. Both are usually printed on the back. As a general rule, someone using a stolen credit card number will not want to have a long conversation with you.

Be Careful Not to Offend

When you contact someone about a credit card problem, it is important not to assume that it is fraudulent. Sometimes suspect card problems are actually from legitimate customers, and you would not want to offend them by seeming suspicious.

Contact List

If you need help with any aspect of the credit card payment processing system, contact either SPOT Business Systems Technical Support or PPI. In cases other than software issues, the SPOT Business Systems support personnel will likely refer you to PPI for assistance.

SPOT Business Systems Main	801.495.1200
SPOT Business Systems Support	801.208.2210
Credit Card Help Desk (24-hour)	800.782.1266
Payment Processing, Inc.	800.774.6462 voice
	510.795.2290 voice
	800.900.7487 fax
	510.795.2299 fax
Voice authorization	
Visa/Mastercard	800.555.5707
Am Express	800.528.2121
Discover	800.347.1111

Ordering Supplies

Printer ribbons, thermal receipt paper, and other supplies may be ordered from SPOT Business Systems at 801-495-1200 x220.

CONFIGURATION

If you are running SPOT as a remotely "hosted" application, all setup and configuration is taken care of by the SPOT Business Systems hosting administrator. When hosted, only MSR swipe readers are needed for each workstation handling credit cards. ***NOTE:*** *Expect about 1–2 weeks from the time you apply for a merchant account number to the day you are able to run your first credit card transaction. Using 3rd-party payment processors might take much longer.*

Requirements

The following items are required for credit card payment processing through SPOT. Due to the complexities, we highly recommended that you have SPOT Business Systems set up, configure, and perform payment processor tests.

- Windows XP Professional
- Approved wedge MSR (2-track)
- High-speed Internet connection or payment processing software and modem
- Payment processor (*PPI Paymover*)
- Valid merchant account number
- SPOT 4.50.0230 (or higher)

Credit card payment processing will NOT work correctly without proper installation and setup of SPOT. SPOT Business Systems is not responsible for an incorrect configuration performed by 3rd-party personnel.

Payment Processing Interfaces

SPOT Business Systems (SBS) enhanced SPOT in 2006 to process credit card transactions directly without the need of third-party software such as ICVerify (ICV) and PCCharge (PCC). SPOT contains a built-in credit card payment processing interface that uses the Internet to communicate with Payment Processing, Inc (PPI) PayMover Gateway. The Gateway is NOT compatible with standard dialup payment processing services using a telephone line. The PPI PayMover Gateway interface offers the following advantages over traditional dialup services:

- Real-time, high-speed credit card handling
- Fast authorization times (2-3 seconds)
- Highly reliable & secure transactions
- Low probability of duplicate transactions
- No dedicated dialup phone line required

Disadvantages of Third-Party Payment Processing Software

SBS made the commitment to integrate access to the PPI PayMover Gateway to eliminate several serious issues associated with third-party payment processing software such as ICV/PCC. While SPOT continues to support an interface for both ICV/PCC for standalone installations only (not supported with SPOT hosting services), any customer who wishes to use either of these products will do so at their own risk since these third-party software products do NOT operate under the control of SPOT.

The reason for this is that once SPOT passes the request for authorization to ICV/PCC, SPOT has no control over receiving a response. If a response is not received, SPOT has no way to guess as to whether the authorization was successful or not since there is no built-in provision to request previous authorization status.

This lack of response often results in a duplicate charge since SPOT has no choice but to assume the transaction did NOT occur. Since SPOT can't control what happens when using ICV/PCC, SBS can't take responsibility for resulting duplicate credit card charges. This unfortunate circumstance is avoided almost entirely by tightly integrating the credit card payment process into SPOT software and communicating directly with the PPI PayMover Gateway.

SPOTs Gateway Payment Processing Eliminates Problems

Each authorization request issued by SPOT contains a unique transaction ID that allows SPOT to request an authorization status in the event an authorization response was not received. There is no guessing with the PPI PayMover Gateway and almost no way for a duplicate transaction to occur. This improved efficiency using the PPI Gateway has lowered our technical support calls for credit cards from 45% (using third-party ICV/PCC software) to less than 1%...a stunning reduction…and much happier customers!

PPI also allows merchants password-protected access directly to their own merchant accounts via a secured Internet Web Site. Real-time access to credit card transactions provides an efficient mechanism to deal with transaction adjustments prior to the customer receiving their monthly credit card statement. Additionally, a robust reporting system provides direct access to your merchant transactions data to help deal with accounting issues and reconciliation. PPI is happy to assist with set up and training of their online merchant services system.

SPOT Hosting Services and the PPI PayMover Gateway

Our SPOT hosting server farm is designed for high-volume Internet-based communications. The hosted server farm using SPOT's interface to the PPI PayMover Gateway handles millions of credit card transactions each month. Unfortunately, ICV/PCC is designed to handle the transaction volume of a single store only and not the high transaction volume required at our server farm.

In order to duplicate the PPI PayMover Gateway's transaction volume handling capability, our server farm would require more than 1,000 copies of ICV/PCC software and 100 additional PC servers. Obviously, this is not acceptable scalability in a commercial data center. As a result, we do not allow the use of either ICV/PCC for SPOT hosting services. The only available interface in this environment is the PPI PayMover Gateway.

Credit Card Rates and Security

*(**NOTE:** Visa and Mastercard are two separate companies that compete against each other for credit card customers. They are shown in this document as "Visa/Mastercard" for the sake of brevity only.)*

SPOT contains automatic features to ensure that you receive the lowest possible credit card transaction rates possible, while at the same time, SBS provides protection against fraud with PCI certification. Proper entry of customer data (as discussed below) by the SPOT user is vital in keeping credit card rates as low as possible.

PCI Certification

Mastercard/Visa have mandated that all credit card payment processing facilities and point-of-sale software be PCI certified to a standard that minimizes or eliminates the probability that customer credit card data can be compromised and result in fraudulent use of that data. Non-compliance will result in 100% liability for all consequential damages in the event of a

data breech that results in fraud (this liability applies to the payment processor all the way down to the merchant). PCI certification requirements apply to the payment processor, software vendors, hosting facilities, and at some point, merchants. PPI is PCI certified. The SBS hosting facility is also PCI certified and SPOT software (version 5.0 and higher only) will be PCI/PABA certified by mid 2008.

Among other things, PCI certification ensures that customer credit card data can't be obtained fraudulently through the Internet by hackers or by any other subversive or indiscriminate means. Our hosting facility must protect against intrusion and the SPOT software must encrypt all stored credit card data to be in compliance. PCI certification is approved and renewed by a third-party consulting firm each quarter, year after year. At some point, every merchant may be required to conform to some level of store location PCI certification as well.

SPOT Classic and PCI Certification

*(**NOTE:** Those of our clients who still use SPOT Classic (DOS-based) with integrated credit card payment processing using ICV to run their drycleaning business should pay particular attention to this section.)*

In order to comply with new PCI requirements, payment processors are now requiring that all merchants update their third-party ICV to the latest versions that are PCI compliant. SPOT Classic MIGHT function properly with upgraded versions of ICV, but we can't guarantee compatibility since we no longer have SPOT Classic development or testing capability. SPOT Classic was declared an "end-of-life" product in 2003 because the industry terminated supply of DOS-based development tools. Also, since these DOS-based software development tools needed to make SPOT Classic PCI compliant do not exist, SPOT Classic is not currently PCI compliant and never will be. SBS is powerless to resolve this problem.

SPOT (Windows-based) is the only PCI compliant software solution available from SBS today, but it requires an upgrade from SPOT Classic to SPOT. The sooner this is done, the closer you'll be to PCI compliance. SPOT Classic's lack of compatibility with current hardware, operating systems, the Internet, and new emerging technologies is rapidly becoming a huge liability to our clients…and one in which SBS can't control. To upgrade your system or discuss your options, please contact the SBS sales group at 801-208-2212 or sales@SPOTpos.com.

USA Rate Structures (Canadian rates differ)

Visa/Mastercard changed the basic credit card rate structure in 2007. Rates are related to the credit card issuer's level of liability in handling a transaction safely and are intended to limit the potential for loss due to fraud. Keep in mind that PPI (a payment processor) has no control over the rate structure or most of the rate amounts levied…they are exclusively dictated by Visa/Mastercard.

There are three basic types of credit cards:

- Consumer
- Commercial
- Rewards

Each type is charged a different rate with consumer card types being the lowest rate. Both Commercial and Rewards card types are usually downgraded to the Non-Qualified rate (see below) and typically receive the highest rates.

Credit card fees charged to the merchant is based on the following components:

- **Interchange Rate (set by Visa/Mastercard, issuing banks collect this fee):** This is the basic per transaction fee + charged amount percentage and is reviewed by Visa/Mastercard in April and October of every year. They can and often do increase some of these rates by small amounts during each review.

- **Assessment (set by Visa/Mastercard):** This fee is about 0.1% of the transaction amount.

- **Processing Fee (set by the processing network):** This is the charge for the network that the payment processor (PPI) uses to handle transaction communications.

- **Discount Rate (set by the payment processor):** This is the fee that the payment processor charges to cover the above fees and for its services on each transaction.

The Interchange Rate affects the fee charged to the merchant to the greatest extent and is based on the type of card used by the customer and the validation data sent (as discussed below). The Interchange Rate tiers have been simplified as described below.

- **Retail Swiped:** The lowest rate available, it's specifically a card swiped transaction only (card present and not keyed in). Note that the swiped credit card automatically contains the data needed for this rate.

- **Retail Keyed:** This next lowest rate available is a keyed transaction or a CCOF (Credit Card On File) entry in SPOT. SPOT will attempt to send the customer address and zipcode if entered in SPOT for the customer. SPOT may also prompt for the CID (Amex) or CVV (Visa/MasterCard) number (found printed on the front or back of the credit card) which does not affect rates, but is used as a fraud check mechanism. The best rates in this category are realized when the customer zipcode in SPOT (validation data) matches the credit card billing zipcode that Visa/Mastercard have on file for the customer.

- **Non-Qualified:** This is the highest rate and corresponds to a customer not present with invalid zipcode entered, Commercial, and some Rewards type credit cards.

When a credit card transaction occurs at the counter, SPOT sends the request for authorization along with associated validation data to PPI (payment processor). PPI then sends it to Visa/Mastercard who assigns an Interchange Rate based on the validation data. Visa/Mastercard then sends the authorization (assuming the card and/or transaction is valid) back to PPI who then handles the funds transfers via the Federal Reserve Banking System. PPI then sends validation status back to SPOT. All of this occurs automatically via the Internet in about 2-3 seconds per transaction.

Using SPOT to Keep Payment Processing Fees Low

During an authorization cycle, if the billing zipcode is not valid, the higher non-qualified rate is automatically applied. Remember, this Interchange Rate is NOT determined or levied by PPI or SPOT…PPI merely passes the transaction information to Visa/Mastercard for authorization. You can ensure the lowest credit card processing rates by observing the following:

- Always swipe the card whenever possible.

- For ALL customers using credit cards, make sure you get a correct zip code.

    - SPOT will use the zip code entry from the customer billing address (under the More Addresses button in the General tab of the Customer view)…both the Address1 and the zip code field (called Postal Code in SPOT) must exist.

    - That failing, SPOT will use the primary address and zip code found in the General tab of the Customer view.

- In submitting transactions through the PPI Gateway, SPOT declares the transaction type to be most advantageous to the merchant.

    - For CCOF transactions (A/R Autopay, Route Post Orders, etc), SPOT will submit a Retail Keyed transaction, internally declared as "Direct Marketing" for your best card "not present" rate.

    - If the card is not present, SPOT will use a Retail Keyed rate regardless of whether the card was originally swiped or keyed (to be PCI compliant, SPOT can't lie about "customer present" in order to minimize the fee). This means that using CCOF from the Order Pickup screen will get the Retail Keyed rate. To get the best rates at Order Pickup, don't use the CCOF entry as prompted by SPOT….use a card from the customer.

    - If you "Batch CCOF Transactions," you get the card "not present" Retail Keyed transaction rate.

    - We strongly suggest that if you use CCOF to prepay orders, use SPOT's "Charge at Rack/Ready" for counter customers and "Charge at Delivery" for route customers. These settings will enhance your Customer's CCOF experience, maximize your cash flow, and minimize your credit card processing costs. If you prepay orders to CCOF, your most expensive option is to "Charge at Detail" since the potential for changing invoice pricing at this point in the cleaning cycle may result in higher Processing Fees.

The SPOT user has control over entering this information directly and therefore has control over receiving the best rates possible. SPOT is designed to get you the lowest possible rates based on your transaction type if you provide the correct information and use the SPOT as suggested above.

*(**NOTE:** In previous versions of SPOT and before we were required to conform to PCI rules (prior to January 2007), SPOT allowed full credit card track data to be memorized and stored for CCOF transactions. This made it look like a "real" card was present and swiped which received a Retail Swiped rate. SPOT clients who were used to receiving this rate should note that since memorizing certain card data is no longer allowed under PCI rules, CCOF rates are now slightly higher. The CCOF function still operates as before, but without the ability to store full track data. All stored data is encrypted to PCI specifications.)*

Managing Credit Card Charge Disputes

There is no way to guarantee winning any customer credit card dispute; however, you can take steps to improve your chances as follows:

- Always enter the CID/CVV number when swiping or keying-in the card. SPOT automatically prompts for this number when needed (note SPOT can no longer store this number and remain PCI compliant).

- Always print the CCOF customer authorization form, have the customer sign it, and keep it on file. This form can be printed directly from SPOT from the Customer Information screen to a thermal invoice printer.

For additional information, please contact SPOT sales at **801-208-2212** or sales@SPOTpos.com. For actual rate information, contact PPI at **800-774-6462**.

NON-NORTH AMERICAN CREDIT CARD SUPPORT

SPOT supports credit card payment processors in selective English-speaking markets. For information regarding credit card use in these markets, please contact the listed SPOT representative.

United Kingdom

Compatible Payment Processors: Commidea WinTI (CCOF) & Ocius (External Terminal for Chip & PIN).

Contact:
SPOT Business Systems
European Office
The Coach House
Hibbert Road
Maidenhead SL6 1UT
United Kingdom
TEL: +44 (0)1628 777774
FAX: +44 (0)1628 777789

New Zealand

Compatible Payment Processors: Cadmus (External Terminal for both CCOF and Chip & PIN).

Contact:
SPOT Computer Systems Australasia Ltd
New Zealand Office
276 Manukau Road
Epsom 1001
Auckland
New Zealand
TEL: 64-9-359-9055
FAX: 64-9-359-9177

Subscription-Based Application Hosting With SPOT

SPOT HOSTING SERVICES

SPOT Enterprise is designed to provide real-time data centralization across any number of stores and locations. This technology is called application hosting. SPOT Business Systems owns and maintains a data center to provide complete hosting services for both SPOT Enterprise and custom web sites. You can lease hosting services from SPOT Business Systems on a monthly basis or own your system outright. Our monthly per workstation hosting service fee includes software lease, program updates, and standard technical support. The Q & A section will answer questions about SPOT Enterprise application hosting.

Hosting Service Payment

Hosting fees are charged monthly (see SPOT Products Price List section) with the following payment option:

• Automatic payment by checking account debit (ACH)

This automatic payment option is provided for convenience, ensuring timely receipt of payment for continuing service. This automatic payment option also keeps our hosting costs low for everyone by minimizing accounting and collection expenses. A signed ACH authorization agreement is required prior to automatic payment activation.

CLIENT-OWNED HOSTING SERVICES

You can own and operate your own data center. However, SPOT Enterprise software is leased on a monthly basis for this purpose and can't be purchased outright. Included with the monthly lease fee is standard technical support (software support only) and SPOT software updates. SPOT Business Systems must provide SPOT Enterprise consultation (see Elective Fee-Based Assistance Services section) services prior to selection and implementation of a client owned data center. The client must strictly adhere to our suggested guidelines.

Due to the high level of system complexity, client-owned hosting systems should not be operated without the availability of a local or employed network/database administrator certified to manage Citrix MetaFrame, Windows 2003, and SQL 2005. Be aware of the high up-front cost of creating and maintaining your own data center.

DATA CENTER

SPOT Business Systems contracts with a third-party co-location data center, called ViaWest, to house its SPOT hosting sever farm. This 80,000 square-foot facility, located 20 miles south of SPOT Business Systems, ensures a highest level of infrastructure redundancy and data security necessary for near-zero downtime SPOT application hosting. The center is staffed 24x7x365 with facilities management personnel to assure maximum integrity.

Communications

The data center houses network infrastructure as well as the Computer Associates TNG™ enterprise management engine. A fully switched gigabit backbone network is installed, which connects all core network devices at gigabit speeds. This switched infrastructure offers significant flexibility that many other networks don't have. The data bunker houses multiple gigabits of local loop to the Internet. Center 7 has an OC-12 fiber SONET (Synchronous Optical Network) ring and a second OC-48 SONET ring, both from different vendors. In addition, Center 7 has provisioned for multiple DS3s, 45 MB of Internet bandwidth. SPOT Business Systems requirements are far less than 1% of the current available capacity at this facility.

Power Generation Plant

A constant supply of power is absolutely essential to ensure maximum uptime. The building is designed for 25 watts of power per square foot. In the event of a power *brownout* or utility power failure, Center 7 has designed four layers of power generation redundancy, essentially over-engineering power requirement needs by more than 40%.

Uniterruptable Power Source

These industrial-grade devices, often called a UPS, are manufactured by PowerWare. They act like huge surge protectors, providing clean power to the entire facility. The UPS subsystem is tied into both the utility power and the back up diesel generator power systems to provide a continuous flow of power to the facility.

DC Batteries

The emergency DC battery banks are always online and constantly being charged. These batteries can provide two and one-half hours of emergency power for the entire facility. In practice, these batteries supply power to the facility during the time required for the diesel generator to come online.

Diesel Generator

The 1,500 kilowatt diesel generator is one of the largest commercially available generators found in a managed hosting facility. The day fuel tank holds 100 gallons. A reserve tank (16 feet in diameter) provides an additional 6,000 gallons of fuel. Fully loaded, this reserve tank weighs approximately 27,000 pounds. Center 7 has contracts in place for ongoing diesel fuel deliveries to provide power indefinitely in the event of a catastrophe.

Mobile Diesel Generator

In the unlikely event that the main diesel generator fails or for planned maintenance, three mobile diesel generators are available for use.

Data Bunker

The underground data bunker is a highly secure, hardened area of the facility that features steel reinforced concrete walls is used for infrastructure distribution such as power and data communications. Three separate egress points leaving the facility enable fiber optic communications networks to go out disparate pathways. This significantly reduces the risk of data communications failure due to accidently cut cables from local construction.

Security System

24x7 security access to the Center 7 facility is controlled by a suite of security systems. These include closed-circuit television video monitoring and recording systems, mantraps, card-key systems, hand-scan systems, thumb print scanners, and a team of security officers. Biometric readers use hand geometry technology that maps and verifies the size and shape of a person's hand in less than one second. Motion detectors and glass-break detectors are used to secure the building's perimeter.

Fire Suppression System

The Bunker and Data Center are completely protected by a two-stage, dry-pipe, pre-action fire suppression system. The system has several built-in, fail-safe features that provide state-of-the-art fire protection.

HVAC System

Each floor of the building is equipped with its own mechanical cooling system. A single, four million BTU boiler supplies heating for the building. A fully monitored, fault-tolerant HVAC system maintains the appropriate climate for the data center and network systems operation. According to an independent audit, Center 7's air quality was determined to be the cleanliest among regional data centers.

INTERNET SECURITY

SPOT Business Systems is committed to providing the highest level of security for our customers' sensitive data. Our servers are housed at a world-class hosting facility which provides a rock-solid reliable infrastructure for efficient, secure operation. The facility also provides 24/7 monitoring and advanced virus/hacker protection mechanisms. Sensitive data within the protected network (e.g., credit card numbers, passwords, etc.) is encrypted by SPOT Business Systems using an advanced sliding-window compression/encryption algorithm.

SPOT Business Systems designed the hosting solution in part due to concerns from stand-alone customers that their data was not secure. In a non-hosted environment, threats such as disgruntled employees, snooping customers, hardware failures, limited budgets for redundancy/firewalls/virus protection and inadequate knowledge of hacker strategies significantly increase the likelihood of downtime and compromised data security. Furthermore, in spite of one's best efforts to counter these threats, the lax nature of security in most non-hosted environments allows employees to unknowingly introduce viruses, worms, and other debilitating executables from the outside.

To address these potentially devastating breaches of security, SPOT Business Systems has partnered with ViaWest to supply a secure, redundant, reliable operating environment. ViaWest's client base consists of such security-conscious firms as Lawrence Livermore (www.llnl.gov), The British Ministry of Defense (www.mod.uk) and Merck Pharmaceutical (www.merck.com). SPOT Business Systems's customers benefit from the advanced infrastructure and high level of security and reliability expected by these firms.

The following list highlights the secure operating environment currently in use. ***NOTE:*** *Specific hardware model numbers are NOT included in this summary as that information may be used by a hacker in the course of an attack. If more detailed information is warranted, a confidential appointment with ViaWest representatives may be undertaken.*

Redundant Checkpoint Firewalls

- Checkpoint firewalls provide the latest in security and reliability, protecting data from port scanning and other specific IP-based attacks.
- Cost-restrictive to anyone but the largest data centers.
- Provides the fastest and most secure method of connectivity.

Redundant Switches and Routers

- Routing is accomplished using layer 2 and layer 3 devices.
- Provides high-speed and reliable transmission.
- All switch/router BIOS configurations are updated to the latest manufacturer's versions (in response to ongoing hardware-specific attacks).

Redundant OC3 Lines

- Eliminates single point of failure (e.g., denial of service attack on one line will not bring down the other line).
- Provides high speed and availability.

Microsoft Security Updates

- Microsoft releases security updates almost daily.
- All security updates are installed on the Citrix servers on a minimum monthly basis.

Citrix and Other Server Updates

- The servers are always kept up to date. If there are any Citrix-specific updates relating to security then they are installed as needed.

Power

- All power flows through a UPS that can keep the servers running for hours in case of power loss.
- The backup generator will keep the servers running as long as needed in the rare case that an extended power outage would occur.

Redundant Citrix Servers

- Provides an additional layer of redundancy. Any server could go down and clients wouldn't see any downtime.

High-end Enterprise-class Anti-virus Protection

- Anti-virus software provides protection from any virus attack, including worms.
- The latest virus profiles are automatically downloaded and applied.

Quarterly Internal Security Audit

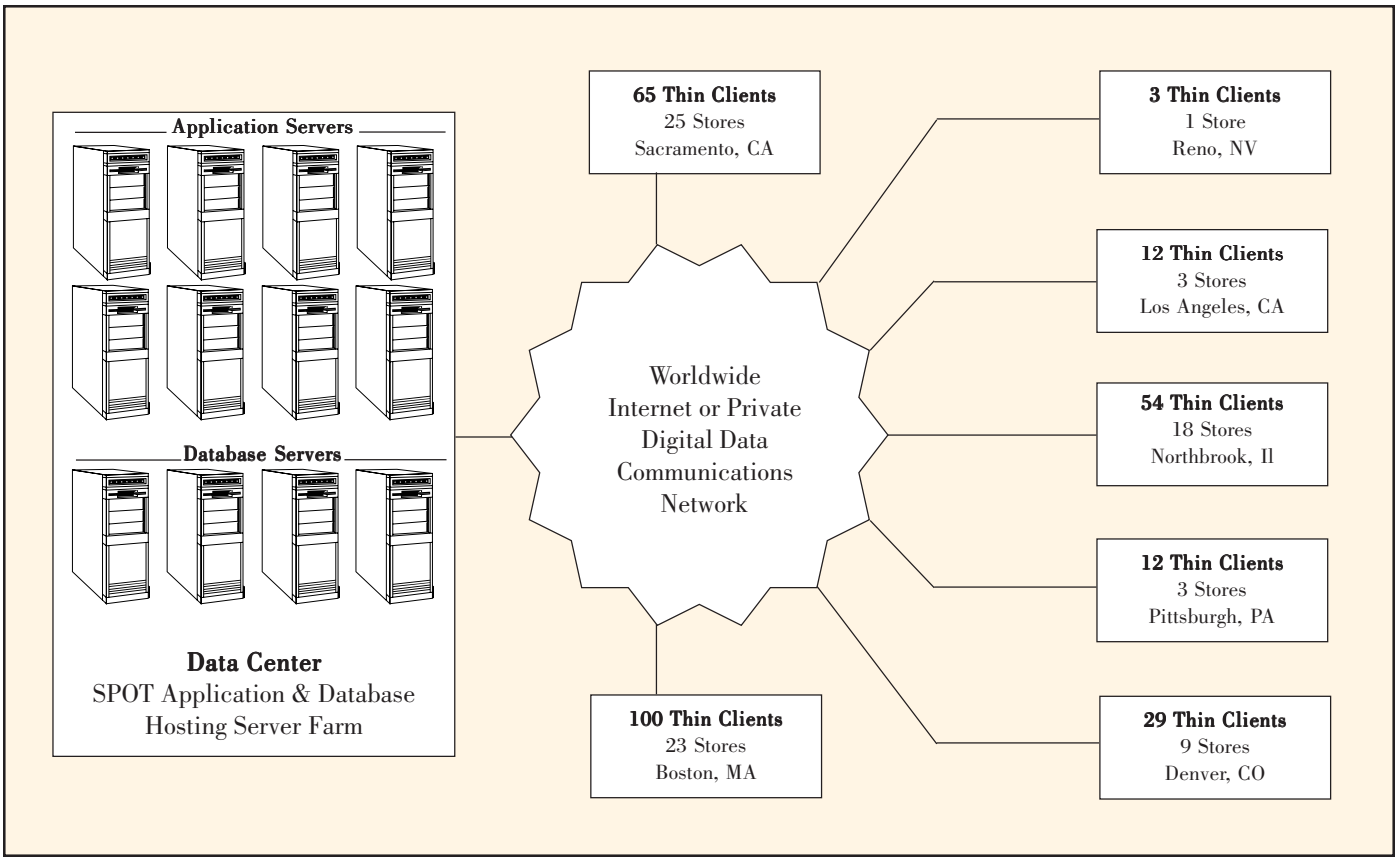
- ViaWest engineers perform an exhaustive quarterly internal audit of all security mechanisms.
- Audit results are made available to SPOT Business Systems, apprising them of any recommendations.

Remote Administration

- Any problems can be found and fixed from any computer with a secure Internet connection.
- Provides fast turnaround in the case of problems.

Pager Service

- Free to hosted customers
- Available for "down" situations
- 24/7 service with ½ hour response time



Typical SPOT Nation-Wide Application Hosting Model

BENEFITS OF APPLICATION HOSTING

Application hosting provides the following benefits and are automatically included with applicable monthly hosting fees:

- **Licenses** - No up-front SPOT license fee required.
- **Updates** - SPOT software updates are performed regularly at the hosting facility by SPOT Business Systems personnel with automatic advanced email notification to hosted users.
- **Consistency** - Following a software update at the hosting facility, all servers contain the same version of SPOT...all connected workstations across all stores are ALWAYS on the same version of SPOT.
- **Centralization** - Realtime connectivity across all stores allows for utilization of advanced SPOT features: consolidated reporting, interoffice/employee messaging, accounts receivable management, workflow management, and production control in addition to many others.
- **Backups** - Data backups are performed automatically at the hosting facility every 4-hours, 24 hours per day and stored in a fire-safe data bunker. 30-day data storage is maintained automatically.
- **Technical Support** - Standard AND Extended technical support assistance is available by telephone, email, and pager. Support personnel available after hours are hosting server farm administrators.
- **Management** - Full SPOT server farm administration performed by SPOT Business Systems certified technicians and hosting administrators. Each has remote connectivity to the server farm by VPN or PDA phone to ensure quick response in the event of a server farm maintenance issue after hours. Hosting users never have to deal with IT issues.
- **Maintenance** - All server farm computer and hard drive equipment is in full redundancy along with an extensive preventative maintenance and automatic equipment replacement schedule to greatly minimize downtime and maintain system performance.
- **Reliability** - The $40 million commercial data center housing the SPOT server farm provides uninterruptable power, backup power generators, data communications redundancy, automatic fire suppression, conditioned air/humidity environment, 24 hour guard service, data bunker, Internet firewall, and virus security for an overall infrastructure uptime of 99.987%.

APPLICATION HOSTING Q & A

Q: What is "Application Hosting?"
A: A software application and database in a central computer facility which in turn is connected to remote user workstations over a wide area is called *application hosting*. The software application runs on an *application server* and the related database runs on a *database server* providing remote access via non-intelligent Windows-based workstations called *thin clients*.

In a typical hosted environment, multiple application servers exist to provide operational redundancy and thereby minimize downtime. Multiple application servers, called a *server farm*, are clustered together at a single facility called a *data center* (see above diagram). Server farms typically provide redundant power and data lines, facility security, automatic data backups, and fire suppression equipment.

Q: What is a thin client?
A: A workstation that resides in a store and links users to the software application in a server farm is called a *thin client*. A standard low-cost PC is typically used to emulate a thin client.

Q: Can an existing PC be used as a thin client?
A: A standard PC running under Windows can emulate a thin client using free Microsoft software. An advantage to PC's as thin clients is the ability to use much older existing units. Emulation software simply makes the PC look like a remote windows workstation, so most PCs will work. This can save a fair amount of money in equipment repurchases when upgrading to a new system.

Q: Why do I want to be hosted?
A: In a typical business, the application resides on and operates from a *Local Area Network* (LAN). In this scenario, data is contained on the premises of the store where it cannot be shared or centralized with other stores easily. The potential for data loss due to fire, theft, and equipment failure is high.

The goal of application hosting is to minimize typical points-of-failure in a LAN-based computer system, such as fans, hard drives, floppy drives, power supplies, etc. Further, regular onsite maintenance issues such as software application updates, data backups, and database maintenance are handled automatically at the data center. Regular computer maintenance is greatly minimized at store-level. The storeowner can concentrate on running his business without the typical worries of the complexities of computerization.

The other major reason to use application hosting is the need for centralized data consolidation. Centralization allows multiple store sites to share a single common base of data. All customer and order information is contained in a single location and accessible from any point in the hosted network of sites. For single sites, operational simplicity is also a reason for hosting.

Accounts receivable is a good reason for centralization. Once centralized, customer account numbers are automatically consolidated regardless of which store the customer visits, current account balances are available on a real-time basis from any location, statements can be printed at one time for all stores, and received payments can be applied to accounts from a single location.

Q: Why is a central database important to me?
A: If you have multiple locations and have the need for enhanced control you are a candidate for centralization. Data consolidation used for reporting, centralized accounts receivable, claims tracking, consolidated customer data, price management, interoffice messaging, production control, production forecasting, order routing, credit card authorization, and targeted marketing can be accomplished with ease in a real-time centralized system.

Q: Can application hosting make training any easier?
A: SPOT is designed to run in *shadow* mode allowing our trainers and support personnel to attach to any workstation in your system. During a shadow session, both users share control on the attached workstation and can see the mouse movements of the other. This is especially useful for showing a person how to perform a particular task. Normally, both shadow users connected are on the telephone together during the session for verbal discussion. Shadow sessions are controlled at our end. Unauthorized shadow sessions are restricted.

Communications

Q: How does the application server communicate with each thin client?
A: At the store, thin clients connect to the Internet via an *Internet Service Provider* (ISP) using digital modems called *routers*. User commands are transmitted and screen updates are received automatically through the router. At the data center, a router is connected to the Internet. The router at each store site has a unique *address* to differentiate itself from the communications intended for other stores.

Routers, unlike classic analog modems, provide a much more efficient method of communications. Using *packets* of digital information, instructions containing the delivery address of the intended recipient are automatically embedded in each transmitted packet. With this scheme, information is randomly sent around the world from communications hub to communications hub, each hub providing new routing address directions, until the delivery address is reached and the packet is delivered.

Q: What types of communication lines do I need?
A: Specialized telephone lines and modems typically provide the connection between the data center and thin client. These special communications connections carry digital data rather than voice communications and thus are classified differently by your provider. These specialized lines are called *data service* connections.

In general there are currently three basic data service connection types available: *DSL*, *Cable Modem*, and *Frame Relay*. Some of these services may not be available in your area. Each of these services requires a router to be installed at the site. The router connects our equipment to the data service. Depending on the part of the service provider and service type, a router is either included at no charge or you will have to purchase it.

Q: How fast should the data service connection be and how many thin clients can be connected at one store?
A: The maximum bandwidth that each thin-client consumes is about 50K (worst case). If you have a store with 5 thin clients, you would need a data service with at least 225K of total bandwidth. Today, most DSL or Cable Modem data services are about 1,000K downlink and 386K uplink minimum.

Q: Can SPOT Business Systems help me find a data service provider?
A: Our trained technical staff will be happy to assist but it's helpful for you to provide us with a list of the carriers in your area. Among others that offer nationwide service you can contact your local telephone company, AT&T, Qwest, Sprint, or XO. Once we have your list, we can help you pick the best value service provider for your needs.

Q: Why can't I use regular phone lines?
A: Regular dial-up modems are too slow and have too much delay to work effectively in stores. Additionally, standard dialup lines are the least reliable of all data communications connections.

Reliability

Q: Do I have a guarantee that the SPOT server farm will always be up and running?
A: The goal of our data center is to make the application available to the store 99% of the time, 24 hours per day, seven days per week. Total data center or server failures are extremely rare. We spend a great deal of money in our data centers to provide a high degree of redundancy to greatly reduce the possibility of failure. Over the past 4 years, our server farm has an up-time of 99.987% on 24x7x365 basis.

Q: How often can I expect to be down?
A: While the actual hosted data center is intentionally designed to minimize downtime, there are other factors in the data delivery loop that affect downtime and are beyond control of the data center. For example, downtime can be contributed to a data line being dug up by a contractor in the vicinity of the store site or the local communications carrier to the store can experience communications failure. Downtime is then a function of the time required to repair the line.

Failures at the data center are typically at the computer level. If a computer fails, a connection is lost. However, since the data center has redundant computer connections as part of its server farm, the user simply presses a button to reestablish a connection to an operating computer. Downtime, in this case, less than 30 seconds.

Scheduled downtime can attributed to normal data center maintenance as well, such as software updates, database administration, etc. Maintenance downtime typically occurs after normal store hours with notice sent by email to all users in advance.

Q: What happens when I am down, is my store down, do I shut my doors?
A: While it will be an inconvenience to be down, nothing replaces a good manual operation backup plan. Use manual tags and invoices temporarily. In most cases, very little will change operationally other than things will happen manually. The biggest issue is to plan for handling order pickups when the conveyor location is unknown, since the computer system provides location information automatically. For this situation, we have developed a rack location *backup* function for our popular *SPOTscan* downloadable barcode reader.

For manual racking (slick rail), normal manual operations can proceed as usual. Once the system is back online all order transactions are input to the system as they would be normally. There is simply no cost effective way for any vendor to guarantee zero downtime, so a good contingency plan is well worth the effort to develop it. Further, the increase in benefits derived from using SPOT 99% of the time far outweighs the inefficiency of being down temporarily.

Q: What about service? My local PC repair person probably doesn't know anything about thin clients or hosted systems. What if I have equipment failure?
A: The advantage of thin clients is that they are easy to replace. If you are running PC's with workstation emulation software from Microsoft, you local computer person can easily deal with repair. For the situations where replacement systems are sent out, we configure everything in our office prior to shipment. You just plug it in.

Q: Is this a proven technology or is SPOT pushing the envelope of what is tested and accepted in the industry?
A: Both SPOT and the hosting concept are well tested and proven. Our server farm has been online for 5 years SPOT is currently running more than 2,500 workstations in a hosted environments. SPOT has been tested to support millions of operational transactions per month. SPOT is designed for tight integration with Citrix Metaframe software, Microsoft Terminal Services, Microsoft Windows 2003, and Microsoft SQL 2005. Many very large companies have adopted the hosting model. FedEx, for example, has more than 40,000 thin clients hosted around the world all connected to a centralized data center running Citrix software. Many banks and hospitals now run hosted Windows applications.

Q: Can SPOT Business Systems keep up with the hosting demand? As more and more customers are hosted will performance be impacted?
A: Our data center is designed for almost unlimited expansion. Data service connections are also highly expandable. We internally monitor performance and bandwidth usage dynamically. When utilization increases, more equipment and bandwidth is added automatically. This automatic service is an integral part of our data center. It is the goal of the data center to minimize or completely eliminate performance bottlenecks.

Additional applications servers are automatically added into the server farm as connection growth increases. The goal is to maintain a 20% surplus in available connections to allow for future growth and server failure redundancy.

Security

Q: Do I have control of my own data?
A: Data legally belongs only to the storeowner and controlled access to the data is available at all times to registered subscribers. A registered subscriber consists of an owner and a collection of store sites and is called an *account* on SPOT. System access to data is the same regardless of the environment, hosted or LAN.

Q: Do my competitors have access to my hosted data?
A: SPOT contains many unique features to prevent data from being accessed by anyone other than the registered subscriber or store site(s). Each registered subscriber is assigned a uniquely isolated data warehouse where data is exclusively contained. Cross mixing of data between warehouses is not possible.

State-of-the-art encryption utilities were designed into SPOT hosting to provide completely secure Internet communications. Only licensed thin clients connected to our data centers are authorized to have access to store data. In addition, the data center itself is secured from unauthorized access.

Q: Is there virus and hacker protection at the data center?
A: There is protection against both situations. In the case of viruses, software is installed that continually checks all incoming and outgoing email for known viruses. On a daily basis, we update the virus checking software automatically with the latest known viruses. SPOT is designed to provide a high level of inherent security against hackers by employing the latest encryption utilities. Malicious connections to bypass a thin client's access to data aren't possible.

Hosted data contained at our data center provides a much greater level of security than that of a stand-alone LAN system. In a stand-alone store, data can by stolen with the theft of a computer or lost by fire.

Q: Can my employees surf the Web through the Internet data connection?
A: SPOT provides restricted access for store related email transmissions only. Access can even be totally restricted altogether, but this is mostly a function of the Windows operating system. Storeowners can be set up with a separate computer to have full password protected access to the Internet if desired.

Flexibility

Q: Is SPOT strictly for hosting?
A: SPOT can also be configured to operate in a stand-alone LAN configuration. The disadvantage to a stand-alone LAN is the inability for centralizing data on a real-time basis, thereby minimizing the effective use of SPOT workflow functionality.

Q: Are there any database size limitations?
A: SPOT is designed for Microsoft SQL 2005 database engine. Database size is effectively limited only to hard disk drive size.

Q: Can I use the hardware from my existing system?
A: In most cases existing PC's can be used with hosting by installing free thin client emulation software from Microsoft. SPOT Business Systems will make every attempt to use existing customer equipment when feasible and we can help determine if your existing equipment meets the minimum system requirements.

Q: If I start out hosted and then decide it's not right for me how hard is it to switch back to a to stand-alone system? Have I wasted money by trying it?
A: In fact, the system is flexible enough that switching to stand-alone from hosting or vice versa is possible. Converting your data from a stand-alone system takes about a day. Converting back to stand-alone takes a few hours.

Q: Is there anything a SPOT hosted system can do that a SPOT stand-alone LAN system can't?
A: Fundamentally, there is no difference in functionality regardless of the operating mode. However, the operating mode can determine if certain functions are available for use.

For example, running SPOT hosted provides real-time access to centralized data. As a result of these centralization capabilities, many functions are now available that are not possible from stand-alone LAN systems. Consolidated reporting, centralized accounts receivable, claims tracking, price management, inter-office messaging, production control, production forecasting, order routing, and high-speed credit card authorization are all features available with centralized hosting.

Q: How hard is it to add additional workstations or additional stores? Will I need someone from SPOT Business Systems to come onsite each time?
A: One of the other big advantages to hosting is the ease with which the system can be changed or enhanced. Provided there is extra bandwidth available at the store site, adding an additional workstation to an existing store takes less than an hour (after the necessary paperwork is processed on our side).

Q: Once I decide to have SPOT Business Systems host how long until I am installed and running?
A: Since we control the application and data at our data center, service can be turned up in about a day (after all paperwork is processed and scheduled). The biggest delay can occur in having data services delivered to your site. It can vary in different parts of the country but in general, expect about 2-4 weeks from the time you order hosting service to when hosting service is available at the site.

At the time you agree to use our hosting services and order your data services, we prepare the needed workstation equipment for shipment and schedule our installer/trainer for installation (see our Business System Installation and Training Overview for more detail). Within 30 days, your site should be up and running depending on data service activation timing. We make every effort to work within your time schedule and that of the data service supplier.

Cost

Q: By paying every month it seems like I will be paying much more than just purchasing up front. Does this make financial sense?
A: There are two situations that should drive your hosting or purchase decision; (1) the need for centralization over multiple store sites, and (2) your desire to be in the computer business. It can be demonstrated that hosting isolates the end user from the necessity of dealing with day-to-day computer system maintenance, backups, software updates, repair, etc. If your desire is to focus on growing your drycleaning business and not on dealing with the complexities of computer system management, then hosting is in order. If you desire centralized data for better control of your overall business, then hosting is an absolute must. Otherwise, you should consider purchasing a stand-alone LAN configuration.

With the ever-increasing complexities of dealing with computers, Windows operating systems, networks, database maintenance, and centralized system, it is very important not to underestimate the potential for unexpected expense and problems. With hosting, these issues are minimized to a great extent.

For example, consider purchasing your own backup power source to keep your store operating in the event of a power outage. You now have all of the responsibility to guarantee power in addition to running your business. If the backup power source fails, you have to drop everything to get it running and pay for all repair expenses. If the backup power source needs replacing, you have to buy a new one. Preventative maintenance must be coordinated and paid for by you. At some point, you simply don't have the time to deal with it.

Q: Can I put my own hosting servers in to save money?
A: From past experience, we have found that most users tend to underestimate the real requirements of central server environment and lean toward reducing cost at the expense of reliability. In a central environment, reliability is of the utmost concern, since if the server fails, all stores in the entire network are down and not just a single store. This redundancy has a minimum cost of entry and shouldn't be ignored. Further, a server farm requires continual monitoring and maintenance by a qualified technician and available on a regular basis.

An outside vendor who understands the ins and outs of this type of equipment might not be available at a moment's notice in the event of system trouble. Typically, service personnel of this caliber are in high demand and usually charge in excess of $125 per hour. Hiring a technician to run your own server farm could cost $60K-$120K per year, far more costly than using the SPOT hosting service.

Q: Can SPOT Business Systems offer this service for less?
A: We have spent a great deal of money on our data center to ensure that we can provide 99% uptime at the hosting side. Each hosted connection requires license fees to be paid to Citrix, Microsoft, and others. In addition is the high cost of our monthly data center service fees that cover the space we use in the server farm, power, data bandwidth used, cooling, etc. So, unlike manufacturing where the more you buy the less it costs, our cost to provide hosting services is almost exactly the same per connection regardless of how many connections we sell.

The cost to provide 99% uptime hosting service is calculated based on 1,500 minimum connections. So to a certain degree, everyone who pays for hosting is getting a discount as if they are purchasing 1,500 connections. Comparable data centers typically charge far more for hosting.

Further, the only way to practically reduce costs is to reduce redundancy and reliability. History has proven that our customers demand these two attributes and expect both when paying for hosting service. By reducing our monthly hosting fee, we would be forced to reduce reliability and therefore guaranteed uptime.

Q: Are there tax advantages to hosting?
A: Hosting payments can be treated as an expense to the business in the year these fees are paid. Under a normal purchase the IRS requires the equipment be depreciated over several years, resulting in delay to recapture the equipment expense. We recommend you contact your CPA or tax advisor for advice on the advantages to your business.

Q: How much are the data lines going to cost?
A: Depending on the communications carriers in your area and the quality of the service, data connections can range from as low as $30 per moth to as much as $80 per month. Generally speaking, an adequate data connection will cost about $40.

Services that are monitored continually for quality and connectivity by the service provider are more expensive than those that are not monitored. Fortunately, the real cost for data lines is usually offset by a reduction in the number of phone lines needed at a store site.

For example, a store that has a dedicated credit card phone line can realize transaction times less than four seconds by using SPOT via the data line, thereby eliminating a $40–$50 per month phone line expense. The added value of fast credit card authorization often justifies the extra cost of centralized data communications. Plus this same data connection can be used simultaneously for support, credit card transactions, messaging, etc...something that can't be done over a phone line.

Q: What do I need to provide to SPOT Business Systems to get setup for hosting?
A: You will need to provide us with setup information such as copies of your pricing structure, signed ACH form, preferred clerk PIN's, and operational preferences. Our sales staff can provide a document to help you gather what you will need as well as assist in helping you. Once we have these items, we will help coordinate ordering your data services. We will also schedule your onsite installation, setup, and training.

Web Hosting

Q: Can SPOT Business Systems host my Web Site at the same time? Is there additional expense?
A: We provide both SPOT application and Web hosting from our data center. This ensures your customers will have fast and reliable access to your site 24 hours per day. Our hosted customers can also utilize the new *CustomerConnect* feature that allows your customers to access their order/customer data online via the Internet.

Our fees are based on industry standards and are very competitive. Our Web designers can create a custom Web site to fit any need or you can choose from our many standard, low-cost designs. Visit our Web Site at www.SPOTpos.com for more information.

Q: Are there additional benefits if you host my application as well as my Web Site?
A: SPOT is designed to effectively utilize the Web to help your business grow. Our Web sites can provide your customers with controlled interactive access to features such as *order status lookup*, *order history lookup*, *statement review*, *order ready email*, *general email alerts*, *route scheduling* with *CustomerConnect*. Further, SPOT Web access can also provide storeowners with secured real-time access to *sales statistics* any where in the world where Internet access is available.

Available System Peripherals And Accessories

Flat Panel Monitors

15" flat panel monitors are available for use when a touch screen is not wanted. Our selected monitors are found to be of the highest quality for long-term reliability. While the cost is higher, we recommend the use of flat panel monitors due to ease of use, low counter profile, and long life.

1 year warranty • [14"h x 8"d x 14"w]

Touch Screens

Whether using the counter-top or in-counter model, these flat-panel touch screen monitors are intuitive to use, are very low glare, offer a much higher level of productivity, have a smaller footprint, and have a longer life than a standard CRT. They provide a full 15" or 17" viewing area with proven high-reliability from a leading worldwide manufacturer.

3 year warranty • [15.4"h x 8.2"d x 15.4"w] counter-top
3 year warranty • [11.65"h x 4"d x 15.96"w] in-counter

Cash Drawers

Due to a lack of industry standardization, it is recommended that only SPOT Business Systems supplied serial intelligent cash or kick-out type drawers be used. We guarantee proper operation of our drawers with SPOT software.

2 year warranty • [4.5"h x 15.5"d x 19"w]

Credit Card Readers

Credit card processing requires a Magnetic Swipe Reader (MSR) and third-party payment processing software, both are available from SPOT Business Systems. The advantage of integrating credit card payment processing with SPOT's is its ability to process multiple credit cards simultaneously (requires one MSR per counter workstation). Specialized modes of credit card payment processing within SPOT can help increase productivity, customer service, and minimize loss from bad cards. ***NOTE:*** *Not all card readers are compatible with SPOT.*

1 year warranty • [1"h x 4"d x 1.5"w]

3" Roll Thermal Invoice Printer

This is the most efficient printer in terms of speed, size, reliability, flexibility, and cost. It uses thermally sensitive roll paper with fast drop-in loading. You'll never need to replace an expensive ink ribbon again. It contains an internal paper cutter to allow printing invoices of almost any length. A wide variety of SPOT form printing is supported with this printer: invoices, claim checks, receipts, route bag tags, order pickup pick lists, nightly cash drawer reconciliation, physical inventory summary, and various short form reports.

2 year warranty • [6"h x 7.5"d x 6"w]

4" Fanfold Thermal Invoice Printer

This thermal printer is similar to the 3" roll thermal printer, but allows the use of special 4" fanfold thermal paper. Normally, this printer is used when a larger invoice is preferred or a perforated claim stub is required for drive-up windows. It has a slower print speed than the 3" printer.

1 year warranty • [6.75"h x 10"d x 8"w]

Statement/Report Laser Printer

This is the standard printer shipped with all of our SPOT business systems. Use this printer for high speed A/R statement printing. With a print speed of 15 ppm and a large toner cartridge, this printer provides the best compromise between cost, speed, reliability, and quality.

1 year warranty • [10.5"h x 21"d x 16.5"w]

3" Roll Impact Demand Tag Printer

This printer has a small footprint and holds the roll of permafiber tag stock internally. It has an internal paper cutter and supports printed barcodes. Use this printer to generate tags that can be used for visual assembly, item tracking, and assisted assembly. A special indelible ink ribbon is required .

1 year warranty • [6"h x 9.75"d x 6.25"w]

Thermal Transfer Heat Seal Label Printer

This type of printer uses a special label that will last about 200 cleaning cycles, out lasting most garments. A heat seal press is needed for applying labels to garments.

1 year warranty • [9.5"h x 19"d x 9.5"w]

Corded Barcode Reader

This real-time barcode reader comes with a nine foot coil cable. It can be extended to 30 feet with the optional cable. Use this type reader when a computer workstation is in close proximity to the items to be scanned, such as a barcoded conveyor rack. The same workstation can use this reader to scan invoices for counter order lookups.

5 year warranty • [2"h x 8"d x 3"w (wo/stand)]

SPOTscan Downloadable Barcode Reader

This PDA-based device provides data via a download docking station. It has a black & white touch screen and is specifically designed for off-line order racking, physical inventories, order process step tracking, and order location backup. This device may eliminate the for an extra workstation. Physical inventories of large numbers of orders can be performed quickly with multiple units. Data is downloaded quickly through any workstation connected to the docking station.

1 year warranty • [1"d x 7"l x 3.75"w]

Portable RF Barcode Reader

This cordless real-time barcode reader can be used up to 150 feet from the workstation for racking and physical inventories. It also doubles as a counter reader for order lookups. Its base is both a charger and transceiver when the portable scanner is removed.

2 year warranty • [8.25"h x 6"d x 4"w]

Counter Display Poles

A common method of employee theft occurs directly from the customer, avoiding detection from within SPOT. During order pickup, a customer is told the order is an amount greater than the actual order price. The clerk keeps the difference. This problem can be eliminated with the addition of an adjustable display pole that reports the sale amount. The display pole also indicates which customer is selected during order process steps (such as order pickup), eliminating potential errors.

1 year warranty • [15-22"h x 4.5"d x 9.5"w]

Data Backup Storage Device

Backing up your critical system database files is an absolute must for two reasons: Unexpected hard drive failure or computer theft/fire. This low-cost backup device provides fast (USB 2.0), reliable, and portable data backups. Backups can be automated for unattended operation. A second backup unit can be quickly substitued for offsite rotation (second reason). SPOT business systems automatically contain this type of backup device to ensure data safety.

1 year warranty • [8"h x .75"d x 4"w]

Available Printed Forms And Tags

Both SPOT Classic and SPOT for Windows have document editors providing a convenient way to format the content of printed forms and tags. In most cases, depending on the form type selected, store logo graphics can be printed to enhance look and usability. Selection of a particular generic form style is related to operational needs and individual preference. SPOT Business Systems maintains a continuous inventory of most the forms listed in this section.

THERMAL

The most versatile format available, a wide variety of form printing is supported by SPOT using this paper: invoice, claim check, route bag tags, order pickup pick lists, nightly cash drawer reconciliation, physical inventory summary, and various short form reports. Because there is no ink ribbon to fade, printed barcodes are always high-contrast for reliable scanning. Our low-curl thermal paper is top coated for long shelf-life and extremely low fade rate compared to that of standard fax-grade thermal paper. With a 20lb weight, the stock is also heavy enough to resist accidental separation with standard staple attachment.

- **3" Roll**—Hangs with minimal curling. Each roll of thermal paper contains approximately 180 feet and fits entirely inside the printer for fast, drop-in loading. This paper is highly recommended for use with SPOT.

- **4" Fanfold**—This special perforated thermal paper has a tear-off stub at the bottom and is primarily used for drive-up service where claim checks are typically needed.

STATEMENT

SPOT contains integrated A/R functions for handling house accounts. Statement printing is as easy as loading paper, selecting the billing period, and printing.

- **Laser**—(8.5" x 11") Preprinted single-sheet statement form is designed specifically for laser and inkjet printers. For both SPOT Classic and SPOT for Windows. Also perfect for a high image look, use standard #9 double-windowed envelopes for fast and efficient statement mailing.

GARMENT TAGS

SPOT supports demand garment tag printing using permafiber wet-strength paper. Special indelible ink ribbons are required and are available for supported printers only.

- **Roll Paper**—(3" wide) this special permafiber tag stock is automatically cut to size under program control during printing. Available in several colors. Requires a roll paper dot matrix printer.

HEAT SEAL LABELS

This type of label contains a unique barcode number along with various customer information and is printed on demand from SPOT. Each label is then heal sealed to the garment, effectively serializing it with a unique number. Typically used for high-volume laundry production, this label provides serialized garment tracking, identification, and rapid mark-in. HSL labels are available in several sizes depending on space required for printed information.

- **Thermal Transfer**—This unique label uses a special thermal transfer printer and has a typical life of 100-200 cleaning cycles before replacement. Label stock and special transfer ribbons are available from SPOT Business Systems.

BARCODED CONVEYOR LABELS

These high-quality vinyl adhesive-backed labels provide a cost-effective way to barcode your conveyor links. Once bardcoded, accurate racking and physical inventorying is possible. A variety of numeric and alphanumeric sequences are available, allowing for multiple conveyors in a single facility. For example, three conveyors could contain alphanumeric sequences that beginning with "A," "B," or "C" creating link ranges of "A001-A100," "B001-B100," and "C001-C100." SPOT supports a wide variety of conveyor and slick rail racking formats.

Pre-Conversion Questionnaire (SPOT Classic Upgrade)

THE QUESTIONNAIRE

Please answer this questionnaire as completely as possible. It is the only way we can determine the amount of time and resources needed for conversion. Use extra pages if needed to further elaborate on a given topic. If you need help answering questions, please contact Technical Support at 801-208-2210. ***NOTE:*** *In addition to this document, please send a full data backup. Fax to* ***801-495-1208****.*

What Can't Be Converted

In most cases the following functionality cannot be converted and will have to be manually entered into SPOT for Windows.

- List setup functions
- A/R history
- Form layouts
- Clerk information
- Time clock records
- Transactions older than 12 months

General Notes

- The conversion process typically requires an onsite visit from a qualified SPOT Business Systems employee to perform the process. Upgrades typically cannot be performed directly by a user.
- Heat Seal Label (HSL) setup and conversion will add an extra half (1/2) day to the onsite upgrade process.
- User or third-party supplied hardware and systems purchased for an upgrade (not supplied by SPOT) may add an extra one (1) day to the onsite upgrade process. The local service technician responsible for setting up the new system in your store must be onsite during the first day of setup and installation, along with our installer.
- The data conversion process to SPOT for Windows requires that your data be SPOT Classic version 7 compatible, therefore, older versions of SPOT Classic will require upgrading prior to conversion. This can take extra onsite time.

Store name, address, and phone:

What version of SPOT Classic software are you now using?
(Use Ctrl-F1 and System Statistics on any workstation)

List the specs for each computer you now use with SPOT:
(NOTE: SPOT requires Windows 2000 or greater. Any computer with less than a Pentium 4 class processor should be replaced prior to upgrading to SPOT for Windows.)

Brand	Age	Processor	Memory	HD Size	OS	CD-ROM

List each different monitor you now use with SPOT:

Brand	Age	Size

Do you plan to use touch screen monitors?

List each printer you now use with SPOT:
(NOTE: Epson TMT-80 printers are not supported with Windows 2000 drivers and should be replaced by Epson TMT-88 or greater. Due to differences with Windows, some printing functions might not be supported, i.e., side-by-side tag printing not supported in SPOT for Windows.)

Brand	Age	Purpose

Are reports/statements printed with dot matrix? Yes No

Do you have the following installed at your store?
(NOTE: SPOT for Windows requires Internet connectivity for updates, support, maintenance, and installation. Upgrading can't be accomplished without basic Internet access.

Dialup phone line:	Yes	No
With Internet access:	Yes	No
DSL, ISDN, Cable Modem:	Yes	No
Internet access near computer:	Yes	No

Network operating system type?

Cabling type?	ethernet	coaxial
If ethernet, how fast?	10mbs	100mbs

Number of unique price tables used:

List all price tables used by number:

Do you use Accounts Receivable now? Yes No
(NOTE: Only balance forward amounts can be brought forward to SPOT for Windows during conversion, not account history or invoice detail. Only one statement print format is available from SPOT.)

How many A/R customers?

Do you use the Route Manager now? Yes No

Route #	Delivery Days	Price Table

Miscellaneous Questions

Is SPOT processing credit cards now? Yes No

If yes, what version of ICVerify is used?

Do you use the Hotel Manager now? Yes No

What is your state sales tax rate?

List promise date structure:

Do you have a data backup device? Yes No
(NOTE: Prior to performing an upgrade to SPOT for Windows, you will need to provide a full data backup from SPOT Classic, preferably on an Iomega ZIP 100/250 or CD-ROM. SPOT for Windows might require the use of a larger backup device than you are currently using.)

Is it operational? Yes No

What type is it?

Pre-Installation Questionnaire (New System)

Please answer this questionnaire as completely as possible. The more information we have the more complete your setup is. Use extra pages if needed to further elaborate on a given topic.
NOTE: *In addition to this document, please send a copy of your current price list(s). Fax to* ***801-495-1208****.*

Store name, DBA, address, and phone:

Should equipment be shipped to your store? Yes No

If no, to what address:

Do you have a different billing address? Yes No

If yes, to what address (DBA):

Name of store owner:

Name of store manager:

Are you currently computerized? Yes No

What system?:

If possible, do you need your current data converted?

Customers:	Yes	No
Invoice:	Yes	No
A/R:	Yes	No
History:	Yes	No

Circle days store is closed: M T W H F S S

Circle days open, no production: M T W H F S S

Store hours:

List names of all clerks and management that will be using SPOT. Include a proposed PIN number for each:

First	Last	PIN

What time are orders promised to be ready?

Same time each day? Yes No

Any days with different time?

What day?

What type of ticket do you currently use?

How many parts do you need?

Is ticket completed in front of the customer? Yes No

Is the customer given a claim check only? Yes No

Is the customer given a receipt at pickup? Yes No

Is order prepayment required? Yes No

Is there a discount for prepayment? Yes No

Do you use customer express bags? Yes No

Is there a pouch to insert an ID tag? Yes No

Do you have customers on A/R account? Yes No

Are you using a separate billing program? Yes No

What forms of tender do you take?

Cash: Yes No
Check: Yes No
Credit Card: Yes No Types:
Other:

If you take credit cards as tender, who is your current payment processor:

Company:

Contact:

Phone:

Are you required to charge sales tax? Yes No

Tax amount:

Any departments non-taxed? Yes No

Which departments:

Is there drycleaning on premises? Yes No

Is there shirt laundry on premises? Yes No

Multiple departments allowed on an invoice? Yes No

Which departments:

Days required for various departments?

Drycleaning: 1 2 3 4 5 6 7 8 9 Other:
Shirt laundry: 1 2 3 4 5 6 7 8 9 Other:
Household: 1 2 3 4 5 6 7 8 9 Other:
Drapes: 1 2 3 4 5 6 7 8 9 Other:
Leather: 1 2 3 4 5 6 7 8 9 Other:
Alterations: 1 2 3 4 5 6 7 8 9 Other:
_____: 1 2 3 4 5 6 7 8 9 Other:

How do you store clothes ready for pickup?

Conveyor: Numbered Alpha

Slick rail: Name Invoice Phone

Other

What type of tagging system do you use (send samples)?

Computer generated: Yes No
Preprinted no-waste tags: Yes No
Preprinted strip tags: Yes No

Do you manage by lots: Yes No
Day lot: Yes No
Piece lot: Yes No
Different color each: Day Lot
Describe colors used:

Describe in detail your lot sequencing:

Describe the kind of coupons you take (send samples)?

Drop-off only: Yes No
Pickup only: Yes No
Both: Yes No

What kind of discounts do you offer?

	Amount	Departments allowed
Owners:		
Employee:		
Friends:		
Church:		
Other:		
Other:		

Do you charge an environmental fee? Yes No

What do you call it?

How much is it? _____% _____flat

Is this fee taxed? Yes No

Which departments does it apply to?

Do you have route delivery? Yes No

If yes, describe structure, stops, delivery days, billing, etc.:

Will you need the Time Clock function? Yes No

What are your pay periods?

Describe beginning and ending dates:

Do you sell merchandise at the counter? Yes No

If yes, please list items with prices:

Do you do wholesale work for others? Yes No

If yes, please describe:

Do you provide hotel valet service? Yes No

If yes, please describe number of hotels, discounts, departments, etc.:

Please attach a copy of your current pricing structure. If you have requested onsite installation and training, please provide us with the following:

Preferred dates of installation:

Closest major airport and approximate distance:

Name, address, and phone number of a suggested hotel(s) close to your store:

Brief driving instructions:

Owner's Resource Guide For New SPOT Systems

Dear New SPOT System Owner,

Thank you for purchasing SPOT software or complete SPOT business system. Our goal is to make your SPOT experience as productive and enjoyable as possible. The following pages comprise the Owners Resource Guide information for new SPOT system owners.

Quick access to commonly needed information about SPOT systems is found in this section, such as important SPOT Business Systems assistance contact numbers, how to handle unexpected hardware failures, customer care policies, a hardware lifespan discussion, and SPOT price list. It also lists the phone number for ordering our high-quality, industry-tested SPOT thermal paper, tags, statements, forms, ribbons, and accessories. You should make sure this guide is readily available at all times.

During the first month of operation, you may need our assistance for a variety of reasons, especially after your onsite trainer is gone. Our Priority Support Coordinator is there to help direct you to the right support person who can assist you with any problem...and as quickly as possible.

Computerizing a drycleaning operation is a big change and may be disruptive until you become comfortable with this new management tool. Despite this short-term disruption, you won't regret the long-term benefit you'll gain from computerizing. Please make sure you contact us with problems or issues you encounter that seem abnormal. If something appears to be wrong, it probably is. In most cases, minor configuration changes (made right over the phone or by connecting to your system by modem) should smooth things out.

Once again, thank you for purchasing SPOT. We look forward to assisting you and hope to make your transition to computerization as smooth as possible.

The Staff of SPOT Business Systems

Getting Assistance For Your New SPOT System

CONTACT INFORMATION

SPOT Business Systems
12345 South 300 East
Draper, Utah 84020-8790
www.SPOTpos.com
sales@SPOTpos.com
support@SPOTpos.com

- **Technical Support (weekday)..... 801-208-2210**
- Direct Sales 801-208-2212
- **Forms & Supplies Orders 801-208-2220**
- Main Switchboard 801-495-1200
- Fax 801-495-1208

SPOT SUPPLIED SYSTEMS

Should you need assistance with any aspect of the business system you purchased through SPOT Business Systems, rest assured you will be given the highest service priority available.

30-Day Priority Service

The best laid plans can go awry. Just when you thought you understood system operation completely and now that the trainer is gone, you realize there are things you really didn't understand after all. During the first 30-days of operation, you may have questions, problems, or operating issues that need immediate attention. To help make the transition to your new system smoother, you have direct access to our Priority Support Coordinator for emergency issues.

The coordinator will ask questions about your problem and route your call to most available high-level support person equipped to deal most effectively with your issue. All subsequent calls should be directed through this coordinator until the issue is resolved. Until you have developed a comfort level with your new SPOT system, everything might feel like an emergency. This is normal. Just know that we are there for you when you need us. Should you not receive resolution in a timely fashion, the coordinator has the authority to escalate your issue to a supervisor for immediate action.

After your first 30-days of operation, you will contact Technical Support for assistance as usual.

System Hardware Assistance

Each component in a SPOT Business System is shipped with a full manufacturers warranty. While the warranty period for each manufacturer may vary, most components are covered for between one and two years from the date of purchase. SPOT Business Systems maintains a record of all equipment sales when required for proof of purchase by the manufacturer.

SPOT supplied business systems are assembled and tested for a 36-hour burn-in period to minimize the probability of premature failure onsite. While premature equipment failure is rare, it can happen. Normally, when a component fails prematurely, it occurs in the first 30 days of operation. During this 30-day period, should a component fail for any reason, other than abuse related damage or acts of God, we assess the situation and make a decision as to the quickest way to resolve the issue. We may ship a new replacement component or contact the manufacturers local service dealer for assistance. We are just as concerned with minimizing your downtime as you are, so our actions are based on speed and efficiency of resolution. SPOT Business Systems assumes the cost of hardware shipping in both directions as well as defective equipment replacement during this first 30-day period.

After the first 30-days of operation, shipping to our office is paid by you, with return shipment paid by us. After the expiration of warranty, you are responsible for the cost of shipping components both directions if needed. ***NOTE:*** *Due to high use factor, Keyboards and Mice are covered for direct replacement by SPOT Business Systems for 90-days only, after which you may elect to seek direct manufacturer replacement for any remaining warranty coverage. In most cases, the cost of shipping either of these devices for warranty replacement or repair exceeds the cost of direct replacement by you. We consider these devices disposable when failure occurs.*

RMA Returns

All approved returns require a *Return Materials Authorization* (RMA) number issued by SPOT Business Systems. You should return the defective items in accordance with shipping instructions from SPOT Business Systems. The RMA number must appear on the outside of the shipping box or the defective merchandise could be returned. Non-defective items returned with SPOT Business Systems authorization are subject to a 15% restocking fee. ***NOTE:*** *We must receive RMA items within 15 days from the date of issuing an RMA number or they become your liability.*

Configuration Option Assistance

It is not uncommon for you to make changes to the way your new SPOT system functions during the first 30-days of operation. SPOT is highly configurable and has many options allowing it to adapt to your environment. So don't panic, simply contact our Technical Support group for help making your change. In most cases, changes are simple configuration switches requiring just a few moments of your time. The following items are configurable within SPOT:

- Order processing features
- Operational features (A/R, Routes, etc.)
- Centralization and Alert grouping by department
- Peripheral type and workstation location
- Form layout design (most forms)
- Price, upcharge, and modifier table contents
- Data backup operation (certain systems)

Monthly Process Assistance

Certain processes within SPOT are not able to be properly demonstrated during onsite training, mostly due to time constraints or a lack of order data. These processes include:

- A/R Statement Billing
- A/R Payment Application by Check
- A/R Payment Application by Credit Card On File
- A/R Route Billing
- Physical Inventory

The first time these processes are performed, it is a good idea to contact Technical Support for assistance. You will need to setup an appointment, since some process require more than a few moments and it is possible a support person will not be available. We consider this a follow-up to onsite training and is available at no additional cost for those who have purchased onsite services.

USER SUPPLIED SYSTEMS

If you supply your own hardware systems and integration, you are not eligible for our Priority Support Coordinator services. You must contact our Technical Support services. Remember that technical support services begin on the day your system is placed into operation. Assistance with system setup, integration, and configuration prior to system operation are available as fee-based services from SPOT Business Systems (see *The SPOT Customer Care Program* and *Elective Fee-Based Assistance Services* chapters for additional information).

GENERAL SUGGESTIONS

The following topics provide suggestions that will help you get the most from SPOT.

Using the Internet

If you do not have an Internet connection now, consider getting one. Program updates, newsletters, new features, documentation downloads, and other useful information will be available on our Web Site. The type of Internet connection you get is up to you, but the faster the service, the easier and less frustrating it is to use. We recommend a higher-speed connection such as DSL or Cable Modem. This will enable large downloads to occur quickly and allows our technical support department to use SPOT's highly efficient GoToAssist Internet-base support connectivity. ***Note:*** *If you use the Internet, make sure your router has an integrated firewall and that you install virus and spyware software on each computer connected to the Internet. Avoid "surfing" the Internet on computers used for running SPOT.*

Communication Connection

In order for our office to adequately assist you with your new SPOT system, it is mandatory that you have a data communication connection established to your computer. At a minimum, a dialup phone line, modem, and *pcAnywhere* communications software are required. You should not use the same dialup line used for credit card authorization. Either connect a dedicated phone line or use an alternate customer call line. This line must be permanently connected or easily connected when requested. A high-speed internet connection in your store is preferable over a phone line connection. You can use *pcAnywhere* via the Internet for very efficient connectivity.

Telephone Availability

In the remote event of a problem with your system, it will be necessary to view the screen and use the keyboard while on the phone with Technical Support. You will need a phone that will reach every computer workstation in your store. If you do have a problem with phone availability, invest in a portable 900 Mhz phone. These phones are fairly inexpensive and worth every penny when you have a problem that needs to be resolved quickly.

System Expansion

Whether you purchased your system from SPOT Business Systems or not, we can provide you with expansion equipment designed to enhance performance and reliability. Many older systems can be upgraded with minimal cost by using the proper components. Please contact the sales department in our office for a quote.

The SPOT Customer Care Program

TELEPHONE TECHNICAL SUPPORT

Telephone technical support begins the day your new SPOT system is placed into full-time service within your store. Operational issues encountered on a day-to-day basis are covered by this service only. Our technical support personnel are not equipped to provide training, integration or consultation services, but can coordinate scheduling with a specialist.

Why We Charge for Support

The income we receive for customer care is used internally to the direct benefit of SPOT customers, allocated at 50% support services and 50% for program enhancements. Whether or not you need technical support services on any given day, our costs to have trained technical support personnel available when you need us are ongoing. Your expectation is that we are always ready and available to assist you with issues. As our sales of software and systems grow, we automatically add and train new personnel to meet growing demand for technical support, a cost that continually increases over time. While we understand the desire of our customers not to pay for technical support until needed, reality dictates that we must charge for support in order to maintain a ready staff. Technical support should be viewed as an insurance policy that protects your SPOT automation investment long into the future. Our goal is to create the best possible technical support program available for our customers while keeping SPOT the leader in advanced technology – both help ensure your long-term success as a business owner. We hope you willingly support this program.

Customer Care Program

The purchase of Customer Care is mandatory in the first year of initial software or system purchase, after which purchase of the annual Customer Care package is elective. Customer Care includes *Standard* technical support and program updates; neither can be purchased separately. Standard support is provided by telephone during our normal office hours. We attempt to handle each call when it arrives. On occasion, the number of calls is greater than our capacity to handle them. In this case you have the choice to wait until the next support person is available or leave a message for a callback with our support coordinator. We attempt callbacks as quickly as possible, but we give priority to systems that are completely down (non-functional).

Support Levels

Our frontline support personnel are considered *Level 1*. That is, they are trained to handle 80% of the normal support calls received, such as printer and minor hardware problems, use questions, etc. If after a short period of time, they cannot adequately handle your issue, your call will be escalated to a *Level 2* person who may need to review your issue and call you back for resolution. Escalated issues may require as much as 24 hours for resolution. Priority is given to non-functioning systems.

Included Support Services

All SPOT Business Systems supplied hardware systems and software qualify for telephone technical support. Our frontline support personnel are trained to deal with most issues. Some issues require the assistance of our programmers and other high-level technicians. Support personnel may elect to escalate an issue within the company when necessary.

What is Not Included

Technical support is not designed for training of store personnel, initial system integration, assistance with user-provided hardware/software or user-owned hosting facilities, or system hardware upgrading. These are handled using separate services (see *Elective Fee-Based Assistance Services* section). We are also not able to physically support third-party supplied hardware, networks, and software. When we attempt problem diagnoses, it may be necessary that the original system supplier be called-in to assist. ***NOTE:*** *SPOT Business Systems makes no warranties as to the fitness or suitability of any user-supplied or third-party equipment or software used with SPOT. Use of third-party equipment is solely at user's risk.*

Support Anniversary Date

The anniversary date determines the support billing cycle and is calculated based on the date of the first SPOT software license purchased. The cost of subsequent licenses purchased are prorated based on the anniversary date. The initial cost of support is discounted and remains at the discounted rate until a lapse in the annual support payment occurs. If support lapses beyond the anniversary date of any subsequent year, annual support fees increase to the standard annual published rate. Per incident support is available for lapsed support agreements. Credit Card On File (CCOF) services are available providing a convenient method of auto renewal, ensuring a lapse of support will not occur.

Standard Technical Support

Based on initial software purchase anniversary date, this service is mandatory in the first year of initial software or system purchase. Support is available in two forms, store level and help desk. Standard support hours are 7am–6pm MT (M-F); 8am–5pm MT (Saturday); except holidays.

Store Level

Each store or site within the group of multiple stores or sites receives support individually. Support is more expensive since it requires the availability of additional support group personnel.

Help Desk

All support calls are handled first by your support help desk. Your help desk then becomes the single contact point with our technical support group. Your stores do not call our support group directly. Normally, only larger drycleaning chains have their own help desks. Support is less expensive since our support group deals with a lesser number of issues.

After Hours Support

After hours support options are by pager service with a two hour maximum callback. After hours support services are purchased as an add-on to the Standard support (Extended support is included with SPOT Hosting subscription fees). Personnel manning this service are of the highest knowledge level within SPOT Business Systems and are able to deal with almost any technical issue.

Extended Option

This Customer Care service provides coverage after standard business-day support hours and is designed to help you get a non-functional system functioning. A non-functional system is one that is totally down and cannot process orders. All other issues are not considered emergency and should be resolved via the standard Customer Care during normal hours. Coverage is 3am–7am & 6pm–11:00pm MT (M-F); 5am–8am & 5pm–8pm MT (Saturday); 8am–8pm MT (Sunday); except holidays.

24X7 Option

This extended Customer Care service is designed for those who require support services around the clock. Coverage is 24 hours per day 7 days per week.

Hosted Support Option

The monthly per workstation subscription fee for SPOT Business Systems SPOT Hosting Services includes Standard technical support, product upgrades, and data backups at no additional cost other than those indicated in the Extended Support option. If you have purchased SPOT Enterprise software and are self-hosted, you will need to purchase Standard support to cover normal calls plus pay an hourly rate for support calls related to your hosting infrastructure.

Scheduled After Hours Support

Special circumstances, such as your request for after hours assistance with software or hardware updates, may dictate that our support people be made available beyond normal business hours or on weekends. We are happy to assist with such requests, however, appointments must be made several days in advance and are predicated on personnel availability. This is a fee-based service (see *Elective Fee-Based Assistance Services* section). After hours rates apply.

SOFTWARE UPDATES

SPOT software updates consist of Maintenance and Feature releases, called "builds." Updates are available at no cost as part of the Customer Care package fee. Updates can be purchased separately at 50% of the cost of the current published software license fee if Customer Care is not elected.

Only the current major release of the software is supported by the Technical Support department. Older releases must be updated prior to receiving support. Software updates are normally accessed by the customer via the Internet. Due to large program size, updates are NOT available by standard dialup modem. Updates requested by standard CDROM are charged a $25 media and shipping fee.

COMMUNICATIONS REQUIREMENT

It is mandatory that all computer systems be equipped with a dialup modem and *pcAnywhere* communications software (minimum) or other high-speed Internet data connection, such as DSL or Cable Modem (recommended). This allows our technical support personnel to connect directly to your system using SPOT's internal GoToAssist utility for support, installation, integration, consultation, training, updates, etc. Without this connectivity, timely resolution to issues may be impossible.

Important Facts About Your New Computer System

COMPUPHOBIA

What's *compuphobia*? It's a basic fear of computers or possibly, just not knowing how a computer works. It's like anything else, the more you use it, the more comfortable you are with it. Remember the first time you drove a car with a stick shift? It's the same sort of thing—you're very nervous, you grind a few gears here and there, then one day, it all clicks and you wonder what you were so worried about! Consider the following thoughts:

- Don't be afraid to use your computer.
- Do be afraid of not getting enough use out of your computer.
- Take the time to get to know your computer.
- Take a computer class at your local community college.
- Relax and enjoy.

COMPUTER LIFESPAN

Few electronic devices in your life will be as dynamic as that of a computer. Rapid technological advancements, fueled by intense competition and consumer demand, create a buying dilemma. Should you buy now or wait until the next model is available? Should you buy the biggest and fastest computer made? Most manufacturers release at least two new model upgrades in a single year! So, what does a levelheaded, tire-kicking business person do?

Part of the answer depends on whether you're buying for the first time, replacing an existing computer and the types of application software you need. For example, if you use only a word processor, computer speed and performance are not very important. In all cases, an understanding of the lifespan of a computer system will help you make an informed system purchase decision. Elements of computer lifespan cover a broad range of seemingly unrelated issues, many not considered by most consumers but important nevertheless.

Component Failure Potential

Like all electronic equipment, computers will eventually fail but how long will it last before failing? A computer is like a car, it's made up of a wide variety of different components that tend to fail at different times. There are integrated circuits (commonly called *chips*, the brains of a computer), fans, motors, monitors, keyboard buttons, lights, disks—all with different lifespan ratings.

Probability of Failure

Most mechanically oriented components have a unpredictable lifespan directly related to use. The lifespan of integrated circuits (and there are many of them in a typical computer) are rated by statistical probability of failure—a rating created by the military in the early days of electronic equipment use. Calculations for chip lifespan are complex, but boil down to a fairly simple rule—statistically, if an integrated circuit survives the first 25 hours of operation, theoretically it should easily out last mechanical components.

Also, the fewer the chips in the design, the greater the overall reliability. So, as computer chips increase in density (cramming more circuits onto a single device), the resulting computer design requires fewer chips and therefore has an inherently higher reliability. Each year, advances in component consolidation increases chip density. As a result, newer computers are inherently more reliable than older models.

Statistics and theory aside, chips do fail. Chips have no moving parts (other than electrons) to wear out—the basic reason for their long life expectancy—so they tend to out last mechanical components whose lifespan is much shorter. But, for the most part, chip failure is usually the last reason you'll toss your computer—obsolescence or mechanical failure will be.

Figure 1 illustrates the typical lifespan of various components in a computer operating 12-18 hours per day in a drycleaning plant environment. From the chart, a computer will *typically* run without requiring service for about three to five years.

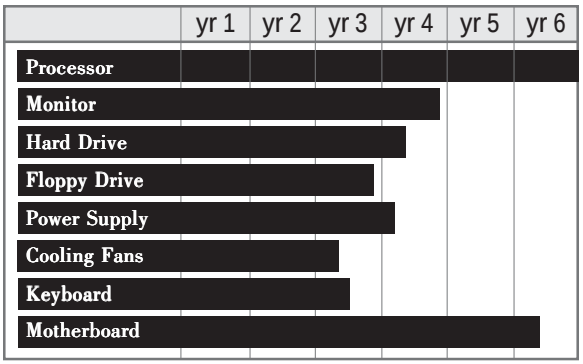


Figure 1—*Typical computer component lifespan*

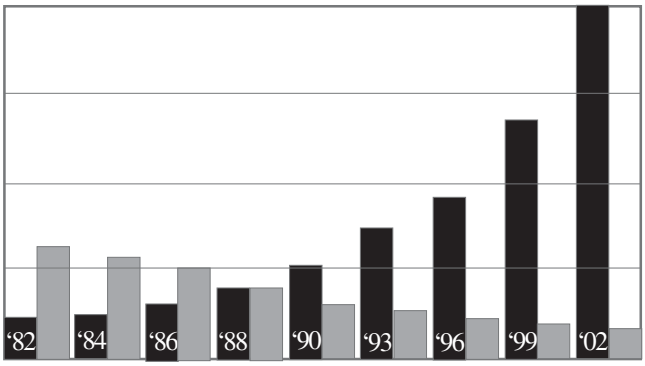


Figure 2—*Computer performance (black) vs. price (grey)*

Technology Advancements

In the computer industry, speed and performance double every 12 months. Assuming your present computer will last for five years, the new computer system you replace it with will be much faster and probably cost less! In fact, personal computers today are approximately 300 times faster and 6 times less expensive than they were in 1982. What a bargain! **Figure 2** illustrates this amazing phenomenon. With a new computer system the failure clock resets, you get the latest and most cost effective technology, and realize higher reliability.

ENHANCING COMPUTER LIFESPAN

Unfortunately, there's little you can do to prolong the lifespan of your computer, at least to any measurable extent. Too many factors work against you—computer age, random failure, sealed components, mechanical failure, component fatigue, etc.

The Virus

How could we possibly discuss the subject of computer lifespan without talking about viruses. A virus won't cause permanent hardware failure, but you could lose all of your valuable data. The word virus is a laughable description of a real computer problem, yet shouldn't be ignored.

A virus is <u>not</u> a mutated biological microbe that gets inside your computer, bores into its chips, and causes memory lapses. A virus is an intentional software program written by despicable programmers and used to wreak havoc on your computer in unexpected ways. Virus programmers don't think they're despicable; in fact, the first viruses were written to punish users for software piracy. However, it's now become a widespread and petty form of computer vandalism.

There are hundreds of known viruses with names like "*Algerian,*" "*Forms,*" and "*Trojan.*" Some viruses cause minor operational irritations, such as strange things appearing randomly on the screen, while others can erase the computer's entire hard disk drive. However, a computer virus can't enter your computer without help. So, how does a computer become *infected*? It's typically introduced when copying files onto your computer from external sources.

Virus programs are designed to hide in obscure parts of floppy disks and other programs. When installed, the virus program then hides itself on the computer's hard disk drive, where it begins its dastardly deeds. The virus program copies itself to every disk created by the infected computer. When those disks are copied to other computers, they become infected. So be careful, this is a real problem that can cause real headaches. Consider these virus no-nos:

- Never copy programs or documents of unknown origin onto your computer without testing it first for a virus.
- Never download programs or documents of unknown or suspicious origin from the Internet.
- Check your computer for viruses periodically if you frequently copy programs or documents.
- Do not allow employees or friends to install programs on your business computer system.

It's important to remember, there's little to worry about if you only use your computer with software programs from reputable software manufacturers. Most manufacturers test for virus infection prior to duplication and distribution.

Anticipating Failure

Recognize that your computer will fail at some time in the future, then prepare for it. Much of dealing with failure is mental. Emotionally, you're better off accepting the fact that your computer just won't last forever—plan for failure, then don't worry about.

Some failures are much more catastrophic that others. For example, if your hard drive fails and you don't have a data backup, that's a big problem. On the other hand, if a cooling fan fails, have it replaced and you're up and running. If you have a contingency plan in place and consider every precaution in the event of a failure, dealing with failure is much easier. Ignoring the potential for failure won't make it go away.

The computer should be your best friend. It should make your business run more efficiently, with greater profit, and with an increase of quality in your business life. One or two hardware related failures in three to five years is certainly worth what a computer does for you a majority of the time. For example, if a failure occurs once in three separate days over a three year period, that's a .3% failure rate. Face it, no business owner wants his business negatively affected by computer failure, but if using a computer makes things better 997 days out of 1,000, it's a winner!

Hardware failures are usually reported by the application software attempting to perform a hardware task, such as sending data to a disk drive. With older equipment, a single hardware failure is likely to signal the beginning of additional failures. Be prepared to act quickly.

Heat

Heat is the greatest enemy of most components in a computer. Some components are more sensitive to heat than others. For example, heat can make memory temporarily fail. Heat can also cause total component failure if allowed to increase without some sort of cooling.

Cooling Fans

Most computers have fans. The faster the computer, the more cooling it requires. Most processors, for example, run so hot they have a separate fan directly attached to provide additional cooling. If a cooling fan fails, the results could be unpredictable; permanent or temporary component failure. Check your cooling fan frequently to ensure it's doing its job. Usually, when a cooling fan begins to fail, it makes a continuous loud squeaking noise and vibrates either continually or during computer start up. Fans are not user serviceable and you should have a qualified technician replace it.

Environment

Keep the space surrounding your computer free of anything that could restrict airflow. It's tempting, in the face of counter space limitations, to compact everything as much as possible. If airflow is restricted around the computer, the fan only recirculates hot air which could cause premature or intermittent failure. Keep your cabinets neat and clean, your computer will love you for it and reward you by living a trouble-free life!

Dust

Few computers have filters to prevent dust from entering. So, the longer the computer runs, the more dust it accumulates. Dust can become an enemy, causing excess heating and premature mechanical wear. Keep areas around computers clean and as dust-free as possible.

Cleaning

Create a cleaning plan that includes vacuuming areas around the computer on a weekly basis. Every six months have a qualified technician remove the dust from the inside of the computer. You can do this yourself, but have a qualified technician show you how and use antistatic air (available almost everywhere computer supplies are sold). Consider these additional cleaning suggestions:

- Clean glass monitor screens with window cleaner.
- Use a household cleaner to clean monitors and keyboards.
- Use a can of antistatic air to blow out keyboard key dust.
- Tip dot-matrix printers upside down to remove debris.

PLANNING FOR FAILURE AND LOSS

Murphy's Law states, "*If it can fail, it will—and at the worst possible time!*" There's no escaping it, your computer and related equipment will eventually fail. How you plan for and deal with impending failure is crucial to running your business successfully with minimal impact. The last thing you need is having to tell customers you're not open for business because your "*computer is down.*" With a well conceived plan to deal with unscheduled failure in place, there will be no panic—just the calm of minor inconvenience.

Equipment failure is one problem, but what if your computer system is stolen, or a fire or natural disaster occurs damaging your equipment beyond repair? You can lose data and equipment to a variety of situations—a virus, dust, heat, normal failure, fire, theft—consider them all.

Contingency Plan

Don't forget, your business ran manually prior to computerizing. Part of your plan should include reverting back to operating manually. Pretend your computer is not functional, then mentally step through the entire manual order process and identify problem areas. Time spent now dealing with the potential for system failure will pay for itself many times over during an actual failure. Don't fall into the trap of never having time to create an operating contingency plan—it's too important to ignore. If necessary, deal with the issue on a day you're not open, such as Sunday. Your mind works better with no unnecessary distractions.

Take Action

Make sure all of your clerks are retrained periodically in the manual aspects of running the business. Hold a simulated computer failure *dry run* with employees . Make manual forms for accepting new orders and logging orders picked up, paying particular attention to information the computer will need when the manual orders are reentered. For example, if a phone number is needed to lookup a customer order, make sure your form contains a column for the customer's name and phone number. Other issues to consider:

- Buy reliable computer systems to minimize downtime.
- Have a stack of manual tickets and garments tags available.
- Label trays for *drop-offs* and *pickups* to organize the process.
- Backup daily to a reliable backup device.
- Take a data backup off-site at least once a month.
- Assign specific clerks for collection and reentry of orders.
- Make sure everyone knows who to call for system failure.
- Consider keeping spare replacement equipment on site.

Online Again

Hopefully, your plan worked, the store continued to function almost normally. At least your customers did not perceive a problem because you planned so well. Now that the computer is up and running again, it's time to enter manual transactions. Thank goodness your manual order dropoff and pickup plan was well organized.

This process of updating the computer after a failure is much the same as what you would have done had the computer been running—enter each order dropoff and pickup one at a time. Each manual ticket should be stapled to the computer generated invoice for control purposes. The shorter the downtime, the quicker the reentry process. To a great extent, you have control over downtime. That should be part of your contingency plan.

MINIMIZING INTERRUPTION

You can't control *when* your computer will fail, but you have a great deal of control over avoiding common problems and minimizing downtime. It's more a matter of understanding what can be done and taking steps to deal with it.

Operator Training

This issue falls into the *avoidance* category of minimizing downtime. You would never consider allowing a car to be driven by an untrained operator. The same should be true of operating your computer system and associated software. Improper use *might* lead to failure. Make sure everyone operating the computer system and application software has been trained by a skilled factory trainer. New employees should be trained by existing factory trained employees. Unskilled trainers result in unskilled operators. Consider these training issues:

- Hold regular in-house training sessions.
- Encourage employees to ask for training help.
- Don't let poorly trained employees train new employees.
- Take advantage of factory training, especially new systems.

Onsite training might seem expensive, but on a per employee basis, it's fairly low cost and will give you operating experience you can't get by attempting to train yourself. Remember the old axiom, "*Time is Money.*"

Power Problems

The Achilles' heal of a computer is unexpected power loss or the equivalent of power loss. When an application program starts up, data files are opened for access. Files remain open until the program is exited and files are closed. Open files are highly susceptible to damage, so losing power at the wrong time could be potentially disruptive to your data files.

What are data files? The names and addresses of all your customers, every order in production, charge account balances, and order history. The bottom line is you don't want to lose data files! The following operator-caused occurrences look like power failure to the computer and should be avoided while the program is running:

- Turning off the power switch.
- Pressing the reset button.

Why do employees inappropriately turn power off? Something occurs which they aren't trained to deal with, they panic, and off goes the power! The cause is improper training, but the result is unexpected power loss.

Stabilizing Power

You can't control loss of power from the power company, but you can install an Uninterruptable Power Supply (UPS) between the outlet and computer. A UPS contains a battery and control electronics which convert the battery voltage to 110 VAC to run the computer. If power line problems exist, the UPS automatically switches to battery operation, temporarily powering the computer until line power returns to normal. When power is restored, the UPS automatically switches the computer back to line power and recharges the battery.

A UPS is designed for short-duration power outages—10 to 20 minutes maximum. For extended power outages, properly exit the computer system as soon as possible to prevent total battery drain. Some UPS systems work in conjunction with operating system software to automate computer shutdown procedures in the event of a power failure. This feature eliminates the need for employee intervention during power failures and ensures safe shutdown. Pay special attention to the following power issues:

- Use a UPS on any computer where data files are kept.
- Use a high-energy surge protector on all computers.
- Make sure all computers are properly grounded.
- Do not use extension cords to power computers.
- Do not install computers on overloaded outlets.
- Have an electrician install dedicated computer outlets.

Static Electricity

With the onset of winter, the dry air caused by running forced-air gas space heaters can produce static electricity and cause damage to your computer. The most common point of static discharge is the keyboard. Static discharge—which can generate a nonfatal 10,000 volt spark—is not only very annoying, but can cause the keyboard or computer to lockup or completely fail.

Static electricity is typically caused by dry air combined with carpet and people wearing rubber soled shoes. It's difficult to remove dry air and impractical have your employees wear non-rubber soled shoe, but you can either remove your carpet or treat it with an antistatic spray. Make your own spray by mixing 50% water with 50% Downy Fabric Softener in a quart spray bottle. A little goes a long way so don't use too much.

Data File Loss

Data on your hard drive can become corrupted or completely lost as a result of random drive failure or abrupt power loss. The media contained in a typical hard drive is non-removable. So, if the hard drive fails and requires replacing, you have a big problem—you've just tossed your failed hard drive and customer data in the trash! You need to find a way to protect your valuable data.

Backup Devices

One alternative is to back up data on your hard drive regularly—a downtime *minimizing* technique. This process copies data from the non-removable hard drive to an external removable backup device, such as another disk drive. Backups must occur frequently to effectively protect your data. If you backup once every 30 days and have a hard drive failure the day before the next backup, you've lost 29 days worth of operational information. Your downtime is measured by the amount of time it requires to bring the system current with manually generated order data.

Worse yet, if you have never performed a backup and the hard drive fails, you've lost *all* data and must start entering customers, orders, and history from scratch. Backing-up regularly, with a reliable backup device, is cheap insurance against disaster.

Be aware that not all backup devices are created equally. Low-cost tape drives or tape media, for example, often fail to backup data properly as they age. It usually happens without warning—the backup process continues day-in and day-out without actually backing up. Consider the these suggestions:

- Backup at least once each day at a scheduled time.
- Automate backups to reliable devices with removable media.
- Have separate media for each day and rotate your backups.
- Appoint a responsible employee to perform backups.
- Report backup errors immediately to the system provider.
- Use reliable backup technology and test backups frequently.

Redundant Drives

This technology, while more expensive, involves multiple hard drives or servers which mirror (copying the same data to multiple drives) data automatically and continually—a downtime *elimination* technique. Use of this technology requires skilled computer installers. When a computer hard drive fails, the other drive automatically takes over and alerts you of the failure—like nothing happened! Scheduled downtime is then used for hard drive repairs.

Ignoring Warnings

Properly designed software should run without problems. If problems exist, it's likely the fault of the computer hardware. Software does *not* wear out with use, hardware does. The software does, however, report hardware system problems, so most users mistakenly blame the software for the problem and just learn to live with it.

When a software application reports a problem don't ignore it. It could be a red warning light on your system dashboard indicating the existence or beginning of a major problem. Train your employees to assume anything unusual is something potentially wrong—then report it. Consider these points when dealing with system warnings, especially when communicating with technical support personnel:

- Make frequent notes listing all errors in specific detail.
- Attempt to replicate the problem with similar steps.
- Note similar problems that occur randomly.
- Be aware of the frequency of the problem.
- Make the problem known to support personnel.
- Be specific about problems with support personnel.

Often support calls start with "*I've got big problems!*" If you don't have a plan to deal with failure, every problem is big. More times than not, the person on the other end of the phone can't describe the nature of the problem. This frustrates efforts to quickly solve problems. You help yourself a great deal by simply observing accurate details of the problem and relaying as much as you can to the technical support person.

Planned Obsolescence

It's interesting how some owners tend to view the purchase of a computer system as "*Once it's bought, it stays bought!*" or "*it will never fail, if it does, I'll keep fixing it!*" At some point, your system will begin to fail more frequently as each component nears the end of its typical lifespan. Downtime increases and so does your frustration level and blood pressure. But you insist it's cheaper to keep fixing it rather than deal with the reality of the situation.

The real issue is this; at what point do you lose confidence in an otherwise stable system and decide it's more cost effective in the long run to replace the hardware side of the system. Yes, it might feel like a waste of hard-earned money to toss good computer equipment, but remember, you buy new cars for the same reason—they wear out!

Consider if you run your computer system 12 hours per day, six days per week on average. That's equivalent to 3,744 hours or 156 days per year. In three years, your computer system has been running continuously for 1.3 years! If you used your car that much, you would need a new one every year. You should make a plan for computer equipment obsolescence.

Your accountant will suggest that you replace your hardware with new equipment at the end of *book life*—that's when it's been fully depreciated. Check with your accountant for the latest IRS computer depreciation rules.

One drycleaner routinely replaces his equipment every three years! Does this seem like madness? He values his time and prides himself on the efficiency of his operation. So, for four good reasons, he makes the investment without hesitation:

- Equipment does not age to the point of repeated failure.
- The new equipment is much faster, increasing productivity.
- Replacement occurs on schedule, no emergencies, no panic.

You will need to make your own decisions about what's best for your business. Just remember, cost is not the only issue—peace of mind, productivity, speed, reliability, employee confidence, and controlled failure are equally important.

Equipment Replacement

It's always best to replace computer equipment rather than simply upgrading the same machine. All of the original components in the upgraded computer are still old and subject to lifespan failure. For example, say you bought a computer four years ago for $1,500 and now you spend $300 upgrading it to a faster processor. But then the power supply fails and you spend another $150 to replace that. Then the hard disk drive fails and there's another $250 down the drain.

And, you still have a four year old computer with the likelihood of ongoing failure. To top it all off, the market value of that computer is essentially zero. So, you've just spent $700 to keep an old computer (with no value) running—half the cost of buying a new computer that has five times the computing speed and much greater overall reliability! When it's time to bid that old computer good bye—be relieved to know that you're making the most cost effect choice.

BUYING EQUIPMENT

Most shoppers know so little about computers, there's only one major purchasing consideration—price. That's dangerous. It's equivalent to assuming all cars should cost the same. After all, a car is a car...right? Would you expect to pay more for the added manufacturing costs of quality, reliability, safety and performance? Computers are no different from cars in this regard, they're just a lot less expensive. Consider the following reasons for selecting a computer, in order of importance to your business:

- **Reliability**—is it made of quality components?
- **Performance**—is it fast enough for the application?
- **Serviceability**—is it serviced easily and quickly?
- **Downtime**—are critical components reliable?
- **Adaptability**—can it easily fit into the store environment?
- **Price**—is it cost effective?

Computer Price Wars

Everyone knows someone who sells computers cheaply! Is cheap what you really want for your business? If you were a pilot would you feel comfortable flying a single-engine plane with the cheapest engine? Would you care if your business crashed? In an article in PC Magazine, titled *"Don't Be So Cheap,"* author Bill Howard states what his research shows about low cost computer components:

"It's just like the $500 PC. You get a product that works, but not as well as you're going to wish it worked...you're far better off with a $1,000 PC."

If a computer system could generate two times its cost in direct operational savings, why would you care how much it costs? In fact, you'd probably want the best, most reliable system you could find—which would cost you more. Right? So, the real issue when buying new computer equipment should be to identify the *value* it has to your business then buy quality and remember the following when buying a computer:

- Low price sells but don't fall prey to an inferior bargain.
- You get what you pay for so invest wisely.
- Cheap components mean low reliability and low performance.

Buy Value

Just how valuable is a computer to your business. To find out, take this simple test: If you currently own a computer system, turn it off for a week. If you then hate life, it's valuable. If you're happier with it off, you either purchased the wrong system or it has no value to your business.

Figure 3 shows the cost of a quality computer system for the industry, excluding the cost of drycleaning management software and elaborate peripherals. A single-user system will cost you approximately $5.34 per day! It's hard to imagine a good computer system won't save you several times that amount each day every month. So, you're making money just by owning a computer system. Now, is price so important after all?

System	System Cost	Cost/mo	Cost/day
1-User	$5,000	$160	$5.34
2-User	$8,000	$256	$8.54
3-User	$11,000	$352	$11.75
4-User	$14,000	$449	$14.95

Figure 3—*Typical computer cost per month and day.*

What's the Best Deal

If you buy the cheapest computer system and it fails frequently or is too slow, is that good for your business? Will you feel good about spending any amount of money on a system like that? The best system deal can be sized up in the phrase, *"get the most bang for your buck."* Usually, a middle of the road cost is best, not the cheapest, not the most expensive—you'll get value at the best possible price. That said, how can you be sure you're getting real value for your business? Consider the following:

- Don't shop for the lowest price, you get what you pay for.
- Carefully buy *onsite warranty*, a visit can take up to four days.
- Don't buy closeout equipment, you might get a dinosaur.
- Don't buy *bundled* packages, quality might be sacrificed.
- Don't buy low-end brand name equipment.
- Do buy the best bang for your buck.
- Do shop for value to your business, not just low price.

The Integrator

Will you blame the software for hardware problems? Will you know the difference? Who will you call to help? A little overwhelming isn't it. When looking for a computer system for your drycleaning store, consider all of the issues. There is much more to buying a system than just the computer or the lowest cost:

- What is the best computer and drycleaning software?
- Who will help me when I have hardware problems?
- Who will help me get the most from my drycleaning software?
- Who will set up the software and configure it properly?
- Who will make sure software and computer work properly?
- What happens if something goes wrong, who do I call?

A qualified industry *integrator* knows the most about your drycleaning business and the entire computer system: application software, hardware, peripheral components, networking, configuration, operation, optimization, support, maintenance, installation, and training. When you chose to buy all of these yourself, usually with the goal of saving money, you become the integrator and you'd better know what you're doing.

The job of the integrator is to save you money with their knowledge. There is a cost associated with integration, and someone's got to integrate it. So, why take unnecessary chances and do it yourself? Remember, *"it's a jungle out there."* Would you buy all of the parts of a car separately and build it yourself?

In most cases, the best deal is from a qualified integrator. If you do have a problem, you call the integrator who can deal with every problem—one company, one call and peace of mind! When acting as your own integrator consider the following:

- Is the software installed and configured correctly?
- Is the hardware and network setup correctly?
- Is it optimized for speed and performance?
- Is the system reliable—burned-in and tested?
- Are all the peripheral components right for the task?

Consider Leasing

Leasing has its advantages and disadvantages. The major advantage is that monthly payments are treated as a business expense—a major tax advantage and something you can't get with a bank loan. Leasing provides an efficient mechanism for many drycleaners to afford new systems or upgrade older systems. Be aware that leasing companies look carefully at credit history to determine your eligibility and interest rate. The greater their risk, the higher the interest rate.

SOFTWARE UPDATES

SPOT is designed to allow updates during the operational day by employing state-of-the-art update technology. Updates can be via the Internet (using highly recommended high-speed data service such as DSL) or by CDROM. In multi-user network systems, the server is updated first with all attached workstations updating directly from the updated server. This method allows for minimal downtime, less than 30 minutes in most cases. During the update process, the SPOT update utility performs numerous housekeeping tasks, restoring your data to the highest state of efficiency. There are two type of SPOT updates: maintenance and feature.

Maintenance Updates

When a reproducible software anomaly is reported to our technical support group, a fix order is immediately placed with the program development group. The problem is verified, corrected, and the current maintenance version of the software updated with the resulting fix. The subsequently released maintenance *build* number is in the form 3.50.xxxx, where xxxx is the maintenance release of version 3.50. Pressing the SPOT logo button on the Home Page displays the current software build. Since no new features are added (which normally require a great degree of testing), maintenance updates can be turned around in a matter of days. For efficiency reasons, we release maintenance builds only to users reporting the anomaly.

Feature Updates

New features are added to an entirely different build version that the maintenance build. This process isolates feature builds from maintenance builds in order to minimize the introduction of potential bugs and allows us the benefit of uninterrupted feature development until testing is complete. Once beta testing is finished, the new features build is generally released as a major version enhancement in the form x.xx, where x is the major version. Feature updates occur once per year typically.