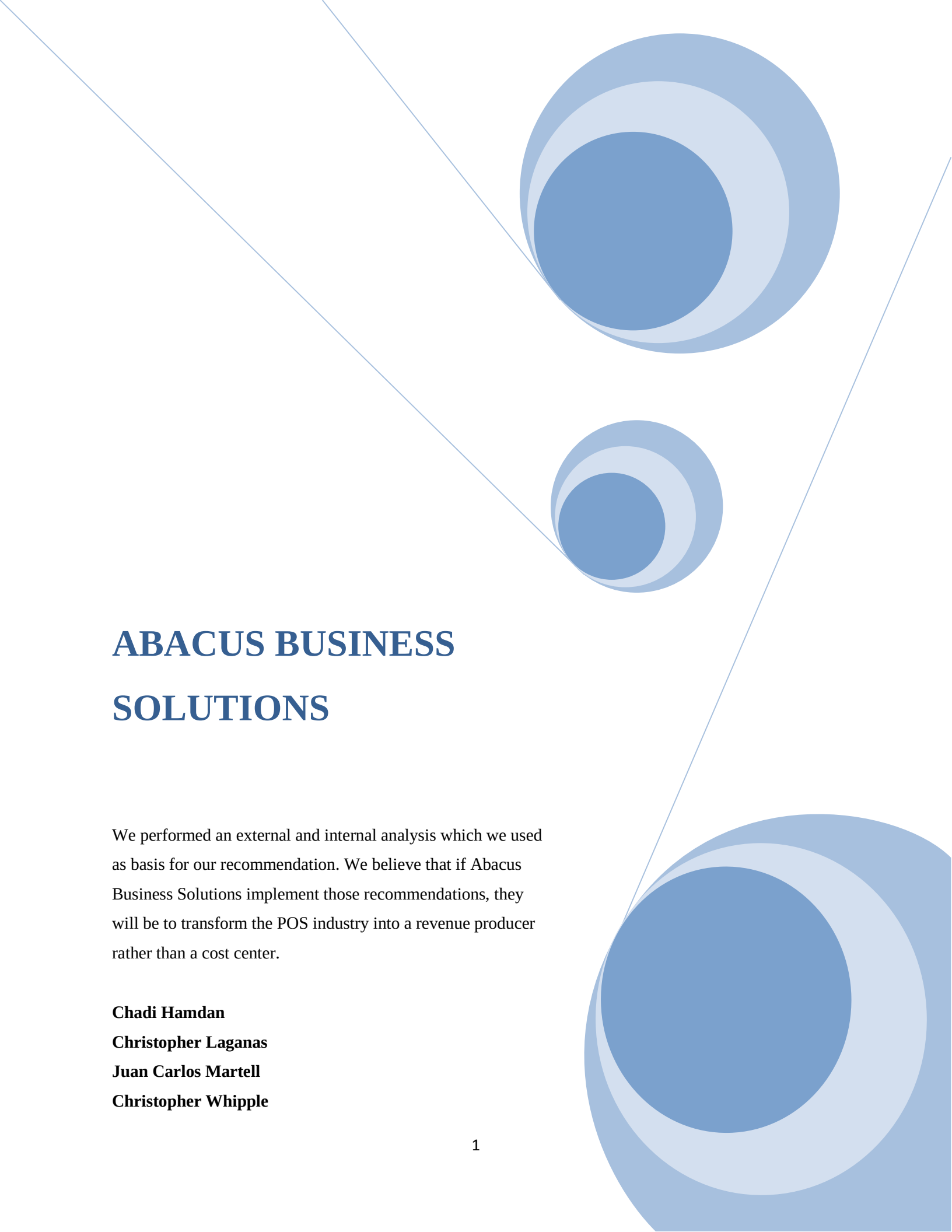


A decorative graphic on the right side of the page. It features three sets of concentric circles in shades of blue. The top set is the largest, the middle set is medium-sized, and the bottom set is the smallest. Thin blue lines extend from the top-left and bottom-right corners towards the circles, creating a sense of movement or focus.

ABACUS BUSINESS SOLUTIONS

We performed an external and internal analysis which we used as basis for our recommendation. We believe that if Abacus Business Solutions implement those recommendations, they will be to transform the POS industry into a revenue producer rather than a cost center.

Chadi Hamdan

Christopher Laganas

Juan Carlos Martell

Christopher Whipple



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ABACUS BUSINESS SOLUTIONS EXTERNAL ANALYSIS



THE MACRO ENVIORNMENT

Socio-cultural, Technological, Economic, Political/legal Forces

Socio Cultural Forces

Within the following section, numerous segments of the socio cultural environment will be examined, and will be analyzed in direct relation to our client's relevant industry(s).

Socio cultural forces are societal trends and beliefs that drive the customer's needs and wants. By carefully analyzing and understanding the socio-cultural forces that affect a certain industry, it gives the company a competitive advantage over other companies whether it is cost, product/service differentiation, or niche. Every industry is influenced by multiple different socio cultural forces depending on the target market, consumer preferences, demographics, and in some cases even the green initiative. In this analysis, both the restaurant industry and the POS system industry were analyzed due to the high dependency with relation to one another. Forces such as demographics, consumer trends, ethnicity, and technological literacy were analyzed in order to get a picture of what is truly driving the industry and the factors involved in it.

Demographics

In analyzing any market, researching the demographics has a crucial effect on the marketing, price, and type of product of which to be sold. For the state of Florida, the demographic makeup is as follows:

Population 2010 Census	18,801,310
Median Income 2010 for Households	\$47,661
Poverty Rate	13.8%
Median Age	40.7 years
Largest Racial or Ethnic Group	White

(Get Florida Demographics, 2010)

By analyzing this data, it is noticeable that the median income for households affects how much residents of Florida are willing to spend in restaurants which in turn affect how much restaurants are willing to spend on buying or upgrading their existing POS systems. Median age is also a very important factor when it comes to restaurants considering the type, setup, and services offered in a restaurant or bar which also determines the need for either a simple, intermediate, or complex POS system.

Consumer Trends

Consumer trends and preferences play a major role in the development of a company's products, marketing strategies, and pricing. In this analysis, the major consumers are within the hospitality industry such as restaurant and bar owners. According to a marketing survey conducted by our team in the Tampa Bay area, 17 out of 40 restaurant managers prefer their menus to be transformed into iPads and mobile devices instead of traditional menus. In their opinion, it would make the ordering process much more efficient especially on weekends where bars are usually at their peak and waiters are overwhelmed with fulfilling the customers' orders and demands. Such consumer trends should definitely be taken into consideration considering the remarkable technological advances and services that could be incorporated and offered by POS system providers and resellers such as Abacus business solutions. Other consumer trends could also involve interface designs, ability to gain access to the POS system from multiple location, and overall accessibility of the POS system.

Ethnicity

Ethnicity is defined as the fact or state of belonging to a social group that has a common national or cultural tradition. Ethnicity plays a role as well in the POS system industry when it comes to designing the software itself. According to the 2010 census, the three largest ethnic groups are as follows:

3 Largest Florida Race / Ethnic Groups

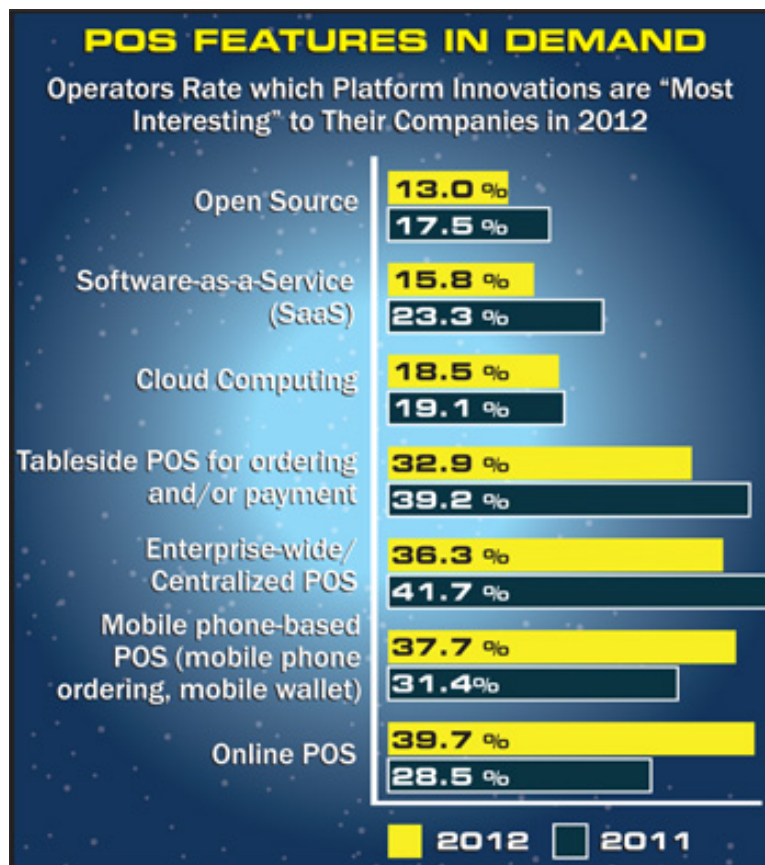
- The Florida White population is 10,884,722 persons or 57.9%.
- The Florida Hispanic population is 4,223,806 persons or 22.5%.
- The Florida Black population is 2,851,100 persons or 15.2%.

(Get Florida Demographics, 2010)

This information plays a major role when it comes to the language incorporated into the system. In Florida, the Hispanic population comes in second at 22.5% and climbing. When such factors are into consideration, a further analysis would involve researching the ethnicity of employees working directly with POS systems and as a result it would determine the structure and services offered by the POS systems to satisfy the consumer needs and preferences.

Technology and innovation

Technology influences the daily operations of all industries and companies of all sizes. It would be inefficient to disregard the consumers preferences to how technologically advanced they would want their POS system to be. The following chart gives an idea of what innovations are currently grabbing the hospitality industry's attention.



(Lorden, 2011)

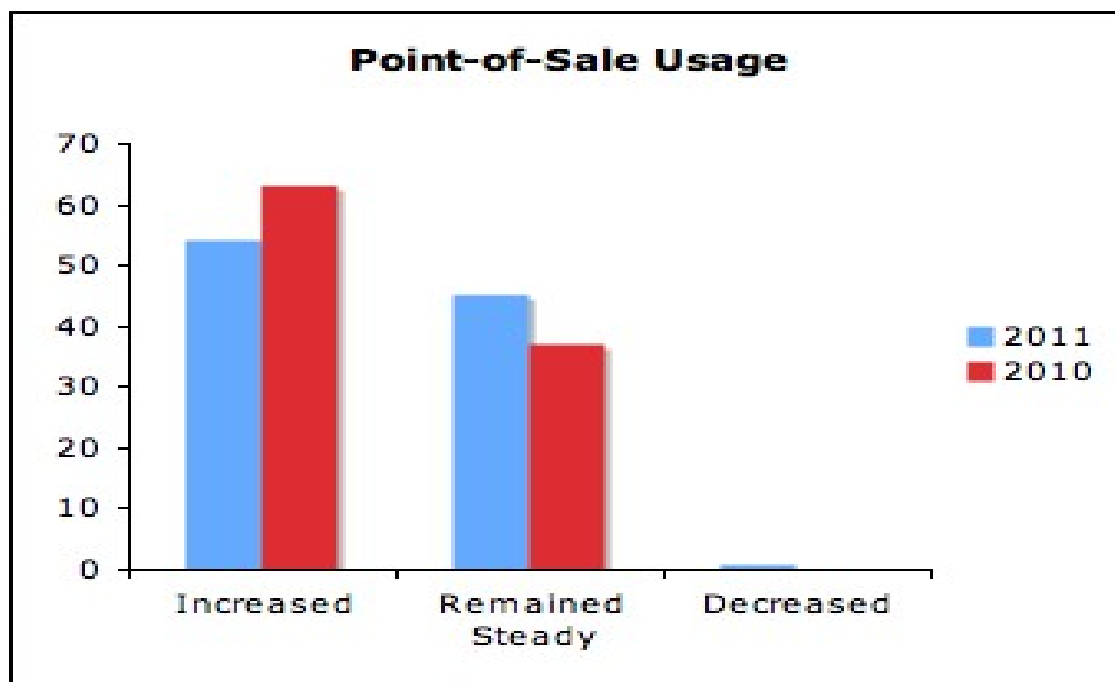
As seen above, the demand for Online POS and Mobile phone-based POS both significantly increased in 2012 and is expected to keep rising due to the efficiency it provides and ease of accessibility it creates for the consumers of POS systems. It is critical to carefully examine the consumers preferences when it comes to technology and innovation because not all technological advancements such as cloud computing are seen as innovations that would have an impact on the industry.

Technological Forces

Within the following section, numerous segments of the technological environment will be examined, and will be analyzed in direct relation to our client's relevant industry(s).

The Point-of-Sale Industry

The Point-of-Sale (POS) systems have impacted the hospitality industry and specially the restaurant side of the industry. By adding a POS to manage their operations, the business has become more efficient leading to an increase in revenues and customer satisfaction. Ralph Desiano, COO of Creative Restaurant Management in Bonita Springs, Florida stated that after installing the POS system into his chain of restaurant, "We saw a 5 percent sales increase in the first four weeks after conversion." (Brumback, N) Nowadays, more and more restaurants are installing this new technology into their businesses. The impact that the POS system has had on the industry has been noticeable. According to Daltonagency.com, there was a slightly increase in the POS system usage in 2011 compared to 2010 (referred to the graph).



Source: *Point-of-sale usage*. [Web Graphic]. Retrieved from

<http://www.daltonagency.com/?p=6103>

The Point-of-Sale industry has been improving in correlation of technology. They have transformed the restaurant and retail industry into a more organized and time effective businesses. Also, the quality of service and food has increase with the technology. POS systems are able to keep an inventory of all the food that is on the restaurant. This allows the kitchen management to know when something is going bad or needs to be refill. Consequently, restaurants had been saving a lot of money from food waste and conserving the quality of the food; which, as mention before, has impacted customer satisfaction exponentially.

Mobility and Cloud Computing

The innovative technology outside the hospitality industry is starting to change the current technology on this particular industry. The cloud computing is becoming an allied for big chain restaurants. The corporate can create a specific template for the POS that will be unique and will operate on an specific way. This allows the corporate to make broad changes without affecting the restaurants functionality and culture.

Nowadays, technology is expanding and mobility is becoming the targeted benefit in most businesses. Also, is a technology that promises to keep expanding as years go on. At restaurants, managers want to integrate this aspect into their business operations. Furthermore, there are many benefits that accompanies this technology; clients will be able to order and pay from their tables; food orders will go automatically to the kitchen eliminating the time that the servers take to put in the orders; restaurants will save on paper and costs from printing menus.

Moreover, there are some negative aspects to this technology but the main one is cost. Apple iPads sell at a cost range of \$499 - \$799 just the Wi-Fi version and the iPad mini sells on a price range of \$329 - \$529 (Apple.com). Companies like Revel Systems are making their way into the market by integrating the POS into iPads with an installation starting at \$1999.99. The innovative technology outside the hospitality industry is starting to change the current technology on this particular industry. The cloud computing is becoming an allied for big chain restaurants. The corporate can create an specific template for the POS that will be unique and will operate on an specific way. This allows the corporate to make broad changes without affecting the restaurants functionality and culture.

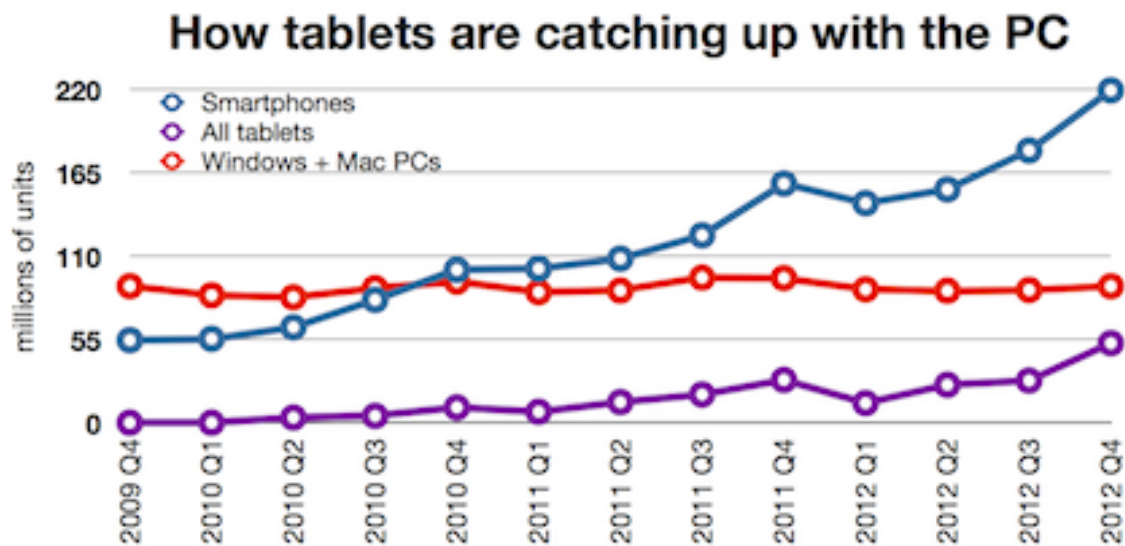
Revel Systems offers the ability to store everything on the cloud by paying a monthly fee of \$40 to be in the cloud. They are no specific requirements for the installation other than an iPad 2 or newer. Revel can provide the iPads at cost price or the client can provide them. The data goes directly to the cloud and can be access anywhere in the world. (Revel.Com) Data from sales is stored in the cloud and it makes it easier for managers and/or restaurant owners to analyze the data. POS store anything from sales to inventory to employee time sheets. The information can be access from anywhere in the world. Also, when there is a shortage of a certain product, the POS will notify the person in charge.

Smartphones: the New Form of POS

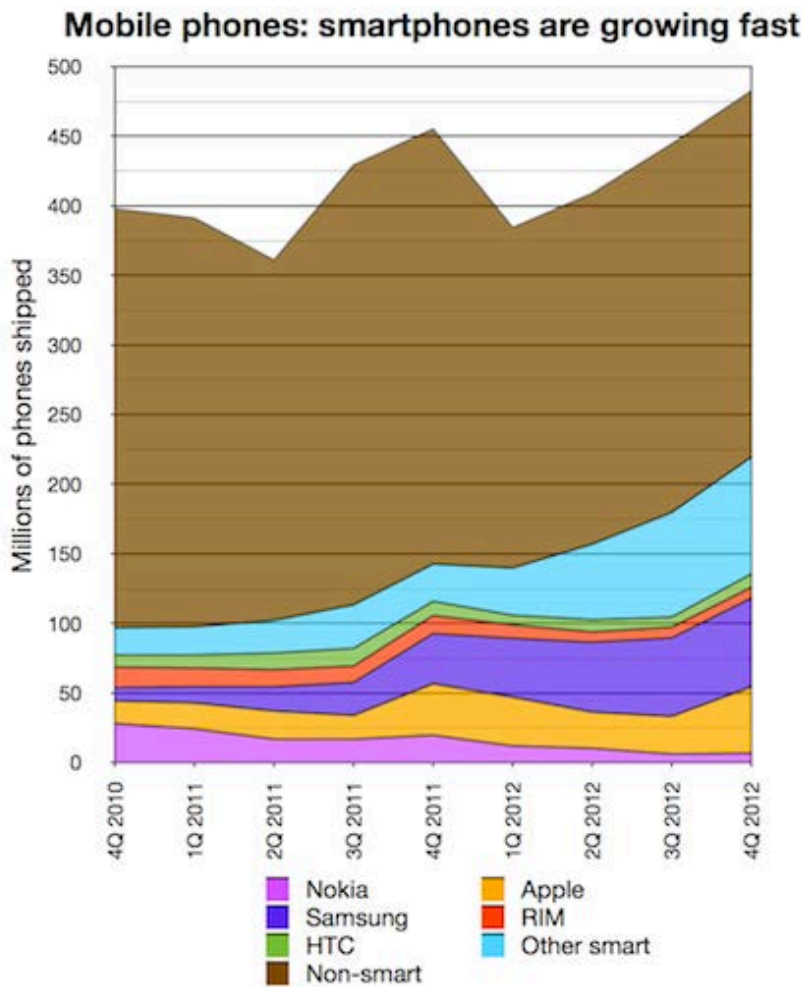
People are starting to become more reliant on their smartphones; developers are trying to come up with applications that will allow the user to control everything to their mobile devices. Same as in the hospitality industry, they are looking for ways to give the customer more control over their bill and orders. Smartphones integrations are a win-win situation for restaurants. The clients are able to make their orders, pay their bills, and feel they are more on control with of what they are paying for. On the other side, restaurants save time in going from table to table asking the customers what they want, they reduce cost by using less material in serving the client, orders are more efficient, and customer satisfaction improves. According to the document “Security Analysis of Smartphone Point-of-Sale Systems” by WesLee Frisby, Benjamin Moench, Benjamin Recht, and, Thomas Ristenpart from theUniversity of Wisconsin-Madison, The biggest threats are network connection, malicious and fake apps, insiders attacks, and malicious software and hardware.

Nowadays, there are many version of POS offered to the public. People are able to among many styles of POS; for example, there are POS that are Mac-based which runs on the different iOS offered by Apple; there are also POS that have integrated Windows based system offered by Microsoft with the POSReady 7; Intuit offers its own version of POS by integrating Quickbooks into the Point-of-Sales system; Google also has integrated Android into the POS and now it is offered to the public. The need for a POS system integration is expanding as the years go by and it is becoming bizarre to find a restaurant that does not have a POS at its location.

Technology has improved the experience of going to a restaurant. Locals that offer internet hot spots are more popular among costumers since the access to internet is something that clients desire. Moreover, the smartphones and tablets are now competing hand to hand with the PC industry as people become more used and reliant on this technology.

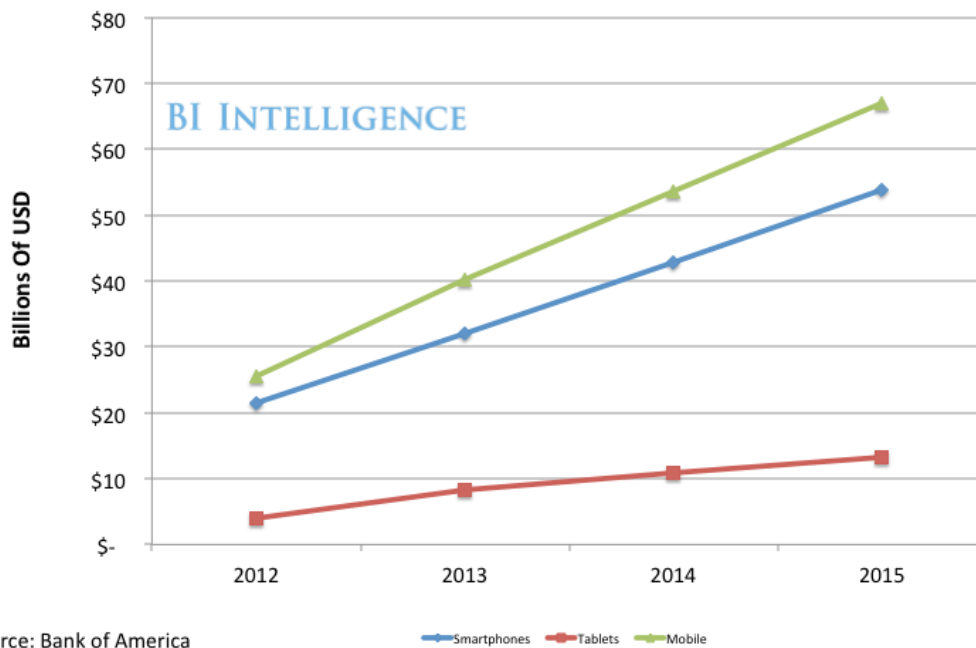


Source: *How tablets are catching up with pc.* [Web Graphic]. Retrieved from <http://www.guardian.co.uk/technology/2013/feb/01/tablets-crossing-point-pcs>



Source: *Mobile phones: Smartphones are growing fast.* [Web Graphic]. Retrieved from <http://www.guardian.co.uk/technology/2013/jan/25/apple-samsung-won-smartphone-wars>

Billions In Revenue From Smartphone And Tablet Shopping (Includes U.S. And Europe)



Source: *Billions in revenue from smartphones and tablet shopping.* [Web Graphic]. Retrieved from <http://www.businessinsider.com/bii-report-why-mobile-commerce-is-set-to-explode-2012->
11

Economic Forces

Within the following section, numerous segments of the economy will be examined, and will be analyzed in direct relation to our client's relevant industry(s).

The Economic Landscape

Today, the economy still lacks to surpass a number of the levels that it had sustained from the pre-recessionary periods. From the macroeconomic perspective, the view is an economy that is desperately managing to tread above a point of stasis. While the status of the economy is far from flourishing, it has not yet slipped into the path of complete shambles yet. The following sections will provide relevant snapshots of the economy, to ultimately show the current conditions for the client to be informed about for optimal operating strategies/adjustments.

Growth and GDP

In 2012, the growth rate was 2.2%, but has currently fallen to an estimated 1.8% by many analysts for 2013. This figure is not reassuring for businesses and consumers, and is significantly below the historical average rate of 3.25% (Trading Economics). While it is evident that the damage from the 2008 crisis is still being felt, the general trend of the economy has been going up – just very slowly. Since this is such a minor progression upwards, the general outlook on the future horizon has been bleak for most.

In regards to the Gross Domestic Product, it has been expected to increase by 3% annually. This calculation is in direct correlation with the low levels of labor growth (roughly 2%)(Trading Economics). As a direct result of the increasingly high levels of unemployment, the low bursts of GDP growth can be inferred.

Unemployment

As of December 2012, the number of jobs created totaled 160,000. However, the number of Americans out of work approached 22.7 million (New York Times). Officially, the unemployment rate being reported here in the U.S. is 7.9%. In relations to economic growth and GDP output, such staggering levels of unemployed help to further explain why the trend lines

being achieved have been far from desired. This observation is only further amplified by the fact that the average unemployed individual today reports being out of a job for approximately 35 weeks (New York Times).

Employment Forecasts

It is worth noting that projections show the entire baby-boomer generation moving into the 55-years+ category by 2020. This is relevant because the estimated labor force presence they will hold will increase to 25%, from 19% (USBLS). While the (25-54) age group will hold a majority 63% labor force share, it is the baby-boomer generation that will have some of the most accumulated discretionary spending for restaurants to seek out. In addition, the rise from 19% to 25% is significant, because it is even higher quantities of baby boomers that will have additional income to spend (USBLS).

Additionally, rapid spikes of growth will be seen within the Hispanic population in the work force. Not only will this be significant in the overall American population, but also key parts of Florida (i.e., Miami) will directly see these highest inflows of workers. Since our client has significant territory markets within these highlighted areas, the tastes and spending habits of these increasing populations should be recognized and accounted for. Specifically, by 2020 nearly 7.7 million Hispanics will join the work force. This will be a 34% climb, and their overall presence in the labor pool will be approximately 18.6% (USBLS).

Other demographics show the Asian and African-American labor force totaling 5.7% and 12% respectively. These figures will rise from 4.7% and 11.6% from 2010 findings (USBLS).

Real Earnings

The real average hourly earnings for employees across the United States rose roughly 0.2% by Q1 of 2012 (USBLS). Furthermore, those same individuals on average increased their personal save rate to 6.1%, which was an increase from the 5.5% prior to 2012 (USBLS). While it is a good sign that the average person is receiving an increase in earnings and savings, the critical factor will be to determine if these people are spending additional units of money within restaurants, bars, and nightclubs. If the answer ends up becoming no, then these venues will need to change their marketing strategies to attract these individuals to spend their money that they

would not ordinarily spend. For our client, it will be essential that they can effectively prove that their products can help these companies gain revenue and attract more customers if these economic conditions occur.

Taxes

By the end of 2012, the deficit had approached a mark of \$1.1 trillion, adding to the accumulated national debt of \$16.5 trillion (Business & Money). To make up for this, recent tax hikes have been occurring, and an expiration of the payroll tax cut has been allowed. The end result will adversely impact many middle class families, not just the targeted rich. Within recent estimates, it is believed that the average American will pay an additional 600-1,200 dollars in taxes (minimum) (Business & Money). What this means for businesses, is less discretionary spending by consumers. Explicitly in the hospitality industry, this decrease in discretionary spending by consumers will have strong repercussions, often lethal to many small businesses and new ventures. As for the savings rate that was previously mentioned in the section above, these newly imposed tax hikes may result in an overall rise of savings by Americans, as opposed to spending increases. Unfortunately for many restaurants and stocks, this may restrict a greater percentage of discretionary spending, and less cash inflow from the average investors within the stock market.

Consumer and Producer Price Indexes

Entering 2012, the both the CPI and PPI rose by noticeable percentage points in the food sector, 1.6 and 0.7% respectively (USBLS). A key-attributing factor that was responsible for the recent rises was the 39% spike in fresh and dry vegetables (USBLS). Given the two rising indexes here, the increase in real earnings fortunately helped to counteract the situation.

Housing Market and Household Debt

Nearly six years after the housing bubble popped, prices in many markets still remain lower than historical highs. The average homeowner has seen drops in equity, and significant property devaluation. With taxation levels increasing, and unfavorable interest rates, consumer expenditures will be far more calculated and sporadic. The following table shows the fairly stagnate change in “out of home” expenditures, despite years of increased salary.

[Table 1]

Table A. Average annual expenditures and characteristics of all consumer units and percent changes, 2009-2011

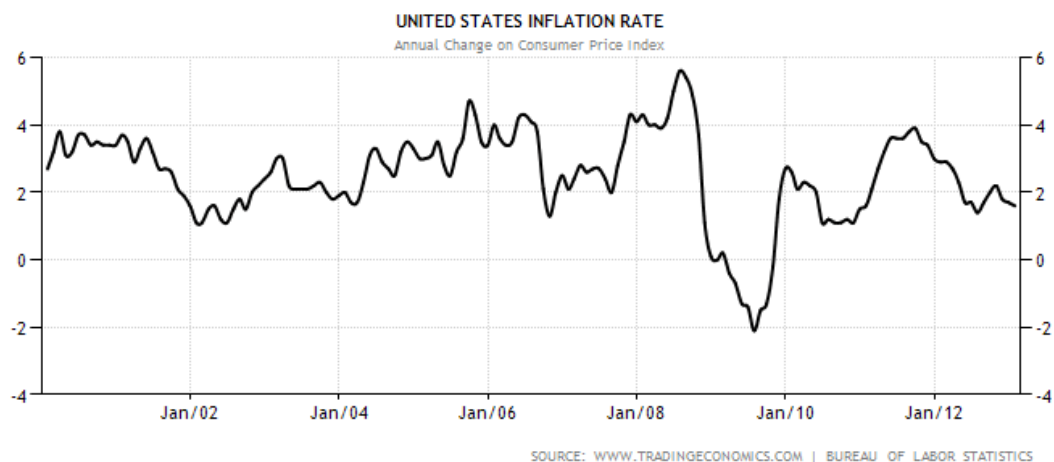
Item	2009	2010	2011	Percent change	
				2009-2010	2010-2011
Number of consumer units (000's)	120,847	121,107	122,287		
Average age of reference person	49.4	49.4	49.7		
Average number in consumer unit:					
Persons	2.5	2.5	2.5		
Earners	1.3	1.3	1.3		
Vehicles	2.0	1.9	1.9		
Percent homeowner	66	66	65		
Income before taxes	\$62,857	\$62,481	\$63,685	-0.6	1.9
Average annual expenditures	49,067	48,109	49,705	-2.0	3.3
Food	6,372	6,129	6,458	-3.8	5.4
At home	3,753	3,624	3,838	-3.4	5.9
Away from home	2,619	2,505	2,620	-4.4	4.6
Housing	16,895	16,557	16,803	-2.0	1.5
Apparel and services	1,725	1,700	1,740	-1.4	2.4
Transportation	7,658	7,677	8,293	0.2	8.0
Health care	3,126	3,157	3,313	1.0	4.9
Entertainment	2,693	2,504	2,572	-7.0	2.7
Cash contributions	1,723	1,633	1,721	-5.2	5.4
Personal insurance and pensions	5,471	5,373	5,424	-1.8	0.9
All other expenditures	3,404	3,379	3,381	-0.7	0.1

Additionally, the average debt amongst Americans still remains high. Despite the 16.5% drop in credit card debt since November 2012, the overarching figure floats right beneath 1 trillion dollars. Moreover, both car and college loan debts are increasing by all time highs. For businesses, the following can be inferred. Even less discretionary spending will be seen from college aged demographics (18-25) on an average basis, since increasing quantities of them will be facing substantial debt (\$26,000+) upon graduating with a bachelor's degree (Crutsinger, Martin).

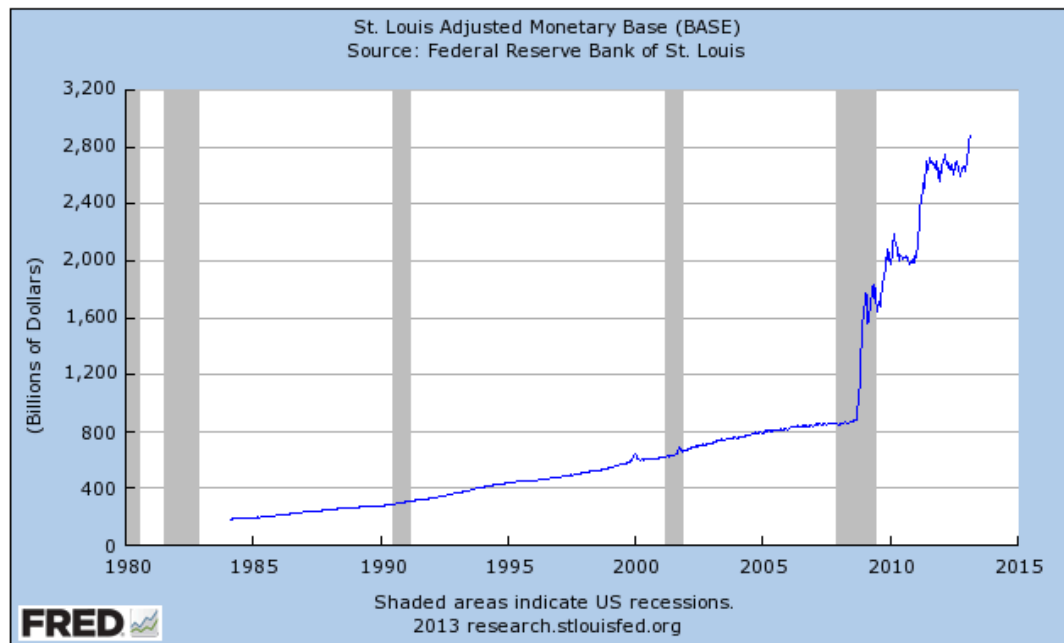
Inflation

While policy makers are declaring immense success towards suppressing inflation, this is fundamentally just a victory for the short-run. In terms of long-run scenarios, it is crucial to monitor the money supply of the Federal Reserve. As it turns out, the money supply itself has nearly tripled over the past several years. Eventually, the excessive amounts of money that have been printed on demand will devalue the dollar, thus catalyzing a plethora of issues. Ranging from devaluating the currency exchange rate of the dollar, to overall increases in pricing, inflation will take its toll.

[Figure 1]

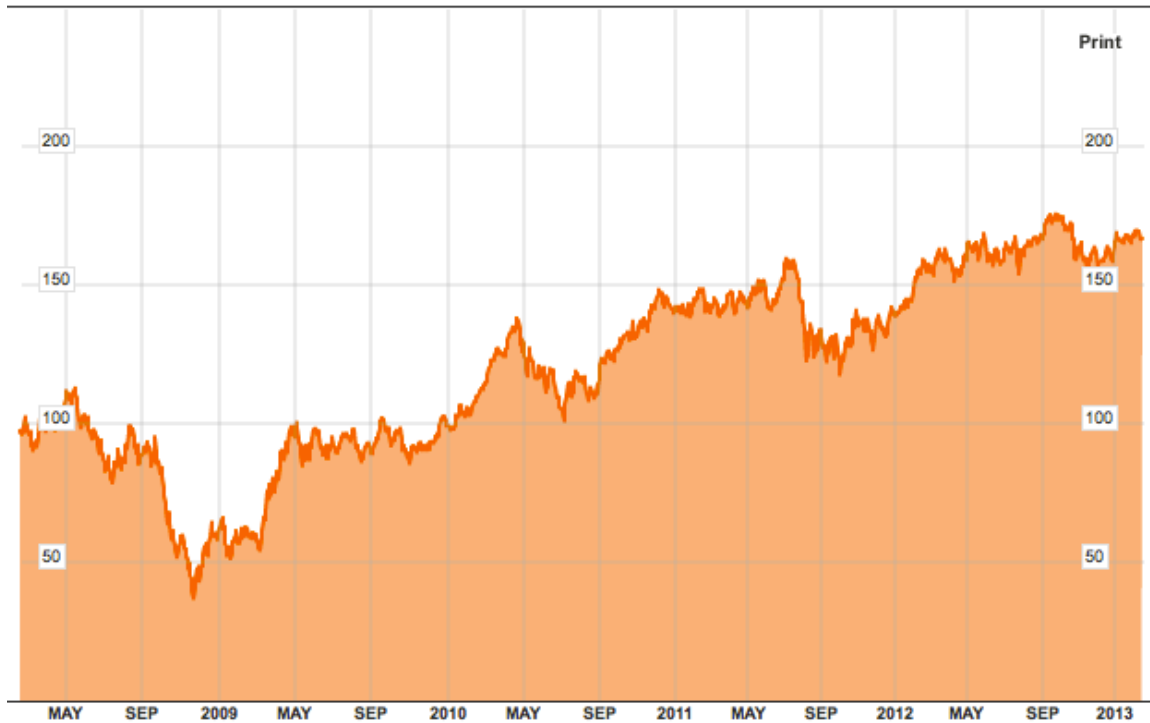


[Figure 2]



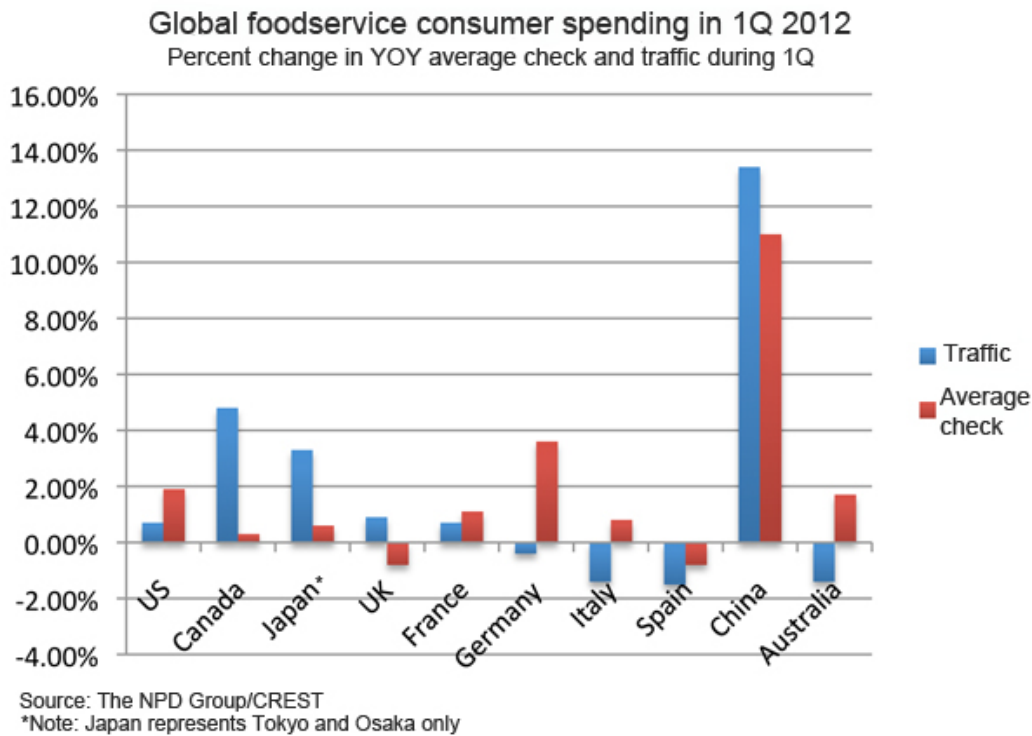
Industry Specific Economic Analysis

[Figure 3]



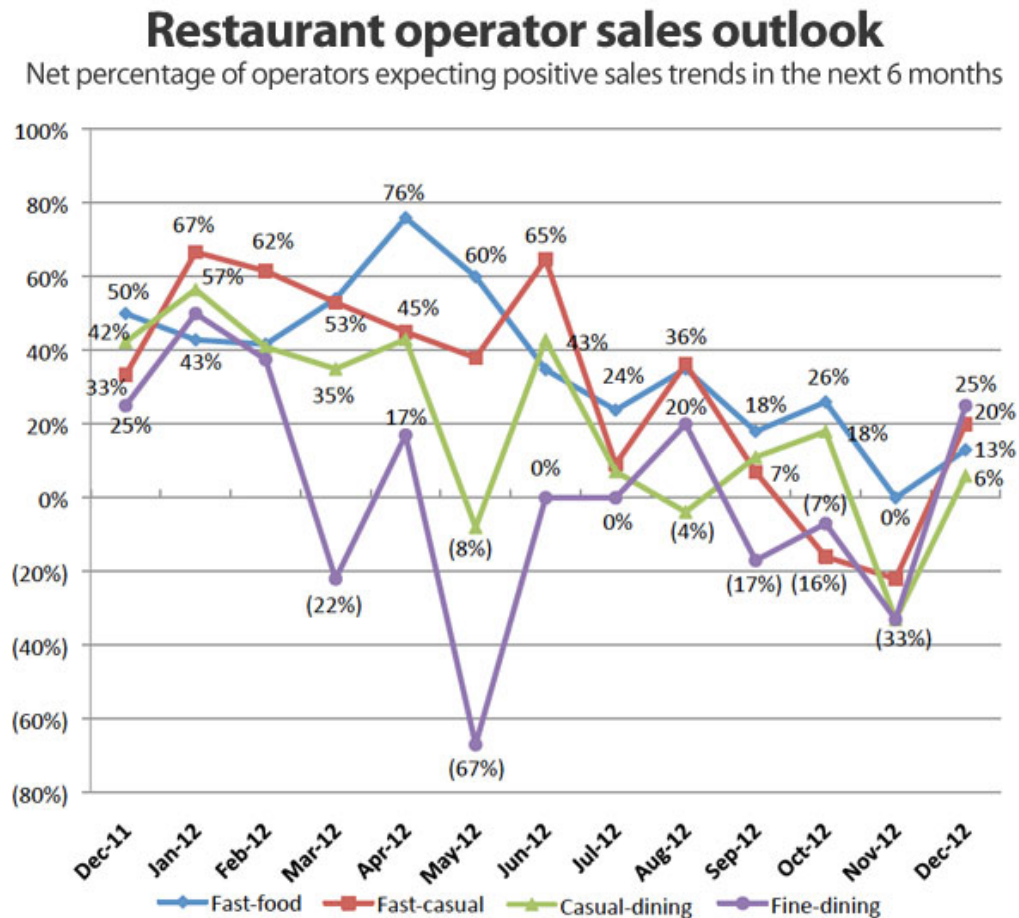
A current Bloomberg index that tracks 19 full-service restaurant chains has more than tripled from its November 2008 low, and is near an all-time high relative to the Standard & Poor's 500 Index. This shows an overall favorable outlook on restaurant profitability in the long run.

[Figure 4]



“In 2011, it was estimated that \$406.6 billion was spent by American consumers at restaurants. Furthermore, it was also estimated that only about 8% of U.S. adults would plan to increase household spending, which accounts for about 70% of the economy”. If restaurants can figure out ways to attract more customers in these economic times, there is substantially more money to be brought in for revenue. Our client again has opportunity to take advantage of these conditions, by demonstrating key advantages that their products will yield to relevant businesses.

[Figure 5]

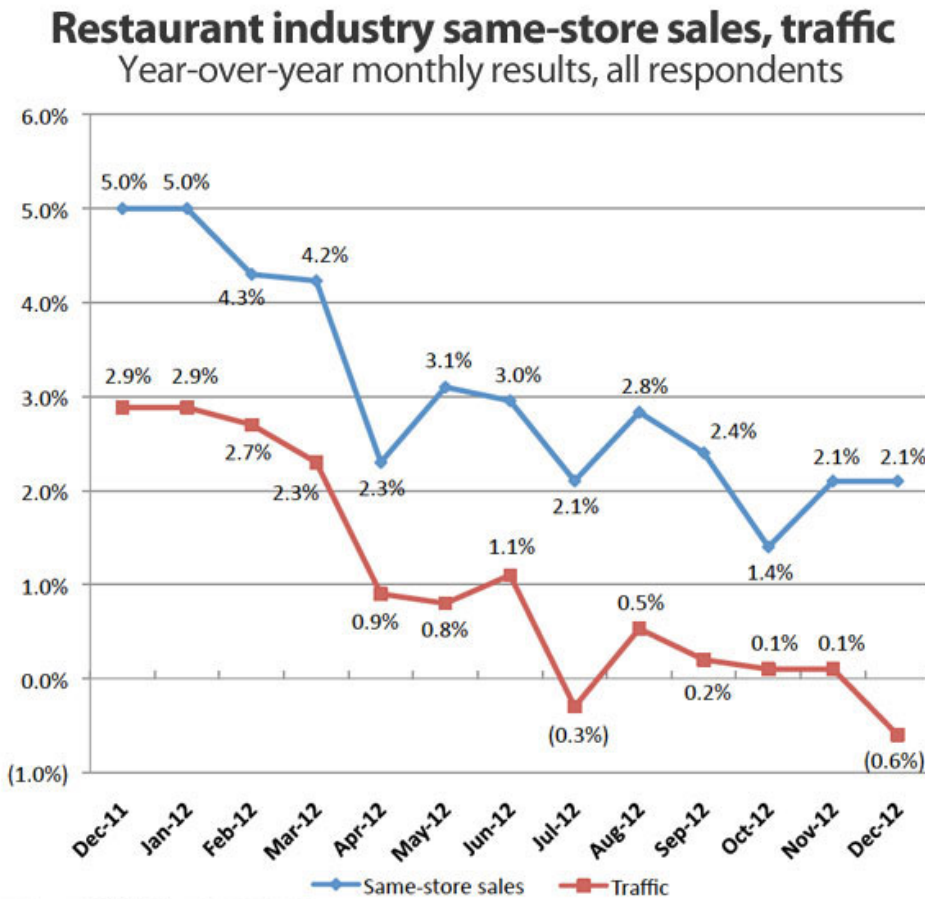


Source: MillerPulse, January 2013

Note: Percentage represents net result of respondents citing improved results minus those expecting worse results.

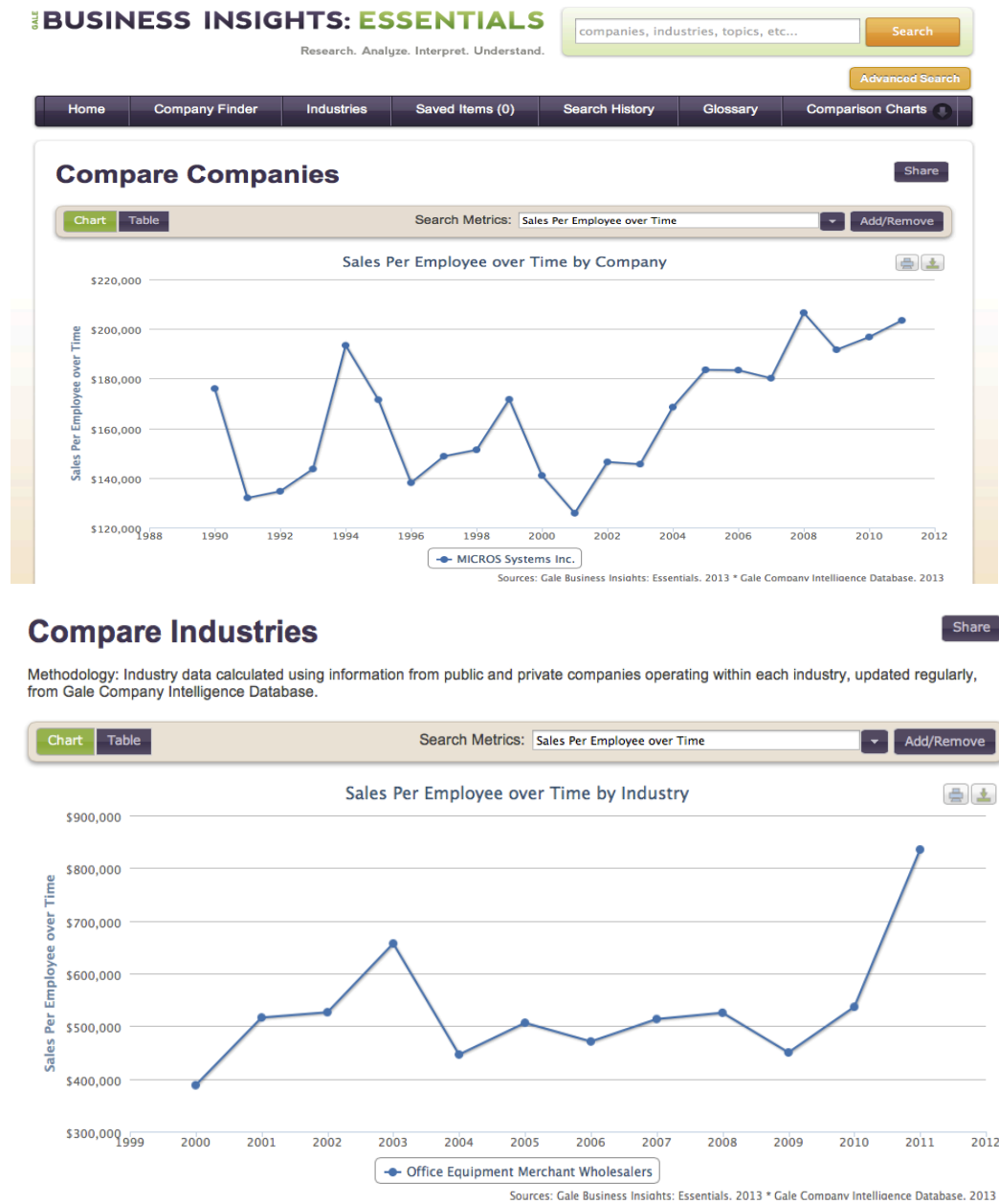
This graph demonstrates the forecasting for sales to be generated throughout the 2012 fiscal year.

[Figure 6]



The previous figure (5) demonstrated the overall sales forecasting for restaurants, this figure (6) shows the actual traffic and sales recorded from customers throughout the year. As it turned out, Q4 of 2012 ultimately led to numerous disappointments for many establishments.

[Figure 7]



While the average Micros systems sells for significantly less per unit than an Aloha POS, it should be observed that the average amount of product sold per employee (at Micros) was just above \$200,000 in general. Once narrowed down to the POS industry, it is revealed that this revenue per employee rises to \$830,000 by 2012. Our client should consider these sales ratios, and ensure that the sales being generated by internal salesman is equivalent (at the least) after accounting for the differential in price per unit.

Legal & Political Forces

Within the following section, numerous segments of the legalities and politics will be examined, and will be analyzed in direct relation to our client's relevant industry(s).

Tourism and Hospitality Business

Florida's tourism and hospitality business is the state's largest industry. In 2011, it had 87 million visitors and the industry alone had an economic impact of 67 billion dollars on Florida's economy (stateofflorida.com, 2000-2013). There are over thousands of restaurants employing millions of Floridians throughout the state. The reason for Floridians not paying state income tax is largely due to the fact that tourists support Florida's yearly budget through what they spend when they visit. Employment laws in Florida are very friendly to businesses and focus less on employees for this very reason, however, there are many laws which do offer severe penalties for when a business does something unlawful (Kuvn, 2009).

Florida Restaurant Law

The state of Florida is considered a "Right to Work State." This means employees have the right to quit their job whenever they like. On the other hand businesses have the power to let you go whenever they desire as long as the employee is not terminated for a reason that is protected by law, which include race, religion, national origin, gender, and age. The Fair Labor and Standards Act (FLSA) was enacted in 1938 to create more jobs and protect the rights of workers. This federal employment legislation establishes the minimum wage, overtime compensation, record keeping, and child labor laws affecting workers in both private and public sectors (Kuvn, 2009). If an employer violates the laws of the FLSA, damages will be awarded as punishment. The FLSA also has provisions that allow the court to award the employee's attorney the fees and costs for having to contest the claims. In return, the employee who was taken advantage of does not have to pay for the attorney to get what was taken from them.

Tax Incentives

With the recent passing of the Fiscal Cliff Bill, a tax credit for R&D, which is considered to be the biggest of the bunch, helps U.S. manufacturers compete against foreign competition. Another key provision helps restaurants and retailers expand by allowing them to more quickly write off the costs, according to the National Restaurant Association (Associated Press, 2013). In addition to this recent provision, one must not underestimate the initial steps for the start of a restaurant or hospitality business which include space, building permits, food and liquor licenses, architecture blue prints, and policies.

Industry Regulations

Hospitality law governs the specific nuances of hotels, restaurants, bars, spas, country clubs, meeting and convention planners, and more. Current dealings have made hospitality law a topic of large discussion. The change in Healthcare is of huge concern for the year of 2013. As the Affordable Care Act goes into effect this year, employers must provide staff working an average of at least 30 hours a week with health insurance or face fines starting in 2014 (Healthcare.gov, 2013). Therefore, preparing for the implementation of this health care reform will undoubtedly put additional cost pressure (i.e. labor and management costs) on most restaurant operators this year, thus necessitating a review of all operational costs related to employee hiring, training, retention and compensation (Simons, 2013). Food allergies are also on the rise, making it extremely vital for restaurants to not only train their employees about certain foods but also have appropriate labeling and order taking systems for foods.

Compliance

Hackers and Identity thieves have more than tripled their activity this year (Hospitality Control Solutions, 2013). The Payment Card Industry Data Security Standard or PCI DSS was created by its governing board the PCI Security Standards Council or PCI SSC to stop theft of cardholder data. The standard offers robust comprehensive ethics to enhance security. It also assists organizations that process credit cards to ensure it is done in a secure manner. Important rules to remember are that businesses must maintain a firewall to protect data, encrypted transmission of data must be verified at every point, anti-virus software must be up to date on all systems, and regular tests of the systems must be able to be verified (Payment Card Industry). The PCI industry has made the merchant financially responsible for any security related information from the card while inside the place of business. PCI compliance is not a law; however, if your system is not PCI compliant you are liable for fines up to \$100,000 (Payment Card Industry). These also include lawsuits, insurance claims, cancelled accounts, and payment card issuer fines that can be crippling to the business and may not allow for recovery.



The Task Environment

Unions and Government, Porter's Five Force Analysis

Unions & Government

UNITE HERE is a union that represents employees who work throughout the U.S. and Canada in the hotel, gaming, food service, manufacturing, distribution, and airport industries. They boast diverse members, consisting of many immigrant communities as well as African-American, Latino, and Asian-American workers, with the majority of members being women. (UNITE HERE , 2013) Through strong organizing of the union, members have made jobs in the industry into respectable, middle class jobs.

In addition there are government regulations that must be followed in order to take part in the Hospitality and Restaurant industry as well as the POS industry. These include the Fair Labor and Standards Act (FLSA), the Occupational Safety and Health Act (OHSA) which requires employers to maintain a safe and healthy workplace, and finally the Equal Employment Opportunity Commission (EEOC) to prevent discrimination in the workplace (Parpal, 2006-2013). When dealing with the POS industry, being compliant with PCI standards will make compliance with other regulations much easier and strengthen your security strategy while avoiding disastrous pitfalls such as loss of sales, lawsuits and fines, and overall business standing.

Porter's Five Forces Analysis

Suppliers

Suppliers for the POS systems industry range from paper rolls and keyboards to cash drawers and touch screens. It is also very common for manufacturers of the hardware to create multiple systems that satisfy the needs of various industries whether it is retail, hospitality or even inventory control. The biggest suppliers for this industry list as follows:

Hardware	Suppliers
Cash Drawers	APG Cash Drawers & MMF POS
Receipt Printers	Star Micronics
Keyboards	Cherry Keyboards
Paper rolls	POS Paper

(Thayer, 2013)

In between the POS sellers resellers and the POS hardware manufacturers are the POS distributors. Distributors act as the “middle man” in order to provide the resellers with the hardware necessary for their products as well as promote and sell the products produced by the manufacturers. The major distributors in the POS industry include BlueStar and Scansource. (Thayer, 2013)

Buyers

When looking at the buyers of POS systems in general, the market is basically open to all other industries whether it was hotels and restaurants, retailers, or wholesalers. In this analysis, the target market for Aloha POS systems is the hospitality industry. In the Florida region alone, Abacus's Aloha POS system is in competition with numerous other POS systems and resellers. The list below provides an overview of the top ten competitors in the POS industry directly competing with Abacus Business Solutions:

Competitors Report			Collapse ▾
Name	Location	Phone	
Cash Control	Sarasota, FL 34231	(941) 927-0275	
Cash Register Sales	Tampa, FL 33603	(813) 871-1187	
Gulf Cash Register	Pinellas Park, FL 33782	(727) 547-0068	
Hamco Business Products	Venice, FL 34285	(941) 483-5018	
Hospitality Data Systems	Sarasota, FL 34243	(941) 355-2437	
Micro Sale POS	Brandon, FL 33511	(813) 681-1875	
Micros Of Central Florida Inc	Tampa, FL 33609	(813) 872-8777	
Pinnacle Hospitality Systems	Tampa, FL 33619	(813) 623-2998	
Seminole Business Systems	Dover, FL 33527	(813) 659-3166	
Total Business Systems	Lutz, FL 33549	(813) 948-0140	

(Abacus Business Solutions)

Therefore, Buyers have a great power over the resellers of POS systems which forces the resellers to differentiate their products and in some cases lower their initial prices to lure buyers who are looking for an efficient low cost system.

Switching costs also play a significant role when buyers are considering either upgrading their current software or switching to another POS system entirely. Installing a new POS system can cost anywhere between \$1,000 and \$20,000 or more per site. (How Much Does a Restaurant POS System Cost?, 2011) Therefore, the switching can definitely affect the buyer's decision especially when multiple sites and location are involved as well.

Substitutes

Some of the substitutes on the market are:

- LightSpeed – Point-of-Sale system that runs on Apple (Mac) products.

(<http://www.lightspeedretail.com/>)

- o Developed by API
- o Price range goes from \$1098 - \$3875 (1 user license and excluding the hardware)
- o Supports any apple device

- Aldelo – Point-of-Sale system that runs on Windows and Android hardware

(<http://www.aldelo.com>)

- o Price start at \$760 (for the software)
- o Supports any windows device and android tablets.

- ViewTouch – Point-of-Sale System that runs on Linux

(<http://www.viewtouch.com/>)

- Supports Linux operating system
- Can be integrated on certain tablets

- Intuit (QuickBooks) – Point-of-Sale system that runs on Quickbook software

(<http://intuitpayments.com/POS/home-53CT-4734FL.html>)

- o Developed by Intuit
- o Price ranges from \$1099 - \$17999
- o Can be integrated to mobile devices

The Industry

Number of competitors

Despite the fact that NCR and Micros are the primary suppliers in the Industry of the POS systems, it is ultimately the resellers that are the critical competitors that form this market. The number of competitors seen within this industry is moderate to high. Some of the most relevant competitors sharing the same markets and operating territories include: Cash Control, Cash Register Sales, Gulf Cash Register, Hamco Business Products, Hospitality Data Systems, Micro Sale POS, Micros of Central Florida Inc, Pinnacle Hospitality Systems, Seminole Business Systems, and Total Business Systems.

Industry growth

As provided by the client, their exact industry as classified by the NAICS is (423420 – Office Equipment Merchant Wholesalers). For this industry, 2010 data showed approximately 7,600 establishments, employing a combined workforce of nearly 100,000 personnel. During that year, total revenues just exceeded a \$7 billion mark (HighBeam Business).

[Figure 8]

Industry Profile Collapse

SIC Code	Descriptions
5044-12	Cash Registers & Supplies (Whls) ✓ Primary
NAICS Code	Description
423420	Office Equipment Merchant Wholesalers ✓ Primary
Franchise	Description
None Available	

When narrowing down this industry to POS providers, explicitly near the surrounding regions in and around Tampa, it was found that annual sales approached \$200 million. Abacus Business Solutions holds the controlling sales revenues within that \$200 million. The next closest firm in terms of sales revenue was Micros of Central Florida Inc (Referenceusa).

Asset Intensity

In light of the technology boom following the turn of the century, substitute products are finding themselves capable of infiltrating the industry from a price perspective. As it will be further explained in the Substitute section, purely software based POS systems are becoming increasingly popular for a number of consumers that do not want to invest in a high priced “industry standard” system. Therefore, the paradigm of superior product through high price is no longer a key determinant towards leading customers to desire that POS product. Instead, more affordable, and simplified systems are attracting new clientele. This could lead to an inference that perceived cost/benefit is now becoming the new determining factor for many customers. For companies that sell their products at a premium price point, the overwhelming quality that will be delivered must be explicitly conveyed.

Product Differentiation

One of the most distinct product differentiations in this industry boils down to the overall cost/benefit for the end user. Across the overwhelming amount of POS providers/resellers, the systems themselves all function similarly. It is Aloha however, which differentiates itself by offering the highest of quality, both in hardware and software. While these systems will be sold at a premium, Aloha offers the most powerful, and profitable features for its customer.

Exit Barriers

Being that a majority of the competitors are all resellers, the most significant barriers to exit would be any contractual obligations to their suppliers. Additionally, any excess inventory that is held will realistically need to be sold off prior to exit. Being that these are high value products being stocked, simply writing them off from the books will be a dramatic loss to the company. It would be in the best interest of the firm to first find an outlet to sell the inventory off completely, before exiting from the industry arena.

Potential Entrants

The restaurant and hospitality industry is a very easy market to enter into aside from satisfying the government regulations and having the necessary start-up capital. With an abundance of new entrants in the industry this undoubtedly increases competition and may decrease a business's profits. Due to the fact the restaurant and hospitality industry mainly rely on variable cost items such as ingredients rather than fixed costs such as rent, economies of scale rarely arise. There are also many suppliers of which support these business's and switching costs for customers are low as it does not cost them much to choose one establishment over another. Therefore a strong brand identity and people who trust and utilize the business model will lead to greater success.

In regards to the POS industry, entry is similar although not as easy as in the restaurant and hospitality business. There is less competition, however brand identity must be extremely strong in order to promote a product most are not familiar with and explain its key strengths. Also with the strong emergence of mobile commerce, POS systems will need to keep up with the trends in order to survive. Switching costs in regards to the restaurant and hospitality industry are extremely high in that if a business wants to change systems, they will end up spending large sums of money on new systems, printers, terminals, and training on the new point of sale system. Finally, according to policy, the employer is held financially responsible for all information regarding credit cards and security in the day-to-day transactions processes.



ABACUS BUSINESS SOLUTIONS INTERNAL ANALYSIS

Defining Corporate Strategies

Within this part of the analysis, the corporate strategies are analyzed and examined.

Abacus Business Solutions was founded in 1974 and has grown to a \$12 million company headquartered in Clearwater, Florida. They are the world's largest reseller of the Aloha POS system for restaurants. With an overall corporate strategy focusing on differentiation, Abacus Business Solutions main goal is to provide restaurants with the best service, hardware, and software in the market (Thompson, 2013). With strong beliefs in extensive training for sales teams, building a powerful culture, and teaching clients how to manage their restaurants more efficiently, Abacus intends to build long lasting relationships to help their clients outshine and remain loyal to the company. Abacus has a vision of training its customers in the use of the Aloha POS system in addition to becoming better restaurants overall (Thompson, 2013). While their main competitor Micros focuses on a low cost strategy, Abacus focuses on making a "paradigm shift" for their clients with a company whose service is superior to Micros and system increases revenues and decreases costs. With their hands on training and hardware from NCR, they believe their service to be the best in the market (Thompson, 2013).



Strategy and Financial Analysis

Identification & Analysis of Strategy Implementation

Within this part of the analysis, the implementation of the strategy incorporated by the company is analyzed.

According to industry analysts, the POS industry reached about \$1.2 billion in revenue during 2012. It grew about 1.2% for the last several years and is expected to grow about 2% annually during the next five years (IBISWorld, 2012). Abacus focuses on restaurants that are upgrading their existing POS systems instead of startup companies. They focus on already established restaurants that are seeking an upgrade and owners or managers who already have had previous experience with a POS system and its benefits. Due to the fact that these owners already know what a POS system can do and want the newest technology available, they are more likely to consider upgrading to a more expensive, higher performing system (Thompson, 2013). With Abacus' focus on wanting to train and educate their clients to become more profitable, they believe that targeting upgrade customers is the most effective route of attack to increase revenue. Abacus' main prospects are restaurants that generate a minimum of \$400K in revenue annually and have multiple locations. If a prospective owner wanted to purchase the Aloha POS system, then Abacus would be in charge of the installations and maintenance in all of the locations (Thompson, 2013). Abacus wants to be recognized as the company that provides superior service, training, and turn-key solutions to restaurants throughout the region. With the average restaurant upgrading their POS system every 5-7 years, Abacus Business Solutions is ready to provide the most compelling cost-benefit ratio in the industry. Table 1 shows a limited set of financial ratios that describe the recent financial performance of the company (Thompson, 2013).

Table 2: Financial Ratios for Abacus Business Solutions

Ratio	2011	2012
Current Ratio	0.77	1.12
Quick Ratio	0.51	0.86
Cash Ratio	0.22	0.64
A/C Rec TO	16.23	n/a
Inventory TO	17.16	n/a
Debt/Equity	-5.58	6.38
ROE	-41.3%	5.06%

Source: (Thompson, 2013)

Analysis of Meeting KSF's (Comparison with Competitors)

Within this part of the analysis, the KSF's are carefully evaluated in comparison with major competitors.

Point of Sale Systems are one of the most important tools for restaurants, however they are extremely complex and include costly solutions for payment processing that affect a restaurants bottom line (Stennson, 2011). In addition, manufacturers POS systems are sold by value added resellers (VAR) which can have different levels of service, training, warranties, and installation assistance (Thompson, 2013). Abacus Business Solutions delivers straightforward functionality through intuitive color touch screen POS and back office programs. Over one thousand systems have been implemented by Abacus and are being supported with hundreds of locations throughout the United States and overseas. They have been an Aloha reseller since the product was first brought to the market and have won numerous awards including the IBM Sales Leader Award and the Aloha Technologies Tercentennial Club Award (Solutions, 2013). They are considered the employer of choice in the industry and are able to attract and retain the “best of the breed” in all disciplines. In addition, their employees knowledge, expertise, and tenure in the operation of the hospitality industry of understanding databases and the Aloha POS systems, means deep knowledge of their product and service to their clients. Billable hours, consulting, product management, and surveys are paramount to company performance and ensure high levels of customer satisfaction (Solutions, 2013). Abacus Business Solutions is the exclusive Value Added Reseller (VAR) for most of the state of Florida, encompassing all of west and central Florida, as well as parts of eastern Florida (Thompson, 2013). Table 2 shows the major manufacturers, the name of their POS systems, and the exclusive VAR for that system in Florida.

Table 3: Key Competitors in the POS System Industry

Manufacturer	POS System	Florida VAR
Micros Systems	3700 or 9700	Micros of Central Florida
NCR	Aloha	Abacus Business Solutions
Restaurant Data Concepts	POSitouch	Pinnacle Hospitality Systems

Source: (Thompson, 2013)

In addition to NCR, Micros, and POSitouch, there are dozens of smaller competitors in the industry. All of these assorted vendors offer a variety of prices, features, and services. Some focus on mobile POS systems that integrate iPads, while others focus on systems for specific types of restaurants. Due to the diversity in POS systems, choosing a system is a confusing process for many restaurant owners and includes a large up-front expense when buying or upgrading their system (Thompson, 2013). Mel's Diners, a restaurant in South Florida, spent \$150,000 to install the Aloha POS into ten of their restaurants. The COO reported that Aloha created benefits immediately including faster service and more accurate orders. Among those ten restaurants, the best of the bunch showed a 5% increase in revenue within four weeks of installing the new system (Brumback, 2006). Abacus Business Solutions stands by their beliefs that they are a different kind of company who understands restaurant challenges, gives you choices, and will train or do the POS system process for their client, resulting in top of the line customer service and increased efficiency for their clients businesses.

Financial Analysis

The financial ratios and their implications on the company's performance are evaluated in this part of the analysis.

Ratio and Trends Calculated (Explanation)

Table 4. Ratios from Abacus Business Solution

Ratio	2011	2012
Current ratio	0.77	1.12
Quick ratio	0.51	0.86
Cash ratio	0.22	0.64
A/C Rec TO	16.23	n/a
Inventory TO	17.16	n/a
Debt / equity	-5.58	6.38
ROE	-41.3%	5.06%

(Tompson, 2013)

Current Ratio

The current ratio is calculated using the following equation:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \quad (\text{Inv})$$

From 2011 to 2012 the current ratio went up by .35. The increase in the ratio infers two scenarios, an increase in assets and a decrease in liabilities or an increase in both in different proportions (where the biggest increase comes from assets). Current assets measures cash, inventory, accounts receivables (under 1 year), etc. Current liabilities measures short term debts, accounts payable, accrued liabilities, etc.

Quick Ratio

The quick ratios is calculated using the following equation

$$\text{Quick Ratio} = (\text{Current Assets} - \text{Inventories}) / \text{Current Liabilities} \quad (\text{Inv})$$

From 2011 to 2012 the quick ratio went up by 0.35. This increase refers to either an increase in assets(not including inventory), a decrease in liabilities, or both.

Cash Ratio

The cash ratio is calculated by

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Cash Equivalents} + \text{Invested Funds}}{\text{Current Liabilities}} \quad (\text{Inv})$$

From 2011 to 2012 the cash ratio went up by 0.42. The cash ratio falls under the liquidity ratios. The increase in cash ratio infers that the cash accounts increased, they are investing more, and they will be able to pay more upcoming debt.

Debt to Equity Ratio

Debt to equity ratio is calculated by:

$$\text{Debt - Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Shareholders' Equity}} \quad (\text{Inv})$$

From 2011 to 2012 the debt to equity ratios went up by 11.96. The debt to equity ratio in 2011 shows a negative number due to the goodwill from the acquisition of Abacus by Radian Systems. (Rich Petterson). The increase in equity to a positive area is due by the increase in assets reflected in the current and quick ratio.

Return on Equity (ROE)

ROE is calculated by:

$$= \frac{\text{Net Income}}{\text{Shareholders' Equity}} \quad (\text{fin})$$

From 2011 to 2012 the return on equity went up by 46.36%. As mentioned on the debt to equity ratio, in 2011 the company held a negative equity due to goodwill and was later move to a positive are due to the increase in assets. The ROE also went up due to the increase on net income due to a possible increase in sales.



Organizational Structure, Culture, and Leadership

Organizational Structure

Within this part of the Analysis, the organizational structure, culture, and leadership styles are evaluated and analyzed.

An organizational structure defines the scope of acceptable behavior within an organization, its lines of authority and accountability, and to some extent the organization's relationship with its external environment. (Organizational Structure) It is the link that connects the organization and also manages the flow of information between the various departments in the company. In addition to that, it provides a method of communication between all levels in the organization in order to increase efficiency and effectiveness.

Figure 9. Organizational Structure



Functional Structure

Functional structure is set up so that each portion of the organization is grouped according to its purpose. (Writing) This structure works extremely well for small sized companies and organization due to the ability of different departments to function separately depending on their employees. However, one of the drawbacks to a functional structure is that the coordination and communication between departments can be restricted by the organizational boundaries of having the various departments working separately. (Writing) In addition to that, Functional structures are the most controlled and mechanized but also the least nimble and adaptive to changes in their environment. (Johnson)

Divisional Structure

The divisional organizational structure organizes the activities of a business around geographical, market, or product and service groups. (Divisional Organizational Structure) This type of organizational structure is useful in multinational organizations that have various lines of products or services such as Bank of America or Apple. This structure provides clear accountability for different products but also inhibits career growth of specialists. (Gupta) Using this structure, division heads have decision-making power, which they rely on to respond to changes in their particular markets or areas of responsibility quickly. (Nordmeyer)

Matrix Structure

A matrix organization structure is a type of an organization structure, which takes the best features of both worlds; i.e. the projectized organization structure and the functional organization structure. (Usmani) This structure allows sharing of information and skills among different divisions. In addition to that, fewer conflicts are likely to take place and even if they do, they are easily solved because of the hierarchical setup. (Matrix Organizational Structure) Abacus follows the matrix organizational structure due to the various divisions they have across the state of Florida and the functional structure element that exists within those divisions.

Organizational Culture

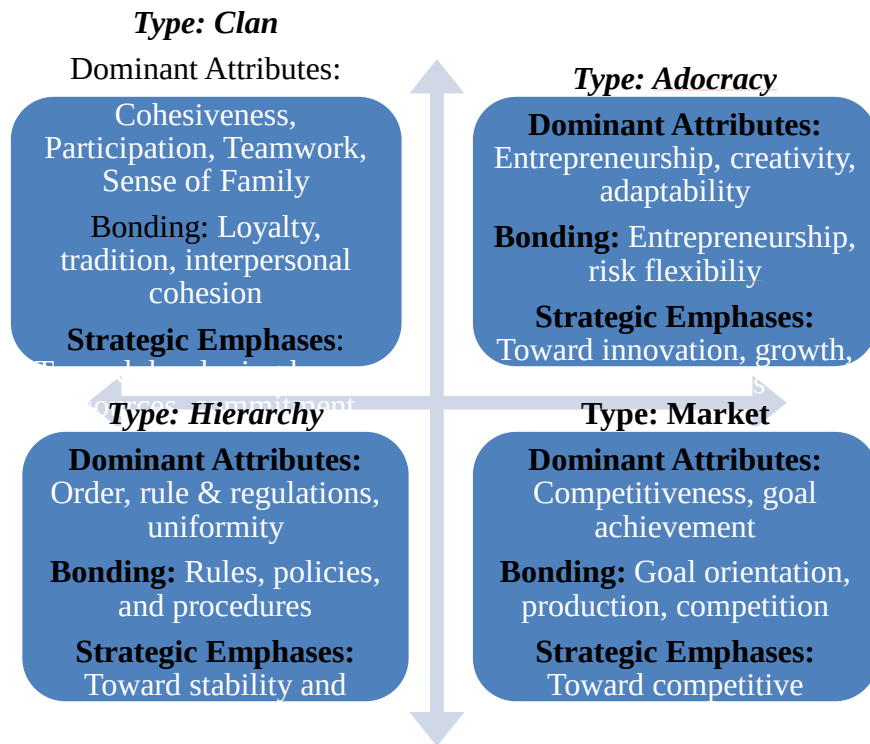
Figure 10. Organizational Culture



(Change and Culture Change)

Culture consists of group norms of behavior and the underlying shared values that help keep those norms in place. (Kotter) The culture of a company determines the actions taken by the employees in addition to the priorities of the employees in senior management positions. Culture can be any of the following four forms and can even be a blend of two.

Figure 11 (A Model of Organizational Culture Types)



(Freeman, 1991)

Abacus would fall under the task culture classification due to the strong sense of purpose that originates from the CEO, Richard Peterson, and stems down to the different departments within the organization.

Where does culture come from? It usually comes from the founders of the group. For whatever reason, they value certain things and behave in ways that seem to help the group succeed. Success is key. So it seeps into the group's DNA. (Kotter) Adding to that, during the Q&A session with Richard Peterson, CEO of Abacus, he stated: Culture is how we define our company. (Peterson, 2013) Culture also helps the company move forward towards achieving its goals and objectives as well as maintaining a good work ethic among the employees in the company. If you don't understand the culture of the company, even your most brilliant strategies will fail. Your vision will be resisted, plans won't get executed properly, and all kinds of things will start going wrong." (Change and Culture Change) However, when companies put stress on developing the culture in their companies it gives employees the sense of ownership and belonging.

Senior Management and Leadership

Chief Executive Officer roles

In a form of business that is usually without a board of directors (sole proprietorship, partnership, etc.), the "chief executive officer" is (usually) the singular organizational position (other than partnerships, etc.) that sets the direction and oversees the operations of an organization. (McNamara) Abacus's CEO, Richard Peterson, also happens to be the founder of the company which was purchased by corporate giant NCR in 2004. (Peterson, Abacus Business Solutions) Richard Peterson has the following roles in addition to conducting periodic meetings with the employees regarding the company's culture. Another unique feature about Richard Peterson is handling the big accounts that Abacus Business Solutions handles such as Carrabas and Sunny. (Peterson, Q&A , 2013)

1. Program, Product and Service Delivery

Oversees design, marketing, promotion, delivery and quality of programs, products and services. (McNamara)

2. Financial, Tax, Risk and Facilities Management

Recommends yearly budget for Board approval and prudently manages organization's resources within those budget guidelines according to current laws and regulations. (McNamara)

3. Human Resource Management

Effectively manages the human resources of the organization according to authorized personnel policies and procedures that fully conform to current laws and regulations. (McNamara)

4. Community and Public Relations

Assures the organization and its mission, programs, products and services are consistently presented in strong, positive image to relevant stakeholders. (McNamara)

Senior Management

- **Naomi Canning – Regional Manager, South Florida**

Naomi joined Abacus from a background of several years in hospitality management, so she's well acquainted with the business of running a restaurant. Originally a Project Manager, she now manages all aspects of the Ft. Lauderdale office, from sales to customer relationships. (BIOS)

- **Byron Hempy - Director of Operations**

Byron joined the Abacus team in 1999; just in time to assist the company in navigating the Y2K craze. He has proved to be a key component in the build-out of the Abacus infrastructure. Byron brought with him a wide array of experience in the business world holding, management positions in both small business and large corporations. (BIOS)

Key Management Employees

- **George Harris** - *Business Development Manager, Clearwater Office* (BIOS)
- **David Winterling**- *Business Development Manager—Clearwater Office* (BIOS)
- **Lisa Jewell** - *Director of Project Management and Training* (BIOS)
- **David Winterling** - *Business Development Manager—Clearwater Office* (BIOS)
- **Barbara Sharp** - *Business Development Manager—Ft. Lauderdale Office* (BIOS)
- **Jason Leonard** - *Service Manager* (BIOS)
- **Randy Anderson** - *Call Center Manager* (BIOS)



Resources and Capabilities of Firm (RBV Approach)

RBV

Table 5. RBV

Resource	Weight	Competitive Superiority	Resource Scarcity	Imitability	Appropriability	Durability	Substitutability
<i>Tangible</i>							
Aloha POS unit (superior quality for price)	60%	4	3	1	3	4	3
Satellite facilities near target markets	15%	3	3	4	3	3	3
CEO prepared newsletters and flyers	10%	3	3	4	4	3	3
"Coola camp" training program	10%	4	3	3	4	3	3
Strong credit score history	5%	4	-	-	-	4	-
<i>Intangible</i>							
Culture and reinforced company values	50%	5	4	1	4	4	-
"Most Successful Aloha Reseller in the World " reputation	20%	4	4	1	4	3	2
Brand image of Aloha systems	15%	4	4	1	3	4	2
CEO with 20+ year experience in industry and company	10%	4	2	3	4	4	-
Hospitality Group and Association networks/memberships	5%	2	2	5	3	3	5
<i>Human Capital</i>							
Limited outsourcing [most departments are internal]	70%	4	3	3	4	-	4
Large number of project managers	15%	3	2	4	-	-	4
Senior level employees typically hired from within	15%	3	2	3	4	-	4
<i>Organizational Capabilities</i>							
Narrow market focus (hospitality industry- "niche")	30%	5	4	3	4	4	3
Call center for live customer support	25%	4	3	3	4	4	3
Consulting team for initial client order quotes	25%	4	3	3	4	3	3
Technicians on standby for repairs and system setup	20%	3	3	3	4	3	3

Value Chain Components of Firm

The value chain approach is applied to Abacus Business Solutions and then analyzed based on the results.

Primary Activities

Inbound logistics

ABS receives all products from NCR. As an authorized distributor, the client does not manufacture any product in-house. Instead, a majority of inventory is stored securely onsite, and handled from within. Historical records from the CEO show that inventory control has had minor problems in the past, and has suffered from occasional periods of loss. Once orders are placed, the technicians are then responsible for setting up the “turnkey” systems, and transporting the inventory from warehouse to the final order destination.

Operations & Outbound logistics

Again, since the final products are delivered from NCR, Abacus Business Solutions does not require much intricate assembly or manufacturing on site. Instead, the client will integrate the inventory for “turnkey” orders. With the technicians, products will go through quality control measures to ensure that no defects are present. Once the products are cleared, they are gathered for the order, and are delivered and setup for the customer.

Marketing and sales

Currently, there is no explicit marketing strategy that ABS adheres to. There are no social media ad campaigns, nor any mass media advertising. Instead, top management has said that they sponsor (in-part) several charity events (specifically golf outings), participate in trade shows, and are members of networking groups which all get their company name out there. Instead, the sales force does a majority of the “marketing”, by “door knocking” local businesses.

The sales force carries a majority of the weight for the company, and has the monthly and annual quotas to reach. It has been estimated by Rich Peterson that they use a 12 touch sales process, and tend to follow a top down approach (example: 100 opportunities = 10 sales for the company)

Service

This activity is where ABS provides a notable amount of additional value to the customers. As mentioned in the RBV section, a number of different service departments exist within ABS. The call center is able to answer minor questions and concerns from customers, and can roll out “over the air” updates and software upgrades to clients. If the problem is more complex, the company has a team of technicians that can travel directly to the customer, and make any necessary repairs. Before a sale is made, ABS also has a consulting team that will meet with the potential customer, and analyze their business needs. All of these departments are interconnected, and work together under the ABS name, thus eliminating outsourcing. This allows Abacus Business Solutions to truly brand itself as a one-stop shop for POS.

Support Activities

Administration

At ABS, the title of Project Manager is quite common. Executive officers agree that the more of these managers, the better. In terms of chain of command, the company follows a fairly straightforward corporate structure. An example of the ABS titles are as follows:

Chief Officers

Regional Vice President

Regional Manager

Assistant Controller

Accounts Receivable

Director Project Management

Project Manager

Business Development Manager

Implementation Manager

CSM Supervisor

Inside Sales

Customer Support Representative

Customer Tech Support

Service Tech

As demonstrated, the company utilizes a standard hierarchy framework.

Human Resource Management

Some aspects of this department have been alluded to in the RBV section. However, further explanation will follow. From the start, recruitment can occur as early as high school and college. Employees that apply have no major qualifications to meet, thus the field remains quite open to applicants. During the hiring process, HRM employees as well as management will get a feel for candidates by seeing if they will fit into the ABS culture. If the candidate is approved and brought onboard, they will go into training. One common program utilized is Coola Camp. From here, they will be taught the necessary skills needed for their position, as well as introduced to the company culture practices. Once the employee has completed all training, they will be monitored on performance as related to their title. For instance, sales personnel will be measured against sales metrics, and so forth. Lastly, as the employees serve more time within the company, they will gradually progress up the ranks. It is common practice for an employee at ABS to reach some form of management level in about 5 to 6 years, if relevant.

Technology development

Again due to limitations from NCR, Abacus Business Solutions does not invest heavily in R&D, nor do they focus on developing technology in-house. Instead, the company searches for products that both exist, or soon will exist within the NCR lines. Currently, the client is attempting to spread its market share into the smaller income hospitality companies. To achieve this, less expensive POS alternatives are being searched for within the NCR lines, but none have been identified at the moment.

Procurement

Senior management and executives will approve orders that are needed, and send them to NCR. The systems will then be delivered to ABS, and prepared for the “turnkey” delivery.

VRIO Framework

The VRIO Framework is applied to Abacus Business Solutions and then analyzed based on the results.

When Applying the VRIO Analysis from Barney, there are four major indicators that have to be kept in mind. Refer to Table 6.

Table 6. VRIO Explanation (Barney)

Acronym	Meaning	Factor Being Analyze
V	Value	is the resource or capability bringing value to the firm
R	Rarity	Is the resource or capability rare – in other words is it unique of the firm and no one else has access to this resource
I	Imitability	is the resource or capability easy for the company to imitate
O	Organization	has the firm fully used this resource or capability

After analyzing the resources/capabilities from the VRIO points of view, it is easier to decide how they give competitive implications and strengths and weakness to the organization in comparison with the industry. Refer to Table 7.

Table 7. Competitive Implication Meanings (Business Dictionary)

Competitive Implication	Meaning
Competitive Disadvantage	Exposes a firm to a possible costumer loss.
Competitive Parity	Allocating a promotion budget depending on the competitors spending on similar activities
Temporary Competitive Advantage	Exposes the firm to a temporary competitive advantage
Sustained Competitive Advantage	Exposes the firm to a long-term competitive advantage

(Business Dictionary)

Abacus Business Solution VRIO Framework

Table 8. ABS VRIO Analysis

Resource/Capability	V	R	I	O	Competitive Implications/ Strengths and Weakness
Resources	Yes	-	Yes	No	Strength
Regional Distribution	Yes	Yes	No	No	Temporary Competitive Advantage
Culture	Yes	Yes	No	-	Strength and distinctive competence
No Minimum Qualification	No	Yes	Yes	-	Competitive Disadvantage
Customer Satisfaction (Quality)	Yes	-	No	-	Competitive Advantage
Market Share	Yes	-	-	No	Strength and distinctive competence
“Coola Camp” Training	Yes	No	Yes	-	Strength and distinctive competence
Sales Capabilities	No	Yes	Yes	No	Competitive Disadvantage

V** Value

R** Rarity

I** Imitability

O**Organizational

Identification of Strengths and Weaknesses

Based on the results identified in the previous analysis, the strengths and weaknesses of the company are identified in this section

Resources and Capability Analysis of Firm (RBV Approach)

Tangibles

Within this set of company resources, the most significant is undeniably the Aloha POS system itself. Having been authorized to resell product lines under NCR, the flagship Aloha unit is the primary asset for Abacus Business Solutions [ABS, hereafter]. While the system commands a heavy MSRP within the industry, the overall product image it has established for itself over the years has been prodigious. As a result, ABS has been able to build a very strong company model around a very highly regarded product.

Additionally, the various brick and mortar locations held by the client [ABS] have also helped to streamline the operations. Given a vast Florida territory to operate within, the multiple locations dispersed throughout the state eliminates lag-time between inventory delivery and operations, and gives the business a much higher level of concentration as opposed to having one or two physical locations.

CEO Rich Peterson also drafts and delivers newsletters and Industry reports to consumers, which further enhances the Business-to-Business relationships. It is an optional service to provide (which other competitors don't all do), and is a small gesture that goes a long way towards solidifying a stronger customer relationship.

As mentioned by Regional VP Naomi Canning, most new employees that are hired will go through an extensive training program called "Coola Camp". Specifically geared towards sales personnel, Coola Camp will help instill the knowledge and tools that are vital towards company success and sales in the industry.

Lastly, records show that company credit ratings and payment histories are all positive. This further enhances the reputation of the company from a financial standpoint, and will decrease the difficulty for obtaining leverage for any future endeavors.

Intangibles

It is at the very core of Abacus Business Solutions that culture is key. When comparing this company to any other competitor, ABS separates itself from the rest by implementing a plethora of culture-enriched programs. From areas such as Accuracy, Expectations, Support, Accountability, and Transparency [just to name a few] every employee of ABS understands the critical values held by the company.

Having a distinct reputation within the industry also significantly helps the client. They have earned the status of “The Most Successful Aloha Reseller in the World” by NCR, and that is something that stands far out from their other competitors.

Rich Peterson is a veteran in the POS industry, and brings a lot to the table for ABS- and more importantly his hospitality customers. His track record began from technician work within the industry that lasted throughout a decade. He then built up the experience and knowledge that enabled him to purchase and operate the company as its Chief Executive Officer.

ABS also belongs to a list of Hospitality Groups and Associations, which allows the company to observe industry trends and customer feedback. While this is not a vital tool for the company, its significance should still be recognized and not underestimated. Some of these networking groups consist of:

Florida Restaurant Group

Specializes in restaurant site selection and consultation of chains with 20 units or more along with independent operators looking for troubleshooting or to enhance profitability. Our area of focus is the State of Florida but will branch out to include the entire East Coast as we assist in franchising. Our group members are like thinking, out of the box, restaurant driven people or companies that have in mind making Florida the number one restaurant state in the US.

Point Of Sale Professionals

A group that discusses the industry of point of sale computer systems. Dealing with restaurant, grocery, and retail industries. Finding better solutions for inventory, labor management, customer relations, and point of sale.

Vistage Florida

A Florida organization dedicated to increasing the effectiveness and enhancing the lives of CEOs

Human Capital

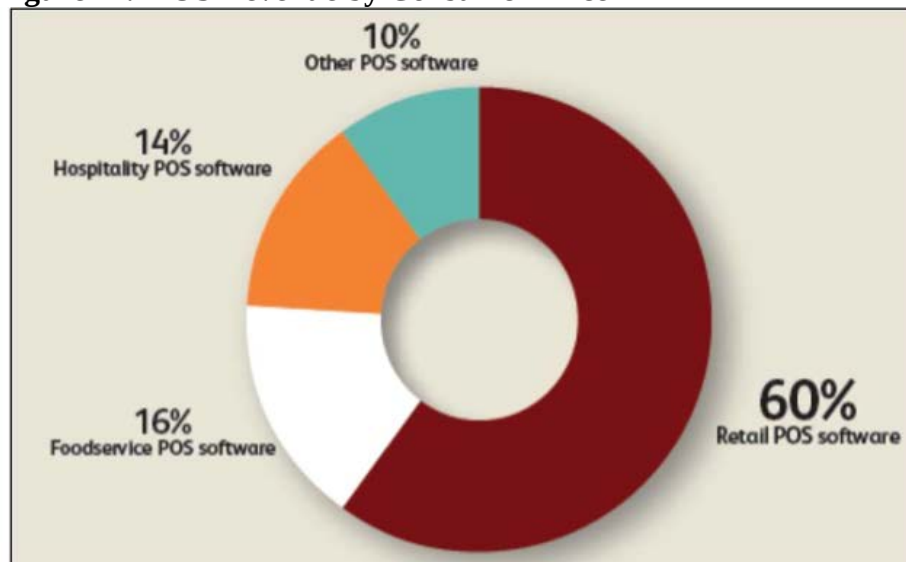
Within this subset of resources, one of the single most strength's held is the robust internal structure of the company. This refers to the diverse set of departments that exist within ABS, which eliminates nearly all third party outsourcing. For instance, the company has: a sales force, call center, technicians, consulting team, and extensive management levels. What this means is that there is no outsourcing, and significantly more revenue can be retained and/or dispersed to throughout employee benefit accounts.

As for the last two resources, they can both be strength's and weaknesses for the company. At ABS, it has been confirmed by top officers that: [Paraphrased] "the HRM department doesn't implement strict qualifications for candidates. Instead, applicants that are hired will be brought in at low ranks, and eventually work their way up. As they progress (5 to 6 years), they learn all the aspects of the company, and have a solid understanding overtime of the industry and company." While this assumption is true to a certain extent, it does not guarantee that the employee will eventually grow to become an effective and profitable asset to the company. Therefore, it holds both potential benefits and risks.

Organizational Capabilities

In terms of the organization, a key resource is the distinct focus towards the target market. ABS has determined their niche to be the hospitality industry, with specific attention towards restaurant chains. While this approach has significantly helped the company's overall appeal towards restaurants, a dramatic market share has been forfeited. This presents a strength towards the hospitality industry, but a very large weakness and loss towards additional revenue streams.

Figure 12. POS Revenue by Consumer Price



Source: IBISWorld (2012)

Abacus also holds some key capabilities with their service departments. For instance, their call center is a highly regarded strength for customer service and support. The company has made numerous attempts to further streamline and improve the call center operations, and in some instances have been quite successful. For one, they have decreased waiting time for customers. Additionally, for clients that have outstanding or delayed bills, ABS has created a mechanism for diverting these calling clients to the payment department. As for the other service departments, the client has technicians on standby for repairs and installations. For customers, this assures them that post sale, they will not be stuck dead in the water, but instead have a company that can also provide vital assistance.

Resources and Capability Analysis of Firm (VRIO Approach)

Resources (Strength)

The company has many resources on its possession (inventory, facilities, etc) which gives them strength on the industry. According to Naomi Canning the resources have not been fully exploited by the organization (Canning, 2013). Moreover, according to Rich, the company is being relocated to a new building where their call center will be bigger (Peterson, 2013). This will increase the company's business operations and as it will allow them to serve more customers through their call center.

Regional Distribution (Temporary Competitive Advantage)

This capability brings value to the organization because it gives them the privilege by NCR to be the only resellers of Aloha in the area. This is unique on the market which gives the resource its rarity. Moreover, it will be difficult to imitate, yet not impossible in case of an exponential increase on demand for Aloha's Point-Of-Sale systems. The company has not yet fully exploited this capability because they still do not hold 100% of the market share out of the 53% from the Florida region (Tompson, 2013). This capability gives Abacus a temporary competitive advantage over other NCR reseller and other POS system resellers.

Culture (Strength and Distinctive Competence)

This capability gives ABS value because it is their main driving factor from inside the company. Their culture according to Rich culture is the most important factor in the company and they maintain it by hiring employees who will reflect the values that the company is looking for. Every company has its own type of management and functions differently from all other which makes this capability difficult to imitate. Culture gives strength and distinctive competence to Abacus because it gives their employees a comfortable workplace which is reflected on the efficiency of the company; "we are a very efficient company" (Peterson, 2013).

No Minimum Qualifications (Competitive Disadvantages)

According to Naomi Canning, Abacus Business Solutions does not have minimum require qualifications when choosing its employees. “We have hire people right from high school” (Canning, 2013). This does not add value to the company. According to Rich, on average it sometimes takes an employee 6 years to become a good sales person. Moreover, he believes this is not a drawback because the employee grows from the call center to project manager; which gives them a better knowledge on the product. It is a rare resource because most companies will hire people who have the qualifications to be successful salesmen. This resource is easy to imitate if competitors in the industry adopt this recruitment procedure. This resource gives Abacus a competitive disadvantage because their employees are not as qualify as other sales people in the industry.

Customer Satisfaction/Product Quality (Competitive Advantage)

Their differentiation strategy of making Aloha a quality POS system that reduces cost and increases revenue gives the company value. This resource will be hardly to imitate; also because other competitors like MICROS have decide to adapt a low-cost strategy (Tompson, 2013). This strategic approach on the market gives ABS a competitive advantage because they position themselves on the market with a different type of product.

Market Share (Strength Distinctive Competence)

The Aloha product held the second largest market share on the industry (Tompson, 2013). This product position on the industry is valuable for Abacus because they are selling a product that is already well accepted by the consumers. The organization has not yet fully exploited this resource because they still hold a lower market share in comparison with Micros System, Inc. (Tompson, 2013). This resource provides Abacus with a strength distinctive competence because it gives the power inside the industry and sets them apart from all the other POS system resellers.

“Coola Camp” Training Program (Strength Distinctive Competence)

“They (sales personnel) go to Atlanta for a week train program on sales process...very detail webinars on product knowledge” (Canning, 2013) Sales personnel become experts on the sales process and on all the features and advantages that the Aloha POS system can bring to its customers. This resource adds value to the organizations because it improves the salesmen performance. The resource is very unique of the company and only NCR reseller’s employees attend to it. However, this resource can be easily imitated by all the competitors as a training program from human resources. The “Coola Camp” gives Abacus a Strength Distinctive Competence because it gives sales personnel a high training on sales techniques which improves their efficiency.

Sales Capabilities (Competitive Disadvantages)

“I’m not comfortable with the productivity of the sales team” (Peterson, 2013). On one hand the sales team is bringing value to the organization; however, on the other hand, they are not meeting the benchmark that upper management is expecting which makes this capability less valuable for the company. According to Naomi Canning, each sales person have to knock in 150 doors and offer the Aloha POS system expecting 2 sales opportunities at the end of 60 days (Canning, 2013). This sales process could be easily imitated by other companies because the numbers of prospect sales at the end of 60 days are not high. This has not yet been exploited by the organization because the sales team is no yet hitting the bench mark establish by upper management. This capability gives the organization a competitive disadvantage because it does not allow them to reach the desire goal or position them where they want to be on the market.



Recommendations (Implementation Strategy)

Recommendations Summary

We believe that if Abacus Business Solution implements our recommendations, the company will be able to reach the next level. These are the strategies that we believe will take Abacus Business Solutions to that next level.

Try Before You Buy



This recommendation allows current and prospective clients to use your top services and accessories on a free, one month trial basis. Once they realize the value of these services they will see their value and not be able to part ways with them. We feel the conversion rate will be higher than those who do not purchase the services at the end of the trial. **(Refer to Appendix 1 for a more**

detail information)

Power of Friends



This recommendation puts into place a referral system for Abacus Business Solutions. In addition to selling clients the Aloha system and offering your top services for a free one month trial, any clients who refer prospective customers to your company will receive an additional free month of service bundling for the referral. To allow prospective clients to choose your

service, in addition to the free month of services you will also give them a 10% discount on installation costs. This recommendation strategy will help you solve your recurring revenue problems and get customers to knock on your doors instead of you knocking on theirs. **(Refer to Appendix 2 for a more detail information)**

Limitless Control



Netsuite Cloud Management Software provides its users with limitless control over the major aspects in the company. Comprised of three sections: ERP, CRM, and Ecommerce, Netsuite successfully integrates all operating and non-operating functions within the company into one

solidified database. In addition to that, it provides the users with real time key performance metrics and financial information to help make available the most accurate information in order to make the most informed decisions. Netsuite also provides users with remote access to the system which allows them to have all those important pieces of information at their fingertips. With over 16,000 organizations currently running Netsuite, it has proven to be one of the most cost efficient and performance enhancer systems available today. **(Refer to Appendix 3 for a more detail information)**

Crystal Ball Metrics



With Google Adwords, it places you in direct control of your marketing campaign. From setting the budget, to selecting your target regions, Adwords redefines the conventional ways of marketing. Used by over 50% of Fortune 500 companies, Google Adwords has repeatedly helped increase the performance of high profile companies. Additionally, this recommendation has also lined up a potential website developer, who has years of experience building professional corporate websites. The option to bundle the build is also available, which will enable a full social media campaign to be embedded throughout your new website. **(Refer to Appendix 4 for a more detail information)**



Appendix

Appendix 1

Try Before You Buy

Abacus Business Solutions Goal: To differentiate their company from other POS resellers in terms of their premier, top of the line service and culture and establish recurring revenue. A company that allows their customers and prospective customers to test drive some of their top services and accessories enables Abacus to showcase their products and services and develop strong relationships with their clients.

Description of the Recommendation:

For Years Abacus Business Solutions has been the top Aloha POS Reseller in the world. However, what if there was a way Abacus could become more than that? What if they could become known as the top, premiere service oriented organization in addition to the top value added reseller? Abacus was looking for a paradigm shift, a way to transform their customers thinking. The only way to effectively do that is by building relationships and establishing trust with the client. In doing so, Abacus Business Solutions will effectively get clients to do business with them in both the short and long term time frames.

Implementation Steps:

- Sales will talk to clients and prospective clients about products and services
- Lend expertise to client and sell the Aloha POS System Terminal
- Offer together top services and accessories for their needs in bundle packaging form for one month free trial period
- Services and accessories include custom solutions, web ordering, handheld ordering, reservations, Pulse, Mobile Payment
- After one month free trial period expires, sales representative follows up with client and survey their experience with the services and accessories
- Allow sales representative to close deal effectively and get client to sign on with keeping the services and accessories after observing their benefits to business

Ultimate Goal:

Establish recurring revenue, build client relationships, and showcase superior customer service of Abacus Business Solutions.

Appendix 2

Power of Friends (Referral System)

Abacus Business Solutions Goal: To effectively establish a larger client base with less aggressive sales tactics and marketing. A company that sets up a referral system allows them to indirectly market themselves to new clients and have the power of testimonials from previous clients to power their company. By establishing a powerful referral system to bring clients to Abacus Business Solutions, they will spend less time knocking on clients doors and have more clients knocking on theirs.

Description of the Recommendation:

One of the main obstacles that stood in front of Abacus Business Solutions is getting their company out to perspective customers. Too often they were knocking on too many prospective clients' doors instead of having their customers come to them. A way to deal with this obstacle is by having your previous clients refer new customers by offering incentives for doing so as well as offering incentives and discounts/promotions for new customers to join on with Abacus Business Solutions.

Implementation Steps:

- In addition to offering the terminal, services, and accessories setup a referral system to gain more clientele
- For every client that refers new customers to Abacus, in addition to getting the free month trial package, they will get an additional month free for the referral
- In order for new customers to decide to go with Abacus Business Solutions, in addition to getting a free month trial package of top services and accessories for their needs, they will get a 10% discount on installation costs for the Aloha system
- Allow for sales representatives and managers to follow up with clients regarding their service experience and ask for more recommendations and referrals of new clients

Ultimate Goal:

Establish new clients, cultivate new relationships, gain repeat referral business to have more recurring revenue, and allow for more clients to come knocking on Abacus' doors instead of them knocking on their prospective clients' doors.

Appendix 3



NetSuite Implementation Estimate

Prepared for: JC3 Consulting

Purpose: Provide a meaningful estimate to Abacus Business Solutions of Phase One implementation efforts, assumptions, and cost in order to confirm next steps.

Summary

A new breed of ERP and technology is here and NetSuite is leading the charge. NetSuite is the only 100% cloud-based ERP which essentially eliminates the need for the customer to purchase and maintain hardware and application software. NetSuite is responsible for all infrastructure, system upgrades, and continued development of the product. A few highlights of the offering:

- **Intelligent.** The system holds all corporate data in a single database, giving you access to your key performance metrics on a customizable, real-time dashboard. As a result, NetSuite enables you to make better, faster decisions.
- **Integrated.** Within a single, powerful application, it combines complete customer-facing CRM and Ecommerce capabilities with back-office Accounting/ERP and self-service portals for partners. As a result, it allows companies to consolidate data and automate processes from end to end.
- **Simple.** With NetSuite, implementations are both faster and less expensive than traditional business applications. Modularity enables phased implementations according to your company's need. In addition, click not code and advanced customization supports business as you define it. As a Web-based on-demand solution, NetSuite significantly reduces your total cost of ownership (TCO).

Based on our initial discovery calls, the following estimated scope and pricing has been prepared:

Module Footprint

- Netsuite ERP
 - Financial Applications (GL, AP, AR)
 - Purchasing
 - Order Entry/Quoting
 - Shipping
 - Analytics
 - CRM
 - Projects
 - Ecommerce
 - Case Management
- Sandbox Environment

Technical Footprint

- Conversions –Abacus Business Solutions resources will be responsible for all data conversion preparation. Includes all necessary static data (Sales Reps, Customers, Vendors, Items, etc.) to support the implementation of the above referenced modules. Abacus Business Solutions will manually enter conversion files containing fewer than 50 records.

Estimated Fees

- NetSuite Licensing
 - 30 users
 - Includes all core NetSuite functionality as referenced above
 - This may be reduced upon further evaluation of each user's needs
 - Sandbox environment
 - \$6,563 per month
 - (1,313) less 20% discount
 - \$5,250 net monthly Subscription
- Implementation
 - \$72,000 plus expenses
 - This includes all aspects of the project including testing, training, and Go-Live support.
- 12 Week Project – staffed with three consultants
 - Sr. Functional Consultant 240 Hours @150/hr.
 - Jr. Functional Consultant 240 Hours@75/hr.
 - Technical Consultant 120 Hours @150/hr.
 - Total Hours 600
- This is a time and materials engagement. We will provide the necessary detail by resource of the hours incurred and associated rate. If Abacus Business Solutions is able to assume more of the workload than what we have estimated, the total fees may be reduced accordingly. We will provide an estimated expense schedule in the subsequent engagement letter.
- This is based on a 12 week implementation timeframe.

Assumptions

- Generally accepted Best Practices will drive the majority of the business workflow.
- Abacus Business Solutions resources will be responsible for assisting with data conversion efforts.
- Implementation team will work remotely when possible. You should expect the core team to be on-site 25% of the time but the training resource can be on-site as often as necessary.
- A more detailed scoping effort will be required to confirm assumptions and set appropriate expectations.
- Standard reports will be utilized.

Additional Options

- Phase Zero
 - Many of our customers benefit from an investment in a focused Phase Zero engagement, which helps set the stage
 - and expectations for the full-scale implementation.
 - Please visit our website for additional information: <http://www.thevested.com/phase-zero>

Thank you for the opportunity to compete for your business. Please contact me with any questions or comments.

Regards,

Thomas Banks

Principal

tbanks@thevested.com

813-989-0295

Appendix 4

How to get started with Google AdWords

Christopher Null @christophernull
(PCworld.com)



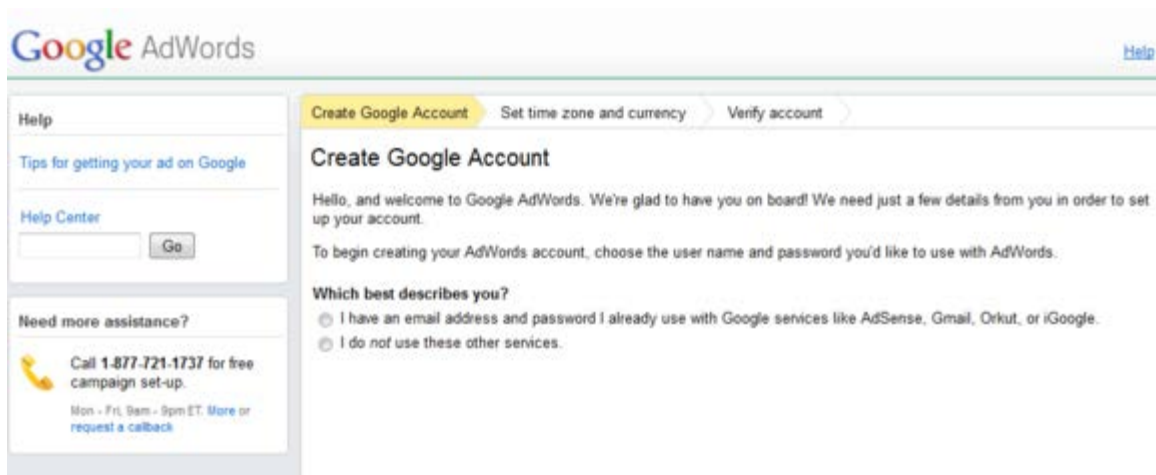
What if you built a website and nobody came? Simple answer: Start an ad campaign using Google AdWords. AdWords is a daunting and complex system, but it really isn't that difficult to start using. Even with a budget of a dollar a day, the service is worth trying to see if you can generate traffic to your site.

Here's how to get started with AdWords in a matter of minutes with minimal fuss. (If your small business needs something even simpler, check out AdWords Express, which targets retail outlets, local restaurants, and the like.)

Setting Up Your Account

As with all things in the Googleverse, first you'll set up an account with Google. However, you don't need a standard Google user account. Once you click *Get started now* on the AdWords home page, you'll be prompted for a regular Google account or will get the option to set up a new one exclusively for advertising. You'll also see a toll-free number you can call if you prefer to set things up offline.

Setup is straightforward and self-explanatory; just have a credit card handy to pay for your ads. After you verify your account, you're ready to start creating your ad.



The screenshot shows the Google AdWords 'Create Google Account' page. At the top, the Google AdWords logo is on the left and a 'Help' link is on the right. Below the logo is a 'Help' section with links for 'Tips for getting your ad on Google' and 'Help Center', followed by a search bar and a 'Go' button. To the right of the help section is a progress bar with three steps: 'Create Google Account' (highlighted in yellow), 'Set time zone and currency', and 'Verify account'. The main content area is titled 'Create Google Account' and contains a welcome message: 'Hello, and welcome to Google AdWords. We're glad to have you on board! We need just a few details from you in order to set up your account.' Below this is a prompt: 'To begin creating your AdWords account, choose the user name and password you'd like to use with AdWords.' Then, a question 'Which best describes you?' is followed by two radio button options: 'I have an email address and password I already use with Google services like AdSense, Gmail, Orkut, or iGoogle.' and 'I do not use these other services.'

You can use a Google account exclusively for your ad campaigns.

Starting a Campaign

Google's taxonomy for AdWords may not be obvious to first-time users, so here's the fundamental thing to know: Your ads are segregated into Campaigns, each of which can have multiple Ad Groups in it. Each Ad Group can contain multiple keywords and multiple ads. In general, unless your ad needs are very complicated, it's a good idea to keep the number of Ad Groups small (that is, just one) for each Campaign at first. However, if you want to run multiple ads to experiment with how different phrases perform, use multiple Ad Groups.

Get started by clicking the *Campaign* tab, then the green *New Campaign* button. You'll choose whether to direct your ads to Search networks (to users who search on Google directly), Display networks (to third parties using AdSense on their websites), or both. The last option offers the most exposure, but the Search networks option alone arguably can better target users actively searching for your keywords.

On the next screen, name your campaign and pay attention to a few key settings. In the Devices section, choose whether to [advertise on mobile devices](#) in addition to PCs. Locations lets you target certain nationalities. To include or exclude countries, cities, or even ZIP codes, do it here. At the very bottom of this screen you'll find AdWords' Ad Extensions, which let you add a [phone number](#), your address, or other information, at (for the most part) no additional charge.

✓ Select campaign settings Create ad group

Type: Search & Display Networks - Standard

Name this ad group

An ad group contains one or more ads and a set of related keywords. For best results, try to focus all the ads and keywords in this ad group on one product or service. [Learn more about how to structure your account.](#)

Ad group name:

Create an ad

To get started, just write your first ad below. Remember, you can always create more ads later. [Help me write a great text ad.](#)

	Headline
Description line 1	Get your hot, delicious meat pies!
Description line 2	Beef, kidney, and veggie options!
Display URL	meatpasties.biz
Destination URL	http:// meatpasties.biz

Ad preview: The following ad previews may be formatted slightly differently from what is shown to users. [Learn more](#)

Side ad

Meat Pasties
meatpasties.biz
Get your hot, delicious meat pies!
Beef, kidney, and veggie options!

Top ad

Meat Pasties - Get your hot, delicious meat pies
meatpasties.biz
Get your hot, delicious meat pies!
Beef, kidney, and veggie options!

Ad extensions expand your ad with additional information like a business address or product images.
[Take a tour.](#)

Write an ad that's short, clean, and to the point.

Setting a Budget

Near the bottom of the New Campaign screen you'll set up your budget. This is one of the trickiest parts of using AdWords successfully, and it merits special discussion.

Your budget for a Campaign has two components: The Bid and the overall Budget per Day. The Bid (described as the "Default Bid") is how much you will pay for *one click* of your ad. Bid 25 cents—a safe number—and you pay a quarter every time someone clicks on your ad.

This can be dangerous, of course, if your ad is popular, so Google gives you a way to stop the spending if things get crazy. Budget per Day sets the maximum you're willing to spend on 24 hours of ads. After you get enough clicks to hit that level, Google no longer displays your ad until the next day. In this example, if you set your budget at \$1, your ad will stop displaying after four clicks.

These numbers are closely related and heavily dependent on your business, so consider them carefully. Start with your budget. It's easier to think of this number monthly or even annually. Just do the math. If you have \$1000 a year to spend on AdWords, your daily budget should be about \$2.75.

☐	divorce lawyer jackson mississippi ▾	-	-	-
☒	Save all	Jackson Ms (26)	More like these	11 - 20 of 26 ▾
	Keyword	Competition	Global Monthly Searches ?	Local Monthly Searches ?
☐	child support lawyers in jackson ms ▾	High	36	36
☐	attorneys in jackson ms ▾	High	2,400	2,400
☐	divorce attorneys in jackson ms ▾	High	320	260
☐	child support in jackson ms ▾	Low	210	210
☐	divorce attorney jackson ms ▾	High	320	260
☐	jackson ms attorney ▾	Medium	4,400	4,400
☐	attorney jackson ms ▾	Medium	4,400	4,400
☐	divorce attorneys jackson ms ▾	High	320	260
☐	personal injury lawyer jackson ms ▾	High	140	110
☐	jackson ms attorneys ▾	High	2,400	2,400

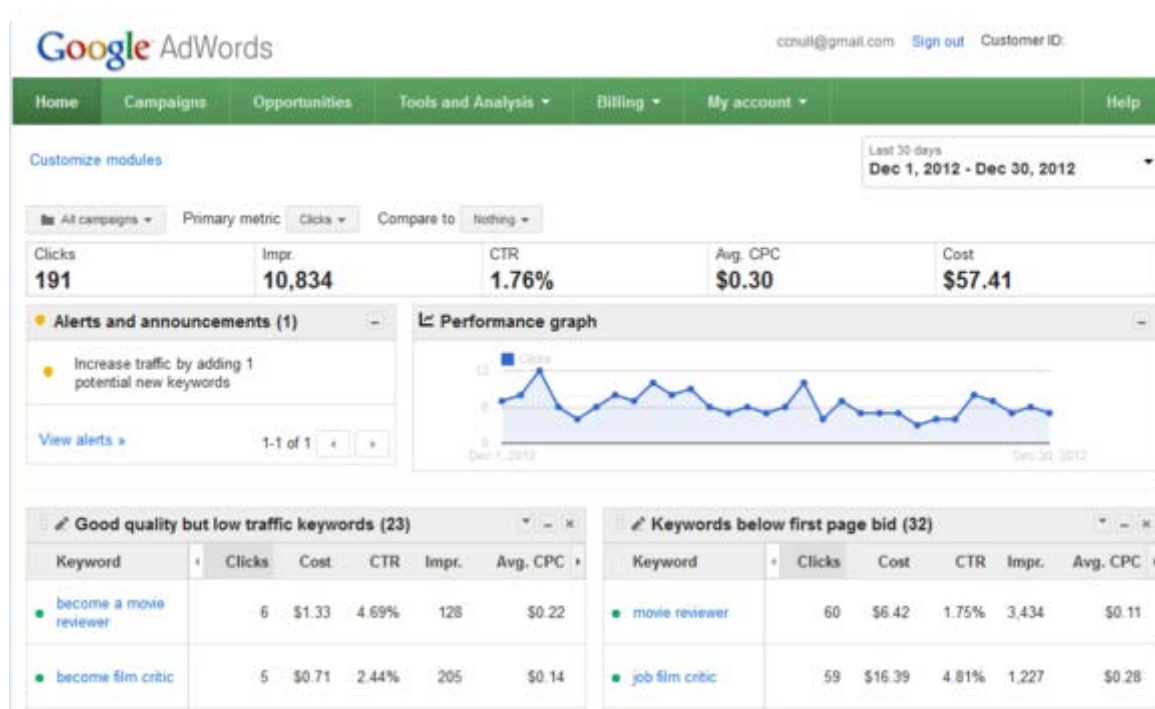
Tweak your keywords by viewing related terms that get attention in Google searches.

Now, how many clicks do you expect to get during a day? If you're a consultant looking for high-dollar clients, you may expect minimal traffic to your site, but be willing to pay a lot for each lead, so use a higher number for your Default Bid. But if you're selling widgets at 99 cents a pop, you probably can't support a per-click rate of more than a few cents.

Finally, remember that AdWords really is more of an auction than a retail store. When you bid for keywords, you're doing exactly that. Other businesses will be bidding for the same keywords, and Google determines how they are displayed based on who is paying the most. Bidding a lot to be #1 can require bids of well over a dollar in most cases. Otherwise, you'll be relegated to lower-performing places or your ad won't show at all—at least not until the top advertisers' daily budgets have run out.

Don't worry too much about all this right now, though. Remember, you can change everything later.

Next page: Put on your copywriting cap...

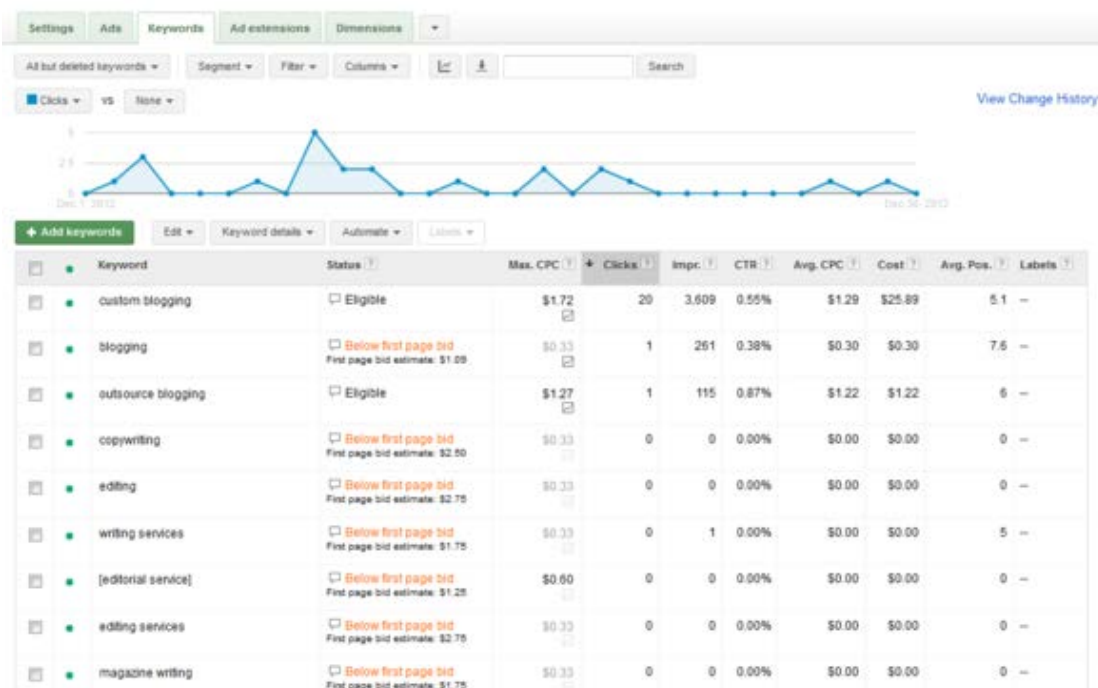


The AdWords home page offers a snapshot of ad performance.

Writing Your Ad

Next, it's time to write your advertisement. There's a science to copywriting, but ultimately you'll want to experiment with different headlines and descriptive text over time. You don't get much space to work with: A headline of up to 35 characters, then two description lines of 35 characters each, then your URL. Pack these lines with your best sales pitch, and make sure you write with the reader's/shopper's value in mind. Buy-one-get-one-free offers, discounts, and strong calls to action ("Buy it now!") tend to work well. Remember, though, that Google approves and actively polices ads, so don't try anything iffy. [Google's Best Practices](#) are worth reading to help guide your writing.

Below the ad itself you will create your keywords. Again, this is a complex and hotly analyzed topic far outside the scope of this article. In general, you will want to target the same keywords that your website does. Keyword rules are about the same as for website SEO: The more common the word or phrase (*divorce lawyer*) the higher the traffic will be—and the more competition there will be for that search. Narrower search terms (*divorce lawyer jackson mississippi*) will have less competition, but less traffic to grab, too. And keep in mind that for search terms that have very little traffic, Google will not display ads at all, even if you are the only bidder for that term.



Results.

[Google's Keyword Tool](#) is a huge aid here. This service lets you plug in your keywords, and it offers alternatives you might not have thought about, along with estimates of how much traffic those terms get and how competitive the bidding is for them. For our divorce lawyer above, "divorce attorney jackson ms" sees low search volume but has high competition. However, "child support in jackson ms" gets similar traffic, but has low competition. While targeting some high competition terms is pretty much unavoidable, the latter terms are the kind you want to seek out for the best ROI. There's no limit to the number of keywords you can use, but keeping the number manageable is smart.

Once your ad is written and your keywords are selected, you will (again) be asked for a bid for this ad group. You'll probably want to leave this the same as the default bid for the campaign. Save the new ad group, and you're ready to proceed.

Tracking Performance

Once your ad is created (in fact, immediately after it's created), you'll be able to see how it's doing. The AdWords home page shows a nice graph of your performance, plus tables outlining how various categories of keywords are performing.

To drill down further, on the AdWords home page, select your campaign and an ad group. You may quickly be disappointed by your results. AdWords is a hypercompetitive landscape now, and prices are sky-high for many keywords. On this page you'll see a column marked "Status." Keywords noted "Eligible" are running. Keywords marked "Below first page bid" are not. For these ads, you either aren't bidding enough money or the "[Quality Score](#)" of the ad is too low.

The Quality Score is a complicated topic, but the gist is that Google compares your ad with the search keywords you target and the landing page where you are directing users and makes some conclusions about their value. (This is primarily a spam-reducing system.) The more closely these match up, the higher the Quality Score. (Don't feel too bad if these are low; I've never seen a Quality Score above 6/10.) The easy way to turn those "Below first page bid" errors around? Simply increase your bid.

Keep your ads running.

Adjust your campaign's daily budget to continue driving traffic to www.sutropress.com.

[Adjust budget](#)

Adjusting your daily budget

Your **'five stars'** campaign performed so well in November that it consistently came close to or exceeded your daily budget, causing your ads to slow or stop showing.

We've found that this campaign is missing out on valuable ad views. To ensure your ads keep driving traffic, we recommend raising your daily budget.

'five stars' campaign
NOVEMBER 2012

AD VIEWS MISSED*

25.97%

Estimated percentage of additional ad views you could have had.

CAMPAIGN	AD VIEWS	EST. MISSED AD VIEWS*
'five stars'	11,156	25.97%

[Adjust budget](#)

See you online,
The Google AdWords Team

There's always a chance to tweak your ad budget.

Refining Your Ads

Once you start with AdWords, your work is never done. An ad that did well last week may be inactive this week, either due to Google's audit of its quality or because a competitor is now bidding more than you. Check your ads regularly to see what's working and what's not. Bid more when you need to. Kill off weak ads when you must. Change your ads altogether to see if different text brings more clicks.

The *Opportunities* tab on the AdWords home page can give you additional ideas on how to optimize your account, and you'll also want to pay attention to your email. Google will periodically send you messages if it thinks you're losing out on AdWords traffic.



Conclusion

Conclusion

Based on the internal analysis performed on Abacus Business Solutions ranging from the organizational structure to its financial performance, the key strengths and weaknesses listed below were identified.

Table 9. Strengths & Weaknesses

Strengths	Weaknesses
Culture	Operational Inefficiency
Regional Distribution	Sales Management
Top Quality Call Center	Human Resources Management
Product Performance	Marketing Strategy
Regional Distribution (Florida)	Inventory Management and Control
Strong Customer Relationship(Newslatters)	Customer Complaints (High Price).
Consistent and Solid Financial Performance	
Robust Internal Structure	



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