

It's Not Just Technology... It's Also Business

By John Bryer



Technology is great stuff, but is not an end in and of itself. Anyone who has ever bought a \$300 golf club knows that it won't automatically take strokes off your game. Even if the club allows you to hit the ball farther, it's up to you to use it in a way

that will help you lower your score, which is what really counts. The same can be said for parking technology. It's only a tool. Salespeople frequently think that the technology will somehow sell itself — like the \$300 golf club. Many vendors offer great technology, but ultimately they can't always articulate why you should buy it.

I once had a discussion with a vendor of a parking space counting system that used signage to direct customers to available parking. When I asked what Return on Investment (ROI) I could expect to reap from this six-figure investment, the salesperson said quizzically, "Oh yeah...someone else asked me that one time." Not a good answer. The technology was impressive, but there was no compelling business reason for me to consider buying it.

Costs and Benefits of Cashierless Technology

In any industry, wise business people realize that technology is a means to an end. Any corporate investment — not just technology investments — must provide a demonstrable benefit for it to be considered a good investment. The benefits of a technology solution must outweigh the costs of that technology. This is particularly true of cashierless payment systems, sometimes referred to as Pay on Foot (POF) systems.

Over the past few years, Parkway Corporation

has installed a dozen of these systems from multiple vendors and has integrated them with our back office accounting and business intelligence reporting systems. Our experience with these systems has helped us make better technology decisions. To help you decide whether cashierless technology is right for you, consider the following factors and try to quantify the costs and benefits relative to your unique situation:

1. What increase in revenue will the automation achieve? Revenue control is as much business process as it is systems. Inadequacies in either area create opportunities for customers and employees to define their own revenue control rules. Typically, an improvement in revenue control will lead to a reduction in revenue leakage. Revenue shrinkage is commonly estimated to range from 5-15 percent. Your experience will vary depending upon the adequacy of existing systems and procedures. Obviously, if a facility has poor revenue control, introduction of cashierless systems will tend to have a more dramatic impact than in cashiered situations already under effective financial and managerial control.

2. What decrease in expense can you expect to achieve by moving to a self-service payment system? Reduction of cashier staff helps to decrease payroll-related expenses, but there are additional expenses — payroll-related and others — that need to be identified and considered. Clearly, reducing staff will tend to reduce expenses, but the notion that implementation of a cashierless system will eliminate payroll-related expenses is a myth.

3. How will the implementation of POF technology impact customer satisfaction? Some customers like new things; others prefer the status quo. Look closely at the demographic composition of your client base. Some customers like the rapid entry, exit, and payment; others like to deal face-to-face with a cashier. Also, look at the stability of your clientele. Each customer will have to learn a new way to pay. Once they've done it a few times, the required habits will have formed. If your facility serves a constantly changing clientele, the learning process will continue indefinitely as new cus-

tomers enter the facility every day. The cost of the necessary signage will vary depending upon these factors.

4. How will the generation of business intelligence data help in operational decision-making? Cashierless systems tend to create a wide variety of data. The wise purchaser will take advantage of this by converting the raw data to “business intelligence.” Parkway has developed an enterprise-wide Data Warehouse that allows us to make effective use of the information generated by our systems.

The aggregate benefit of a system of any type must outweigh the Total Cost of Ownership (TCO). Vendors can supply the system cost figures. As the customer, you can project the impact on expenses. You can use industry averages to predict to what extent automation will help reduce revenue slippage through improved revenue control. That is the easy part. You still have to pick a vendor for your automation project, and parking industry vendors grow both in number and sophistication.

Selecting a System

You have heard of the saying that “You are not only marrying one person. You’re marrying an entire family.” The same goes with systems. Remember, you are not just buying a system. You are creating a partnership when you select a vendor. Having worked in the technology field for many years, I can offer you some general guidelines for how to approach the challenge. This is not intended to be an exhaustive check-list, since critical activities like requirements definition, site visits, references, and contracts are not addressed.

First and foremost, look for a high quality system. As with automobiles, there is a rough correlation between system cost and quality, but it is inexact. Less expensive systems are often less expensive for a reason, and more expensive systems are not necessarily better. A low price tag might represent a higher Total Cost of Ownership over a fixed planning horizon.

Though common in many industries, the notion of truly consultative sales is still somewhat new to the parking industry. The bottom line is that — in any industry — you and a prospective partner have to bridge the gap that arises because the vendor knows the product better than you do, and you know your needs better than he does. Rather than just slide product across the table at you, a consultative salesperson will invest time to learn your underlying needs so he can suggest solutions — not just

products. Also, a wise salesperson will build trust by telling you when his products don’t meet your needs particularly well.

Plan for Implementation Prior to System Selection

There are a few things relative to implementation that should be considered before a decision is made. For instance, most unsuccessful projects fail because of execution. A sound project management methodology is essential to avoid project slippage, cost overrun, and poor communication, yet very few parking system vendors approach this in a way comparable to more technologically mature industries.

Any installation is bound to have glitches of one sort or another. These can run the gamut from incorrect configuration parameters — which are easily remedied — to serious hardware failures. Especially in a retrofit installation, the more serious problems can have a lengthy negative impact on your operation and your customers. Try to identify system and operational glitches as soon as possible in the process.

The Bottom Line

As you look at the growing promise of technology in parking, make sure you see it for what it is. It’s a tool. If you focus on how the technology will help your business succeed, you will make better technology decisions. If you select the correct system and vendor, you greatly enhance your likelihood of success and a greater return on your investment. P

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