



2014

7TH ANNUAL
**REVIEW
& OUTLOOK**

CHANNEL LEADERS PREDICT
THE FUTURE OF THE IT INDUSTRY

The pulse of the channel can be gauged by sales figures and statistics, but to get a truly holistic view of where the technology market is heading you really need the opinions of many players in the field, across a huge swath of all major vertical markets. That's where the Review & Outlook comes in. For the seventh year, *VSR* reached out to nearly a hundred solution providers, vendors, consultants and technology mavens to find out where they see their corner of the channel heading and what the defining technologies and trends will be for the coming year.



**New Haven Cash Register
Company (NHCR)**

Arthur Rosenbaum
President
www.nhcrct.com

From the perspective of an independent VAR, I guess I would say that the biggest change that I continue to see in 2014 is the amalgamation of the payment ecosystem due to disruptive technologies and new business models.

We all know that hardware pricing has reached commodity levels and that smartphone and tablet usage will become ubiquitous. This has led to a blurring of the lines between traditional POS resellers, direct, cloud-based resellers and credit card processors. Everyone is after the holy grail of recurring monthly revenue streams to combat razor thin hardware margins and customer erosion. What we're now seeing is a dramatic increase in the number of payment processors offering low-cost hardware, Internet-based "free" POS system offerings, direct-sale tablet application providers and an influx of ISOs and agents now turned resellers. In other words, a new generation of "hybrid" players all going after the same piece of the proverbial POS pie.

To be and remain competitive in the coming year, I think it's vitally important that traditional VARs start differentiating themselves and adapt to this new paradigm. As opposed to the traditional POS VAR model of years ago when we sold hardware in a break-fix model, software and, if lucky, some maintenance and service support—today we need to go further and be more proactive. We need to offer solutions that include a recurring revenue component to maintain stickiness, cash flow and customer loyalty.

Recurring-revenue generators, such as credit card processing and gift card programs, rentals and system-as-a-service model offerings will

be critical to the success of the independent VAR in 2014. No longer will it be enough just to sell hardware and software. We need to think outside the box and offer things like advanced mobile and BYOD applications, PCI-related services, customer targeting programs and social media integration as potential differentiators. However, most importantly, we need to monetize our traditional VAR role as a trusted advisor, bringing our customers specifically-tailored consultative services and solutions to their specific application requirements.

No one doubts that the next year will be more complicated and challenging in terms of maintaining customer loyalty. The assimilation of previous separate players in the payment ecosystem now all offering the same, complete solution is blurring the lines of distinction to the point where the consumer now has a variety of "one-stop" solution alternatives, even if it's not the right solution for their particular application. In this new environment, we continue to believe that expertise, service and support will be key differentiators—separating the VAR from other members of the payment ecosystem and allowing it to thrive and flourish in this brave new world.



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203-287-2977 www.nhcrct.com