

Know Your Total Cost of Ownership

Avoid hidden fees and costs associated with kiosk manufacturing by knowing the facts.

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By Richard Slawsky
KioskMarketplace.com

At first glance, designing a self-service kiosk solution might seem like an easy path to riches. Simply dream up a product or service that can be provided via a kiosk, hire a company to manufacture a few units, deploy them in the marketplace and watch the money roll in.

Sounds simple, right? But as the old adage goes, if it sounds too good to be true, it probably is.

“A mistake that’s often made when a customer comes to us with a self-service project is they only factor in the cost of the hardware and software. They don’t think about the other elements that factor in to running that solution such as remote connectivity, deployment, installation and ongoing maintenance.” said Luc Vallieres, COO of Tampa, Florida-based CSA.

CSA is a nationwide technical service provider that develops strategic partnerships with high-tech equipment manufacturers and distributors. The company’s specialties include digital signage and self-service kiosk solutions.

“What differentiates CSA from other self-service solution providers is that we truly offer a turnkey solution.” Vallieres said. “At CSA, we put a high emphasis on delivering quality services. We’re the service arm for several global high-tech equipment manufacturers that demand the highest level of quality and professionalism. Considering that most self-service kiosks generate revenue and are often exposed to elements that can contribute to failures, we stress the importance of maximizing uptime and keeping customers satisfied. We have a proven track record for fast on-site response time and resolving the problem on the first visit.”

So before a deployer embarks on a self-service project – and potentially puts a significant investment at risk - it’s important they know the total cost of ownership associated with that project and ways to best manage those costs.





Getting the project off the ground

Innovations happen all the time in the kiosk industry, with kiosk manufacturers regularly being approached by people with new ideas for kiosks.

Consider the movie-rental kiosk Redbox. The company initially tested its DVD rental kiosks at select McDonald's locations in 2004, and over the past 11 years has grown to more than 35,000 kiosks around the country, changing the face of the movie rental business in the process.

Other verticals poised to take off include automatic retail, registration for government services such as building permits, and airport biometric automated passport control. According to the Acuity Market Intelligence report "The Global Automated Border Control Industry Report: Airport eGates and Kiosks," the automated passport control market is forecasted to grow to 8,000 kiosks in Europe and North America by 2018.

But while the kiosk market is ripe with opportunity, bringing a project to fruition is another story, with the total cost of ownership depending largely on the path the deployer chooses.

Simply put, the total cost of ownership of a self-service kiosk solution can be defined as all of the costs associated with a kiosk project over its entire life cycle. Those costs not only include the costs of manufacturing a kiosk solution but also the costs of transportation, installation, maintenance, site rental, electricity, Internet connectivity, upgrades, and ultimately, disposal of the machine at the end of its life. There may be even more costs depending on the specific solution and where it will be deployed.

Controlling costs

There are two main ways a kiosk deployer can manage their total cost of ownership. The first is by taking bids at each step of the deployment process and choosing the provider of that particular service who offers the lowest costs. That route has both benefits and drawbacks.

The main advantage is that the deployer can maintain strict control over every aspect of the process, from kiosk design to installation to service. In addition, bidding out each stage of the deployment process can help ensure the lowest possible cost.

On the downside, any potential cost savings may be offset by the time and aggravation of trying to deal with multiple vendors. In addition, the level of service provided is can be inconsistent from one provider to the next. And





with a chain being only as strong as its weakest link, a vendor offering poor service has the potential to disrupt the entire process.

In addition, overlooking some aspect of the process may result in being shocked by unexpected costs that could derail the project.

For example, a 2010 effort in Pennsylvania to sell bottles of wine via kiosks ended in disaster, with the company working with the state on the project ultimately being forced out of business after racking up \$81 million in losses. Outside observers blamed the failure on overly complex machines that suffered frequent breakdowns as well as unrealistic cost and revenue projections. Legal battles over the failed project continue to this day.

Another solution becoming common in the kiosk industry are companies who offer turnkey solutions, from bringing an idea to fruition, manufacturing the kiosk itself, project management, transportation, installation service, connectivity, call center support, providing maintenance once the units are deployed and ultimately providing decommissioning services when those machines are at the end of their life.



Do the due diligence

Even though working with a company that purports to offer cradle-to-grave service may be the simpler option, it's important to do some research. Just because a partner claims to provide those services doesn't necessarily mean that's the case.

"There are some who claim they do that, but when you start peeling the onion there are several different partners under the hood who pull this together, so you're back with the same problems," Vallieres said. "Either that, or it's really expensive."

Others do offer the services they promise at a reasonable price, doing so via a number of innovations that allow them to keep costs down.

To minimize manufacturing cost, CSA partners with a manufacturer in China to perform the more expensive part of the manufacturing process. To ensure quality and dependability, they perform final assembly, staging and in-depth QA testing at their US facilities.

"We do a lot of the labor-intensive manufacturing in China, but we touch every single machine before it goes out to our customers," Vallieres said. "We also do all of the software loading and run quality control checks, so there is a significant reduction on the manufacturing side as far as cost while maintaining our own quality control."



About the sponsor:

Tampa, Florida-based CSA is a nationwide service solutions outsourcing partner to hi-tech equipment manufacturers and a premier self-service solutions provider. With our self-service solutions we utilize a turnkey lifecycle model designed improve quality and reduce the total cost of ownership. As both an innovative self-service manufacturer and a proven service solutions provider we are able to provide competitive upfront pricing for every phase of the lifecycle. Our turnkey lifecycle solutions model leverages our service operations expertise and professional nationwide workforce combined with our integrated manufacturing model to provide the most complete self-service solution in the industry.

In addition, CSA's business model isn't built around charging high prices for the equipment up front. Instead, the company positions itself as a turnkey solution provider. Their focus is on providing solutions that minimize the overall cost over the life of the product and eliminate all of the hassle for their customers by taking ownership of all aspects of the solution. Their typical solution includes upfront fixed pricing for the projected life of the solution, which enables their customers a simple way to accurately budget for the total cost over the solution life cycle.

"You don't have to be concerned about having problems with our kiosks because if I charge you a monthly fee for break fix over a 36-month period whether it breaks one time or 25 times, I am going to supply you with parts, labor and onsite travel," said Luc Vallieres "All of that is covered under the agreement, so it is in my best interest to make sure we do everything we can to make the quality of our kiosks as good as possible."



Typical Self-Service Lifecycle Costs

Storage and Distribution

Effective deployments require a coordinated plan to insure that each product arrives at the right place and at the right time. A safe and secure storage location is needed until each site location is ready for the product to be installed.

Deployment and Installation

An effective deployment consists of a centrally managed deployment project team that collaborates with the client and the installation technician for each site location to set expectations, ensure site readiness, coordinate shipments and schedule installation technicians.

Cellular Connectivity

With most self-service solutions it's important to have the capability to monitor real-time data and control products remotely. This capability requires that each product is equipped with the right cellular connectivity hardware, along with right wireless carrier service plan.

Remote Monitoring

This requires specialized software that allows the deployer to remotely monitor and manage their products. The software should have built-in security with the capability to provide instant fault alerts, utilization reporting, remote diagnostics, remote software updates and remote refreshment of advertising messaging.

Call Center

When there's a problem, clients will need available and responsive telephone support. A well run call center should have trained and knowledgeable personnel who are equipped with the support tools to remotely troubleshoot the problem and provide a prompt resolution, either by resolving the problem remotely or dispatching a field service engineer for an onsite repair.

Field Service

Most self-service products will require maintenance and repairs to be performed on-site. Businesses that deploy self-service solutions often don't have a nationwide team of field service engineers to deliver on-site maintenance, so they either attempt to provide the field service themselves or partner with a third party service provider. When using a service partner, it's important to verify that their technicians are thoroughly trained and equipped with the latest tools, technology, spare parts and resources required to efficiently resolve customer problems.

Spare Parts Management

Often one of the largest contributors to extended product downtime and repeat service visits is the inability to source repair parts in a timely manner. Even if a technician is local, they can't resolve the problem without the required parts. Therefore, having a spare parts inventory and distribution strategy is critically important.

Decommissioning

Eventually, the day will come when a self-service product reaches the end of its life and needs to be decommissioned. Although removing a product from a client's facility doesn't seem to be that complicated, there are some aspects of decommissioning that need to be considered. Can it be locally resold, scrapped or recycled? Is there sensitive data the needs to be removed? Is dismantling, cabling removal and cleanup required? If a deployer is replacing an older product with a new one, ideally the installer should have the ability to decommission the old unit.

