



## All Integrated Point of Sale Software is Not the Same

Point of Sale software comes in many different shapes and sizes starting with basic registers that do little more than ring up numbers manually typed in and store the cash. Then there are the more sophisticated systems that include complete computers and peripherals.

The basis for a successful business is making a profit. How is that done? Essentially through selling an item (or service) at a higher price than the cost to produce (or deliver). This is very elementary.

Equally as rudimentary to a successful business is the accounting and its vital role in the development of that business. Any successful business that has a point of sale likely has the need for back office financial accounting, some kind of inventory management, and payroll. While integration of each of these systems is attainable, valuable and important—the level of that integration can vary widely.

But what does integration as it applies to accounting and/or point of sale software really mean? It's no secret the term "integration" has certainly become one of those overused buzz words used in marketing and advertising. However most buzz words tend to have a rationale for their existence. Without rooting out the source and first use of the term—integration as it relates to accounting software means there's no need to enter the same information twice. This alone is often touted as the greatest advantage of an integrated system. Yet the question remains, is this truly an integrated system? There is much more to consider and much more to be gained with point of sale software that fully integrates with your inventory management and back office accounting.

### Tight Integration

In a fully integrated accounting system, information in the modules smoothly flows from one to the other. Information and reports are in real time and reflect even the most recent transactions. For example when inventory is received and entered into the system, it instantly moves the information and allows it to be visible at the register immediately because it has seamlessly flowed from one module (inventory) to another (POS) through the system.

Ultimately your inventory and inventory management is something that you are storing and requires management with the intention of selling to your customer. If these two systems are not fully integrated this creates a time lag. Even with an "automated link," or "synching," of the two systems there is still a delay before the data visible at the register equals the quantities in inventory.

With truly integrated inventory management at the point of sale you can see in real time what stock you have on-hand, what is on back order, on layaway and any vendor information you might need. This real-time information provides you with a level of efficiency you might not have had before.

Now let's take this another step farther and illustrate how a tightly-integrated POS system with back-office accounting affects your business by showing you 3 different perspectives – the manager, the purchaser/buyer and the sales clerk.

### The Manager:

With a truly-integrated system the manager can get an instant snapshot of sales numbers and an immediate overview of sales trends. This is done by accessing the system and viewing stock levels and register information at any time.

<b>Inventory Monthly Movement Report</b>													
Demonstration Account Company (DMO)													
January 1, 2007 -- December 31, 2007													
05/01/2007	13:41:12												Page 1
Stock Item	Description				Location				IN Code		Product Type		YTD Totals
	Period 14 01/01-01/31	Period 15 02/01-02/28	Period 16 03/01-03/31	Period 17 04/01-04/30	Period 18 05/01-05/31	Period 19 06/01-06/30	Period 20 07/01-07/31	Period 21 08/01-08/31	Period 22 09/01-09/30	Period 23 10/01-10/31	Period 24 11/01-11/30	Period 25 12/01-12/31	
DESK 30 X 72	Computer Desk 30" x 72"				MAIN				II	OFFICE			
Beginning Qty	237.00	237.00	237.00	237.00	237.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	237.00
Qty In	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
Qty Sold	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
Add Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtract Inventory	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Transfer In	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ending Qty	237.00	237.00	237.00	237.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00	255.00
Movement %	0.00%	0.00%	0.00%	0.00%	1.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.91%
Value Qty In	\$0.00	\$0.00	\$0.00	\$0.00	\$2,247.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,247.50
COGS	\$0.00	\$0.00	\$0.00	\$0.00	\$449.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$449.50
COGS Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$89.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$89.90
Price Per Unit	\$0.00	\$0.00	\$0.00	\$0.00	\$159.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$159.00
Sales Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$795.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$795.00
IN Turnover	0.00	0.00	0.00	0.00	0.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Gross Profit %	0.00%	0.00%	0.00%	0.00%	43.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	43.46%
GMROI	\$0.00	\$0.00	\$0.00	\$0.00	\$0.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.02

Fig. 1. Manager might pull an Inventory Monthly Movement Report at the end of a month to see where Inventory levels are and how product is moving.

Since sales and inventory are all tracked in the same software system, it is very easy for a manager to view information from any other module such as General Ledger, Accounts Payable, or Accounts Receivable to get a view of the entire business once it has been posted and batched. Or they can run reports reflecting real-time information such as quick stock lists, a master stock list, an under stock report, a promotional report, and any other type of report that is necessary at the time. Even a system that is set up to periodically synch 2 different programs (i.e. inventory and that day's sales transactions) without requiring any additional input would not have this advantage.

**Demonstration Account Company**  
 7180 Potomac Dr. Suite D  
 Boise, ID 83704  
 Phone: (800)727-0656 Fax: (208)375-4462

**INVOICE**

INVOICE NO. 000007

BILLING PHONE: (208) 384-9905  
 BILLING FAX: (208) 384-7562

ACCT. NO.: FINGERPRINTS  
 SOLD TO: Finger Prints Inc.  
 126 Broadway Ave  
 Boise, ID 83704

SHIP TO: Finger Prints  
 126 Broadway Ave  
 Boise, ID 83704

SALES NO.	PURCHASE ORDER NO.	SHIP VIA	SALES- PERSON	DATE SHIPPED	TERMS	INVOICE DATE
380			SP1	04/30/2007	Terms Code 1	04/30/2007
QUANTITY ORDERED	QUANTITY SHIPPED	BACK ORDERED	ITEM NO.	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
5.0	5.0	0.0	DESK 30 X 72	Computer Desk 30" x 72"	159.00	795.00

Fig. 2. Invoices are created through Order Entry. Information on the invoice is immediately reflected in the Inventory Monthly Movement Report as shown in Fig. 1.

**The Purchaser:**

The purchaser is interested in managing the stock levels and keeping business operations as efficient as possible. A truly-integrated system immediately displays any received items and makes them available for sale at the register literally as soon as they're entered into the system.

PO # 000000048 Vendor BLUE CROSS Tran # 1  
 Completed Blue Cross Inc. PO Date 05/01/2007  
 Receive and Invoice Desc receive 25 desks Receive/GL Date 05/01/2007  
 Location UDF 2 UDF 3

Stock #/Expense	Description	Quantity Received/Return	Quantity Remaining	Quantity to Invoice	Ret no
DESK 30 X 72	Computer Desk 30" x 72"	25.0000	0.0000	25.0000	

Job Cost Information:

Invoice Number	Invoice Date	Due Date	Disc Date	PO Sub Total	PO Total
RCV 1114	05/01/2007	05/31/2007	05/11/2007	\$2,247.50	\$2,359.88

Receive PO Enter PO PO Notes Vendor Notes

Fig. 3. Once inventory is received, purchaser enters quantity into Purchase Order. This is reflected in Fig. 1 Inventory Monthly Movement Report as well.

In addition by seeing sales volumes in real time, the purchaser can easily adjust purchasing decisions as a day progresses and doesn't need to wait until daily sales are rung up, or call someone else to get this information since they can easily see it in the same system at any time. Again the purchaser can view real-time reports such as stock on hand, on order and back order reports, etc. to get the information needed to make decisions based on fact, not feeling.

*Fig. 4. When inventory is received, purchaser would enter any stock quantity adjustments that might be needed. Here we show 2 items that were adjusted. This is also reflected in the Inventory Monthly Movement Report as shown in Fig. 1.*

For any business that needs to manage inventory over multiple locations, departments, or just between a warehouse and a store, having an integrated system makes it possible to fine tune inventory purchases, again, based on what is selling as a day progresses.

#### The Clerk:

With a true and seamless integrated point of sale, a clerk can see exactly what items are in inventory the moment a customer asks about a product through the "inventory lookup" screen. This real-time view should even reflect sales made by another register moments before looking at the inventory levels because once a transaction is recorded, the information seamlessly flows through the system. In addition this information can be tailored to the needs and processes of any business with flexible and powerful security and setup options.

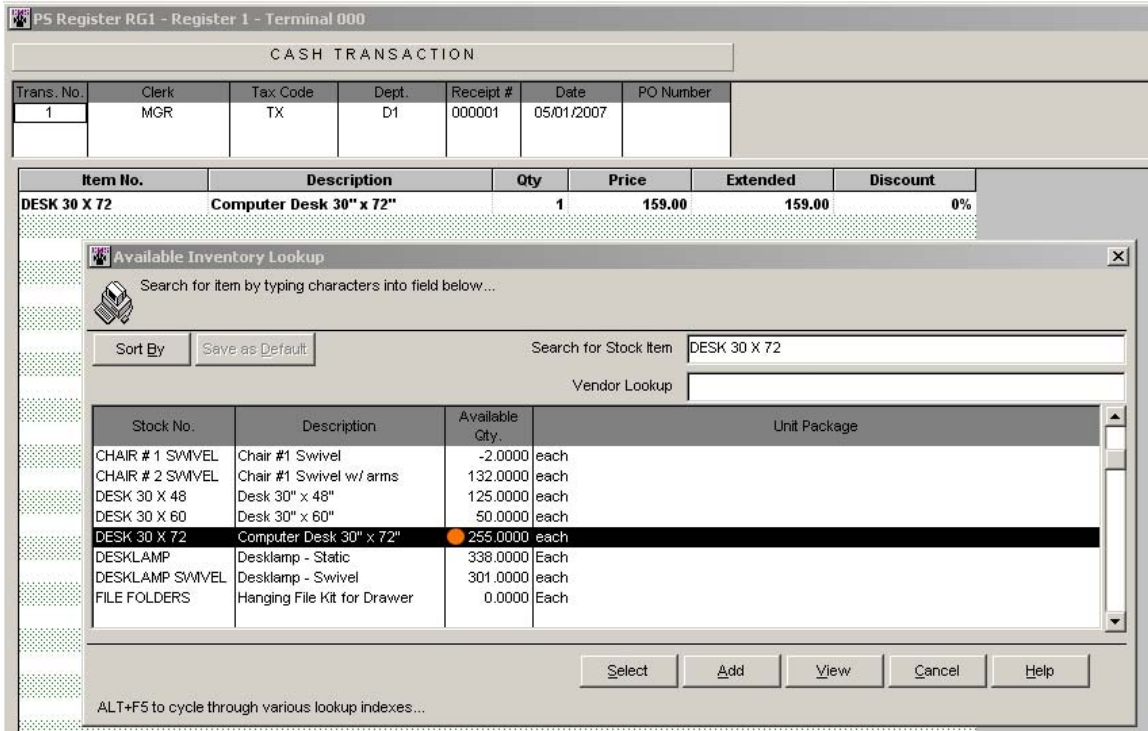


Fig. 5. Right at the register, salesclerks can "lookup" available inventory. Refer to Fig. 1—available quantity can be seen as the "ending quantity" for period 18, and the "beginning quantity" for period 19.

What the clerk can see or do can be customized extensively for your business' needs. For a business that tracks customers, integration makes it possible for clerks to view customer data, record payments to a customer account, or pull items from the customer's history to create a new sale along with many other functions—all without leaving the sales entry screen.

## Building on Customer Relationships

Doing business has become increasingly competitive because of big-box stores, the internet and an overall larger global market. Because of this, making your business customer and service friendly is more important than ever. Having an accounts receivable module integrated into your point of sale and inventory management opens up all kinds of possibilities for improving customer relationship management.

Some businesses may serve different customers that require a different pricing structure based on wholesale or retail or some other unique contractual agreement. By having tight integration with inventory, accounts receivable and point of sale, this becomes a snap. Various pricing structures can be set up for each customer type allowing the pricing to flow through to the point of sale and the clerk doesn't need to know a thing about it! They can just enter the customer, enter the item or service,

and the software will provide the correct pricing, taxation, or tracking you desire. Can your current software program(s) do this immediately?

In addition an integrated point of sale makes it easy for the clerk to quickly review the customer's entire history and provide better service when a customer might ask questions about past purchases.

Another way in which to build customer loyalty is the ability to track business by customer groups or types. A truly integrated point of sale and inventory make it easy to set up and track customer groups and see who's purchasing what. In addition, a number of user-defined fields make it possible to track unique information that is relevant to you and your customers. With this information you can better target your entire business to meet the needs of your customers. As transactions are made at the point of sale in an integrated system, the customer's profile is selected and connections are made throughout the system that allow in-depth reporting, analysis, and management making it possible to take customer relationship management to a new level.

## Pricing

The ability to streamline pricing is an often overlooked feature of fully integrated point of sale, inventory, and accounts payable modules. One of the most immediate benefits is that any margin-type pricing can be configured to update automatically. Through LIFO, FIFO, and weighted average inventory methods this can simplify the process and ensure items are sold at the correct price.

When you receive new items in an integrated system you don't need to then update the pricing at the register. Since the register and the back office are integrated the software will automatically adjust (depending on your set up) and the pricing that rings up at the register automatically reflects the change.

In addition to the immediate automation, a manager can incorporate sales, contract pricing, and other pricing methods all from the back office. With an integrated system these changes flow seamlessly through to the point of sale. By taking the clerk out of the loop, the training and the possibility of error is also greatly reduced. This functionality makes it possible to adjust pricing at a moments notice.

On the back end of a deeply-integrated system there is more detailed tracking through the Chart of Accounts and the General Ledger. A company can break down sales to virtually any level of detail desired to track sales by posting information to various accounts. Without a tightly-integrated system it may be impossible to post sales with this level of detail.

## Taking Advantage of an Integrated Point of Sale

Now that we've touched on some of the benefits of having a point of sale that truly integrates to your inventory, accounts receivable and other financial modules you may be wondering how to take advantage of this functionality. The key is to ask detailed questions as you research your options and be wary of descriptions of integration with the sales entry portions of a system, your inventory and back office software systems. The integration described can mean broadly different things and avoiding the task of "re-keying" data is really only scratching the surface.

Ask questions such as:

1. Whether or not a clerk can see the true inventory totals throughout the day or only the status since the last update?
2. Can you set up pricing in the back office once and have the point of sale reflect it automatically?
3. Can you connect your accounts payable to the point of sale and view customer information and sales history without leaving the sales entry screen?
4. Are each of the modules (for example – back office accounting, payroll and inventory management) from the same software company – or are they each different? For example POS from one software program, back office accounting from another software company, and payroll yet from another software program.
5. Must the information garnered from one module be exported or imported into another?
6. How quickly can you receive the information or up-to-date reports? Immediately, or after you export/import data from one program to another, or after the data synchs up from one module to another (through a preset time), etc.

And finally, take a close look at the flexibility of the software and point of sale systems you are purchasing. Many systems may be powerful but you may find out that you can't set it up to the level of detail you really want or need.

The point of sale is what determines whether you can make it or break it. If prices aren't set right, you don't have the stock on hand, or look up a customer's history means that you can't react swiftly, you will be at a disadvantage. What you need is a truly integrated POS and back office accounting solution. Otherwise you could be missing out on the potential advantages you could have over your competitors.

## About us

Cougar Mountain Software has remained a leading developer of truly integrated accounting, point-of-sale, and nonprofit accounting software for 25 years. We're

entirely based in Boise, Idaho, and for the last quarter century we've served thousands of small- to mid-sized businesses across the country.

In 1982 Bob Gossett, CEO and founder, established Cougar Mountain Software to meet the demands of growing businesses that required solid accounting and point of sale software. Suddenly managers and business owners were no longer confined to making important financial decisions based on outdated information. He felt it was important to develop a business that acts as an ally to customers and business partners by providing them with the insight and information needed to help their businesses operate more efficiently.

But we're not all about software development. Cougar Mountain prides itself on the service and support we offer our customers. From first contact we do our best to make sure the software is the right fit for your business. And if a purchase is made we do everything we can to help them with the installation (we have a staff that travels across the U.S. providing on-site installation), training (we offer classes at our Boise headquarters or on-site), and are available if problems arise (our phone-support staff is on location as well).

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