

# BULKY DOCUMENTS

(exceeds 300 pages)

Proceeding/Serial No: 91163719

Filed: 3-05-04

Title: Officer's Certificate of

Deposition of

Mark Walter Leaper

Part 1 of 2



TTAB

# Anissimoff & Associates

Barristers  
and Solicitors

Patent and  
Trade Mark Agents

**March 2, 2007**

**DELIVERED BY HAND**

United States Patent and Trademark Office  
Trademark Trial and Appeal Board  
P.O. Box 1451  
Alexandria, Virginia  
U.S.A. 22313 - 1451

Dear Sir or Madam:

**Re: Applicant: Digipos Systems Inc.**  
**Opposer: Digi International Inc.**  
**Opposition No.: 91163719**  
**Serial No.: 76/561,585**  
**Our File: 942327**

Enclosed for filing please find:

1. Deposition Transcript of Mark Walter Leaper taken January 12, 2007 with signed Certificate of Correctness attached thereto.
2. Certificate of Valerie Brown, pursuant to 37 C.F.R. 2.123(f).
3. Exhibits 1 – 25 referred to in the Deposition Transcript of Mark Walter Leaper.
4. Exhibits 26 – 41 referred to in the Deposition Transcript of Mark Walter Leaper.

A certified copy of the Deposition Transcript and Exhibits were served on the Opponent's Counsel, Ms. Marsha Stolt, MOSS & BARNETT, P.A., 90 So. Seventh St. 4800 Wells Fargo Ctr., Minneapolis, Minnesota, U.S.A, 55402-4129 on February 8, 2007 by overnight courier.

Notice of the filing of the Deposition Transcript and Exhibits with the USPTO Trademark Trial and Appeal Board has been given to the Opponent and a copy of the Notice to Moss & Barnett is attached hereto.

Yours very truly,  
**ANISSIMOFF & ASSOCIATES**

Per: Serge Anissimoff  
SA/sg  
Encl. (as noted)

03-05-2007

U.S. Patent & TMO/TM Mail Rcpt Dt. #34

# Anissimoff & Associates

Barristers  
and Solicitors

Patent and  
Trade Mark Agents

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March 1, 2007

VIA FACSIMILE: 1-612-339-6686

Ms. Marsha Stolt  
MOSS & BARNETT, P.A.  
90 So. Seventh St. 4800 Wells Fargo Ctr  
Minneapolis, Minnesota, U.S.A  
55402-4129

**COPY**

Dear Ms. Stolt:

**RE: OPPOSITION BY DIGI INTERNATIONAL, INC.  
Opposition No. 91163719  
Serial No. 76561585, TRADEMARK "DIGIPOS"  
APPLICANT: DIGIPOS SYSTEMS INC.  
Our File: 942327**

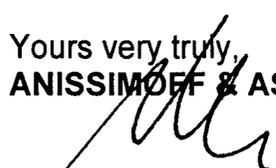
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## NOTICE

Notice is hereby given that a certified copy of the Deposition Transcript of Mark Walter Leaper and Exhibits referred to in the Deposition will be filed with the United States Patent & Trademark Office, Trademark Trial and Appeal Board on March 2, 2007.

A copy of our letter to the Trademark Trial and Appeal Board is attached hereto.

Yours very truly,  
**ANISSIMOFF & ASSOCIATES**

  
Per: Serge Anissimoff  
SA/sg  
Encl. (TTAB letter)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

DIGI INTERNATIONAL INC.	)	MARK: DIGIPOS
	)	
Opposer	)	
	)	
v.	)	
	)	
DIGIPOS SYSTEMS INC.	)	
	)	
Applicant	)	

**OFFICER'S CERTIFICATE OF DEPOSITION OF MARK WALTER LEAPER**

Pursuant to 37 C.F.R. § 2.123(f), the following is hereby made of record,

I, **VALERIE J. BROWN**, Certified Court Reporter, hereby certifies the following:

1. On Friday, January 12<sup>th</sup>, 2007 at 10:00 a.m. at the offices of Anissimoff & Associates, 235 North Centre Road, Suite 201, London, Ontario, N5X 4E7, Canada, I took down the deposition of Mark Walter Leaper.
2. I duly administered the oath of the witness
3. The adverse party was present, represented by Mr. John P. Boyle.
4. I am not disqualified by Rule 28 FRCP in that I am not a relative or employee or attorney or counsel of any of the parties, nor am I a relative or employee of such attorney or counsel, or am I financially interested in the action.

Date: Feb. 27, 2007

Val Brown.  
**VALERIE J. BROWN**  
Certified Court Reporter

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CASE: DIGI International Inc. vs. DIGIPOS Systems Inc.  
U.S. Opposition No. 91163719

WITNESS: MARK WALTER LEAPER

DATE: January 12, 2007

I, MARK WALTER LEAPER, do hereby certify that I have read the foregoing transcript of my Deposition, and believe the same to be true and correct, (or, except as follows, noting the page and the line number of the change or addition desired and the reason why;

PAGE/LINE	CORRECTION	REASON
_____	_____	_____
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MARK WALTER LEAPER

Dated: 5 FEB 2007

Within 30 days, please send all other parties a copy of this correction sheet, and return the original to:

Mr. Serge Anissimoff  
Anissimoff & Associates  
235 North Centre Road, Suite 201  
London, Ontario, N5X 4E7, Canada

**TRIUNE REPORTING SERVICE LIMITED**

Suite 320, 200 Queens Avenue  
London, Ontario  
N6A 1J3  
(519) 432-3466

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

B E T W E E N :

DIGI INTERNATIONAL INC.,	)	
	)	
	)	Opposer,
	)	
vs.	)	Opposition Number
	)	91163719
	)	
	)	In Re: Serial No.
	)	76561858
DIGIPOS SYSTEMS INC.	)	
	)	
	)	Applicant

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DEPOSITION OF  
MARK WALTER LEAPER  
January 12, 2007  
10:00 a.m.

REPORTED BY: Valerie J. Brown, a duly  
sworn, Certified Court Reporter in the  
Province of Ontario, Canada

TRIUNE REPORTING SERVICE LIMITED

2

THE DEPOSITION of MARK WALTER LEAPER, taken pursuant to Notice of Taking Deposition, taken before Valerie Brown, Certified Court Reporter, taken on January 12, 2007, at the Anissimoff Professional Corporation, Suite 201, 235 North Centre Road, London, Ontario, Canada, commencing at approximately 10:00 a.m.

\*\*\*\*\*

APPEARANCES:

JOHN P. BOYLE, Attorney at Law, of the Law Firm MOSS & BARNETT, 4800 Wells Fargo Center, 90 South Seventh Street, Suite 4700, Minneapolis, Minnesota, 55402-4129, appeared for and on behalf of the Opposer.

SERGE ANISSIMOFF, Attorney at Law, of the Law Firm ANISSIMOFF PROFESSIONAL CORPORATION, Suite 201, 235 North Centre Road, London, Ontario, N5X 4E7, appeared for and on behalf of the Applicant.

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M.W. Leaper - 7

MARK WALTER LEAPER: SWORN

EXAMINATION IN-CHIEF BY MR. ANISSIMOFF:

1. Q. Now, by way of background, Mr. Leaper, I understand you've had surgery recently?  
A. Yes, I have.
2. Q. I understand it was a kidney transplant?  
A. It was.
3. Q. So at any time if you become uncomfortable or anything, please stand up, walk around or just take a break and we'll sort of understand that for sure.  
A. Excellent. That's great, thank you.
4. Q. Could we start with your educational background, please?  
A. Sure. I graduated from McMaster University in Hamilton, Ontario, Canada, with a Bachelor's degree, Political Science Economics was what I majored in, and since then have attended a number of management courses both in Canada and in the U.S.
5. Q. When did you get your bachelor's degree, what year?

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M.W. Leaper - 8

A. 1985.

6. Q. And did you enter the workforce at about that time?

A. Yes, in 1985.

7. Q. And what was your...

A. Yeah, I left, I left school, when I left school I became a banker, worked for a bank that's making great inroads, you probably know, TD Bank North? It's done a lot of work and acquisitions in the U.S. So I spent a number of years working with the TD Bank.

8. Q. Until what year?

A. Oh, '88.

9. Q. Okay. And after that?

A. Worked for a company called Digital Equipment Corporation, also known as DEC, and my capacity there was, was sales and sales management, focused on retail.

10. Q. And how long were you there?

A. Until 1993.

11. Q. And how did you find your way, as and from '93, to be associated now with the DigiPoS...

A. Sure, yeah, I'm giving you a brief, sure, a

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M.W. Leaper - 10

12. Q. Thank you. Looking at your background, would it be correct to conclude that your first exposure to point of sale or the retail sector was in about the mid-eighties?

A. That's -- yes, yeah.

13. Q. And when we talk about the point of sale or retail sector, what do we mean by that?

A. It's, it's a vertical inside, inside the traditional commercial marketplace that's focused on traditional retail, stores that sell product.

14. Q. Now, looking at the DigiPoS Group, what executive position do you hold with the DigiPoS Group?

A. I'm the President slash C.E.O. of DigiPoS Systems and the Executive Vice-President Sales and Marketing globally.

15. Q. And when you say globally, for what company or for what organization do you act in that capacity?

A. DigiPoS Systems Group, which has a number of subsidiaries operating as DigiPoS Systems around the globe.

16. Q. I think we'll come to that in later

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M.W. Leaper - 11

materials. Can you describe the relationship between DigiPoS Group and DigiPoS Systems, the North American company?

A. DigiPoS Systems Group is a, is a corporate entity located in the United Kingdom which is a private, privately owned business, public records just based on the way U.K. companies are available, and it owns a hundred percent of the share capital in DigiPoS Systems Inc., the North American entity.

17. Q. And what are the approximate gross sales of the DigiPoS Group internationally, if that number's available?

A. It's, we just closed the year at about 135 million U.S. dollars.

18. Q. This matter concerns a trademark opposition, as you know, by a company called Digi International and, very briefly, I'd like to ask some questions which -- I want to touch on your personal knowledge, if any, about this company. When did you, when can you say you had a first contact with Digi International in your career, if at all?

those, first of all, did you take those notes at the time?

A. Yeah, I took those notes actually specifically at the time. I keep a journal and I'm very specific as to, to what I use my journal for. I was in my office in Burlington, Ontario, received a telephone call from Larry Kraft on May 4th, 2005, as noted in the document. Larry had suggested that, that his business or his company, Digi International, were going to oppose our trademark and that, frankly, we didn't have a hope and that we should be ready to stand down.

22. Q. I'll stop you there. We won't go any further, but this was a telephone call to you by Mr. Larry Kraft. Did you previously have any contact with Mr. Larry Kraft...

A. No.

23. Q. ... prior to this phone call?

A. No.

24. Q. This phone call was out of the blue?

A. Yes.

25. Q. And so as I understand it, that's the first direct contact you ever had in your career with

Digi International?

A. As far as I can recall, it is the first contact.

26. Q. As a question of personal knowledge as you sit here today, and it's pretty hard to distinguish, but as a question of personal knowledge, what business is Digi International in, to your knowledge?

A. To my knowledge, they're in the connectivity business. They design or manufacture or resell, at which level I'm not sure, but they have product, products are available that allow computers to connect with peripherals, from what I understand. They may do other things, but that's all I'm aware of.

27. Q. I'd like to now talk about your company, DigiPoS Systems, and...

A. Do you want me actually to show you what I think they do?

28. Q. No, no.

A. Oh, okay, okay.

29. Q. That's fine and I'm not foreclosing you. I think, Mr. Leaper, I need to not caution you, but

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M.W. Leaper - 15

basically re-inform you that you have to give testimony from your personal knowledge, and all I want to know is what personal knowledge...

A. Okay, fair enough, thanks.

30. Q. Now, talking about your company, and let's start generally because we will be specific in no time at all, but what, generally, is the business of DigiPoS Systems, the applicant in this case?

A. DigiPoS Systems manufactures and resells computer-based, point of sale terminals and store systems. We actually design and develop unique point of sale terminals that we sell on a global basis. All of those products are, of course, are either our own or OEM based, and they all bear our DigiPoS Systems or DigiPoS logo.

31. Q. And when we talk about point of sale systems, if that's the term...

REPORTER: Sorry, can I just stop you for one second?

(OFF THE RECORD DISCUSSION)

BY MR. ANISSIMOFF:

32. Q. Before I became involved in this case as an

attorney, and with my background, I'm a little older, a point of sale piece of equipment is a cash register. Could you...

A. It's also...

33. Q. Could you maybe comment on what type of equipment DigiPoS Systems sells, generally speaking?

A. Well, generally, we sell, as you said, a cash register. Now, a cash register's made up of a couple components. The main core base of the cash register is an Intel-based computer. From the Intel-based computer we also manufacture and/or resell DigiPoS branded touch screens, non-touch screens, display devices, customer displays, printers, keyboards and scanners. Those devices are usually what's put together and called a cash register or, in the modern world, nothing against your age comment earlier, is a cash register or a POS device.

34. Q. And is the idea to provide a retail organization with a turnkey system or could you comment on that, please?

A. Yeah. Our business is really focused on

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M.W. Leaper - 17

selling a turnkey solution directly to the end user community, directly to the retailers themselves. We have very little business that goes through an indirect channel.

35. Q. And by "retailer" we mean a retail store of some size or description?
- A. Yes. If I could, if I could...
36. Q. Just give me one...
- A. ... show an example...
37. Q. Just one example that's in the materials is Circuit City.
- A. Yes.
38. Q. Is that correct?
- A. Yes, that is correct.
39. Q. Now, just to introduce your company a little better to the record, I notice that you recently handed me a promotional item having to do with the football player formerly of the Pittsburgh Steelers, a program that he has, Winner's Circle. I'll hand you that bundle of information. Can you tell me what that is as we look through it?
- A. Sure. The Winner's Circle, hosted by Terry Bradshaw, is a program that runs, I believe it's

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M.W. Leaper - 19

41. Q. ... expand on that?

A. Sure. RIS which is an industry publication, a retail industry publication, did a survey and really compared what ended up to be sort of the top six point of sale providers in the industry in North America, together, and came up with some ranking. I think it's important to understand that DigiPoS Systems finished first, actually, in three of the six categories, and overall finished point zero six behind the first place vendor on point of sale solutions.

The other thing that's interesting is we, at DigiPoS Systems, in '06 were awarded the European Retail Solution of the Year by the retailers themselves, who vote on that award.

42. Q. That's a European award?

A. That's European. And in North America, actually, on a global basis in '05, the DigiPoS Retail Blade was actually awarded the Technology Innovator of the Year for that product. And then the other thing we actually have is, in this little brochure, are some what we'd refer to as satisfied customers, people like Harrods, Laura

Canada and Pretty Girl, just to name a few.

43. Q. Can you tell me how that publication item that you hold in your hand, how was that prepared?

A. This was prepared using our in-house marketing group, in conjunction with the people at MSNBC.

44. Q. Thank you.

A. There's also a CD in there of the actual interview at the back of the brochure.

45. Q. Program interview?

A. Yes.

46. Q. And who was interviewed?

A. A number of the staff were interviewed as well as myself.

47. Q. I would now like to direct some questions about, specific questions about your product line, and I'll hand you a document for your review. And so as not to, if you will, beat a dead horse, because I think it speaks for itself, can you maybe talk about your product line with reference to this document, which we'll mark as the next exhibit.

MR. ANISSIMOFF: I'd like to mark the notes

TRIUNE REPORTING SERVICE LIMITED

M.W. Leaper - 21

to which we referred to as Exhibit Number One, the Winner's Circle...

REPORTER: Could you be more specific? Do you mean the whole brief or...

MR. ANISSIMOFF: No, Appendix Two, tab eight. Exhibit Number One.

EXHIBIT NUMBER 1: Mr. Leaper's handwritten notes.

MR. ANISSIMOFF: This will be the next exhibit, two, the Winner's Circle materials.

EXHIBIT NUMBER 2: Winner's Circle materials.

BY MR. ANISSIMOFF:

48. Q. And we're looking at a document called Exhibit Three. First of all, could you identify that document?

A. This is just a product roadmap of the DigiPOS products. That is one particular -- yeah, that's what they are.

TRIUNE REPORTING SERVICE LIMITED

M.W. Leaper - 22

49. Q. Okay. Can you maybe start on the left and describe the equipment and items that we see in that...

A. Sure, sure. What you're looking at is a DigiPoS touch screen, the DigiPoS Retail Blade, DigiPoS branded keyboard, and a printer and a scanner. Those devices are commonly referred to as a point of sale terminal or a cash register.

50. Q. You mentioned branded. You mean that all of those items have the DigiPoS trademark marked on them or some of them?

A. In this particular case, looking at this picture, the printer is from a company called Epson and the scanner is from a company called Metrologic. The rest of the devices shown all carry the DigiPoS mark.

51. Q. As we look at the product line left to right, can you conversationally range over that document and tell me about your other product, please?

A. Well, what we, what we do is we design retail specific product. In this particular case we're looking at products that either range in power and performance or by segment. Some are designed for

what we've referred to as general retailer, general merchandise, others hospitality, et cetera. And what we're really showing is the DigiPoS product line from the flagship product called the Retail Blade to something, client-based products referred to here as DigiPoS PH 6000 and our sealed unit. We're looking at hospitality-based devices which are really screens with integrated processors in them, and that is what we're showing. On top of that we're also showing screens, touch screens and non-touch screens.

52. Q. And does this document substantively describe and illustrate the product line for your company sold under the DigiPoS trademark as described?

A. Yes.

53. Q. Thank you.

A. Majority of products are branded in that purview.

MR. ANISSIMOFF: Exhibit Three.

EXHIBIT NUMBER 3: DigiPoS Product Range Profiler, August, 2006.

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M.W. Leaper - 25

But in the, in the systems business, one of the things that's quite interesting is that there's often a play between the hardware component and the software or operating system component, and whenever there's a problem and it requires customer support, traditionally what would happen is you may end up in what's been referred to as a bit of a conflict or finger pointing issue where the software house suggests that it's a hardware problem and the hardware house suggests it's a software problem.

And so what we did to help our customers is provide a piece of software that will boot the point of sale terminal externally or without any operating system or without any software that will allow us to exercise all of those peripherals and the system itself externally of any outside software. It's a, it's a, it's a very powerful tool.

56. Q. So this brochure which talks about this tool, is this a public document?

A. This is not yet a public document. It will be public on Monday.

57. Q. I see.

MR. ANISSIMOFF: If I could mark this as the next exhibit, two pages.

EXHIBIT NUMBER 4: DigiPoS marketing brochures/cut sheets.

THE DEPONENT: The next document is showing -- one of the things that we're really focused on at DigiPoS is providing end users, end user retail customers, with more than strictly a piece of hardware for their business or for one single component of their business. So what we've done is we have teamed up with another organization to design and develop a self-checkout device. This self-checkout device allows people in a retail environment, or customers in a retail environment, to manage their own checkouts. Very similar to what you would do at an ATM in the banking world, self-checkout allows customers to actually process their transactions by themselves.

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M.W. Leaper - 27

So what we're doing here is showing a new offering, that's being announced on Monday, that DigiPoS Systems is entering into the self-checkout world. The nice part about this is it fits into the DigiPoS store system architecture and uses the Retail Blade as the driver for this entire device.

BY MR. ANISSIMOFF:

58. Q. What will your involvement be in this partnership venture?

A. DigiPoS Systems is contributing the point of sale hardware, as well as re-marketing in North America and in exclusive globally.

MR. ANISSIMOFF: Thank you. Mark that as the next exhibit, please.

REPORTER: I'm not sure, did they get described as to what they actually were?

THE DEONENT: It's actually a self-checkout so you can call it Utopia.

REPORTER: Okay.

EXHIBIT NUMBER 5: Utopia documents.

TRIUNE REPORTING SERVICE LIMITED

M.W. Leaper - 28

BY MR. ANISSIMOFF:

59. Q. The next exhibit is two pages. That's a document with the word "Utopia" written thereon, for reference.

A. One of our...

60. Q. Sorry, Mr. Leaper, you want to make a comment, please? You're going to that one?

A. Yes, I will.

61. Q. Just one moment, please.

A. No problem.

62. Q. The next document, I think, is three pages and on it it has...

A. It's two page...

63. Q. ... DigiPoS, two pages...

A. Two pages, yeah.

64. Q. ... IT 1500. Can you comment on what that is?

A. Yeah, the IT 1500 is a fully integrated point of sale terminal which is designed for the hospitality marketplace, as opposed to the Retail Blade which is designed for the general merchandise marketplace. One of our biggest competitors in this industry is a company called

IBM, and IBM designs and delivers solutions similar to these that cover multiple segments within the retail vertical. As, as it being, IBM being one of our largest competitors, it's important to take a look at these documents and see how we actually have a very wide product range within the retail store system segment. So this is just one more product that fits specifically as a turnkey solution ...

65. Q. And is a public document?

66. Q. As of Monday.

MR. ANISSIMOFF: Mark this as the next exhibit, please.

EXHIBIT NUMBER 6: DigiPoS IT 1500 documents.

BY MR. ANISSIMOFF:

67. Q. And then the final document in this -- no...

A. I believe there are...

68. Q. ... the next document...

A. Yeah.

69. Q. ... in this series is a document entitled,

"DigiPoS PH 6000."

A. The PH 6000 is a, is a custom designed product, originally started out based on a customer demand for a small footprint, totally inclusive point of sale terminal. The PH 6000 is a small footprint, highly connectable point of sale engine.

70. Q. And in looking, for example, at an illustration of the unit to which you referred, the trademark is marked on the product in the upper, left-hand corner. Can you confirm that?

A. Yes, it is.

EXHIBIT NUMBER 7: DigiPoS PH 6000

documents.

BY MR. ANISSIMOFF:

71. Q. And the final document?

A. The final document is...

72. Q. Next exhibit.

A. ... again, a new product that's going to be released, the Retail Blade. This is, the Retail Blade is really our core product. It, it's coming

out and being announced next week that it's coming out with an Intel core dual processor, which provides the newest and latest Intel-based technology in the, as the core of the product.

73. Q. So is this an improvement over the existing DigiPoS Retail Blade product?

A. It's an improvement and an extension of the family. Retail Blade are available in a RV1, RV2, RV3, RV4 and RV5, and now as a dual.

MR. ANISSIMOFF: Thank you. Mark that as the next exhibit.

EXHIBIT NUMBER 8: Retail Blade: Next Generation Power document.

BY MR. ANISSIMOFF:

74. Q. Mr. Leaper, I'd like to ask you about who your competitors are. You identified IBM. Can you identify possibly three or four competitors that you see on a day-to-day basis?

A. Sure. In our, in our segment, in our world, we really see IBM, NCR, HP and Wincor Nixdorf, as well as Fujitsu, as being the core competitors in

our segment.

75. Q. Would you describe them possibly, in a colloquial sense, as the usual suspects whenever you're trying to sell to a customer?

A. They are definitely the usual suspects.

76. Q. Now, these companies that you've identified are rather large, in my mind. How are you, a small company, able to compete against these companies that you named, for example, IBM, for example, and NCR?

A. One of the differentiating aspects of DigiPoS Systems is the fact that we are focused on one segment and that segment is retail point of sale. That's all we do. We focus specifically on store systems and services related to those stores. Almost all of the other competitors of which we talked about are actually focused on many different verticals. So one of the things that allows us to compete are our people, our focus and knowledgeable in the industry, in the sector, and bringing added value to our customers, the end user retailer.

The other differentiating factor is the fact

that we are small and agile and have the ability to react very quickly to unique customer demands. Again, because we sell and focus on the direct channel, being able to work with those end users and offer them responsiveness, knowledge and understanding, is hugely important.

77. Q. What do you mean by "direct channel"?

A. In the sales world there are usually at least two, if not three, main channels to market or modes of selling your product. We, we -- and I'll identify those as being generically direct, meaning that our sales people and our company calls and knocks directly on the retailers' office, corporate office, to add or to sell our wares. The indirect channel would be a channel that is designed to work that, we would, we would sell the product to a company who then would sell it to another end user.

78. Q. Are you describing possibly a distributor?

A. I believe in the indirect channel there are two channels. One would be added value and the other would be non-added value. The non-added value indirect would be distribution.

84. Q. You talked about your competitors, and as you sit here, to your mind, is Digi International, the opponent in this case, a competitor in your mind?

A. No, no.

85. Q. Have you ever knowingly, given your experience with DigiPoS Systems, have you ever knowingly sold against Digi International with reference to any customer or channel of trade?

A. No. Can I take just a minute to explain what I, I think you said earlier, what, what I understood?

86. Q. I'm only concerned that you speak from personal knowledge.

A. Right.

87. Q. And if you do want to say something based on personal knowledge, please go ahead.

A. Okay. Well, I'm going to use the white board for a second.

88. Q. We could photograph it.

A. If you'd like. I'm not a very good, not a very good drawer.

89. Q. Please go ahead.

A. Here's my understanding anyways, and in the

retail segment we have competitors that we meet all the time, and those competitors, as we said earlier, are people like IBM, NCR, et cetera. And they design, as we do, a complete point of sale solution. So this solution for a retailer is made up of a few components. There's a cash drawer, there's a central processing unit, there are monitors and then there are printers, and all of these systems come together as a complete turnkey solution.

90. Q. And you've drawn that in the upper, right-hand corner of the white board?

A. Right. Now, the little bit that I, at least, think I understand, but I'm really not sure and we'll find out as we go through here, the only time I've actually seen at all a Digi product fits in this world over here, where there are standard PC devices from people like Dell, for an example, that are general purpose desktop type machines. And the challenge here is that in retail, over here we have a great amount of connectivity and over here we may have one or two ports. And what we have seen...

91. Q. On the Dell machine?

A. ... on the Dell machine or a standard PC, are that there are things called PCI slots that a card could be put into to increase the connectivity in a standard PC.

92. Q. And by "connectivity" you mean the ability to...

A. To connect.

93. Q. ... connect that machine to a peripheral device?

A. Exactly.

94. Q. Please go on.

A. And that's, that's really all I was gonna do is just show that the peripheral then could be plugged in over here, whatever that may be. But clearly two very, very different worlds.

95. Q. In your mind?

A. In my mind.

96. Q. Thank you. Now, you identified the channels of trade. In the United States, how do you conduct your sales activities in that country?

A. We, we primarily sell directly to end users. We have an end users sales force that prospects,

identifies end user retail customers and then books appointments to try to understand the business, business issues and then offer a solution. That's the first way.

The second way is we engage independent software vendors or VARs, or in many cases they engage us, and we work jointly with them to resell our complete solution. And the final one is we have a distribution channel which is very, very narrow. Example, we have one distributor in the United States who is a hundred percent focused in the retail sector. The company's called BlueStar.

97. Q. Okay. And that is the business of receiving a box with your equipment and reselling it...

A. Yes.

98. Q. ... roughly speaking, is that correct?

A. That's, that's very, very correct.

99. Q. Now, I'll lead you here because in my discussions with you you mentioned tier one, two and three customers. I forget what you said. Is there anything you want to say about that kind of a distinction, if it's available for customers?

A. Well, inside of the channel, we, we often

sales force as described?

A. We...

102. Q. Percentage-wise.

A. Percentage -- we do about 69 percent of all of our sales to the direct customer.

103. Q. And we've talked about this before and I don't want to change the answer accidentally, but all of the product that we sold and described is branded with your trademark on it?

A. Again, about 80 percent of it is.

104. Q. Except in things, for example, like an Epson printer?

A. Like a printer, an Epson printer or a Metrologic scanner or a Symbol scanner, as examples.

105. Q. I'd like to refer you to a document which I will title Appendix Two, tab two, which is a document we produced in this proceeding, Mr. Leaper, from the website of the opposer, Digi International, which identifies, at least on its face, its distributors. So rightly or wrongly, I simply want to take you to that document.

MR. ANISSIMOFF: Let's go off the record for

a minute.

(OFF THE RECORD DISCUSSION)

BY MR. ANISSIMOFF:

106. Q. Assuming the information therefore to be correct, that all of those companies are the opposer's distributors, can you comment, looking at each page, whether or not you have any distributors in common, starting with Advantage, and...

A. We, we do not deal with Advantage Industrial Automation, we do not deal with Arrow...

107. Q. How about I ask you the name and you say yes or no.

A. That works for me.

108. Q. Avnet?

A. No.

109. Q. B & B Electronics?

A. No.

110. Q. Border States Electric?

A. No.

111. Q. Braas, B-R-A-A-S?

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- A. No.
112. Q. DTR Business Systems?  
A. No.
113. Q. Edison Automation?  
A. No.
114. Q. Express Systems Peripherals?  
A. No.
115. Q. Global Wireless Data?  
A. No.
116. Q. ICT Global Inc.?  
A. No.
117. Q. Industrial Control?  
A. No.
118. Q. Industrial Networking Solutions?  
A. No.
119. Q. Ingram Micro?  
A. We have purchased some product through Ingram Micro, but we do not sell through Ingram Micro.
120. Q. Logic Control Sales?  
A. No, I don't really know them, so I don't think so, no.
121. Q. McNaughton-McKay Electric Company?  
A. No.

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122. Q. Neteon, N-E-T-E-O-N?  
A. No.
123. Q. PCC Systems, Germantown?  
A. No.
124. Q. Platt Electric?  
A. No.
125. Q. ScanSource?  
A. Again, we have purchased from ScanSource, we do not sell through ScanSource.
126. Q. Seneca Data?  
A. No.
127. Q. That's S-E-N-E-C-A. Tech Data?  
A. At one point we did have a relationship with Tech Data. They are much more component-driven and so we have cancelled that relationship.
128. Q. Do you recall when you cancelled that relationship?  
A. I would have to double-check. It's well over a year ago.
129. Q. Trio Teknologies?  
A. No.
130. Q. USAT Corp?  
A. No.

131. Q. That's U-S-A-T. Zeller Electric?

A. No.

132. Q. B & B Electronics?

A. No.

133. Q. CDW?

A. CDW may be a sub-distributor through BlueStar, but that's maybe.

134. Q. Insight?

A. No.

135. Q. And Zones?

A. Not that I'm aware of.

MR. ANISSIMOFF: Madame Reporter, whenever I refer to one of those documents, and with opposing counsel's permission, I'd like to make that an exhibit, and I will provide all necessary copies and supply everybody with copies. I've been caught short today.

REPORTER: Tab two? The whole tab?

MR. ANISSIMOFF: The entire tab.

EXHIBIT NUMBER 9: Distributor List from Digi website.

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BY MR. ANISSIMOFF:

136. Q. I would like to ask you questions about your sales and I want to do it conversationally in terms of what your gross sales are.

A. Um hmm.

137. Q. We provided some numbers earlier and we provided those numbers for North America. We provided, for the years 2002/2003, the sum of five million dollars.

A. Um hmm.

138. Q. Is that correct, approximately?

A. Approximately.

139. Q. For 2003/2004, we gave the number 11 million?

A. Approximately, yes, yes.

140. Q. 2004/2005, ten million?

A. Yes.

141. Q. And for 2005/2006 approximately, we didn't give any number.

A. But that number, the year is now done from when that document was put together, so we sold approximately 16 million.

142. Q. And you mentioned that the...

A. The forecast for '06/'07 is 24 million.

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143. Q. Thank you. And the sales of the group, even as we speak, I think you mentioned 135 or 138...  
A. Yes, that's approximate.
144. Q. ... million?  
A. That's right.
145. Q. Are you able to distinguish, in a documentary way, between U.S. sales and Canadian sales or can you give us a percentage?  
A. In the North American -- we kinda classify Canada, U.S. as North America, but the sales are approximately 80 percent U.S. and 20 percent Canada.
146. Q. As an aside, when you sell direct to a customer, how is your equipment installed? How is it launched?  
A. Well, in many cases, because what we try to do is add value to the end user customer, in many cases, and I'll use AAFES as an example, AAFES is the Air Force...
147. Q. We'll come to that ...  
A. Oh, no, no, no ...
148. Q. ... but please go ahead ...  
A. ... what I'm saying ...

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149. Q. No, please go ahead.  
A. ... using -- oh, okay. AAFES...
150. Q. Yes, go ahead, please.  
A. We ship all of our turnkey solutions in a box, so it's a POS in a Box, to use the term, and in many cases retailers will receive the unit themselves, ship it to a store, unpack it and install it themselves. They will install it using their own internal installation team.
151. Q. Given a person's skills in the art, is this hard to do or easy to do or...  
A. It's surprisingly easy.
152. Q. Okay.  
A. And it comes with an installation manual. Again, AAFES, there's a two or three page installation manual. It can come outta the box, plug the printer in, plug the other devices in where they're meant to go and then turn it on and it all works. So that's, we give people a range.
153. Q. So you're mentioning that in the cases that you were referring to, the customer would do the actual installation?  
A. In some cases the customer does it, in some

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cases third parties will do it, in some cases the customer will do it. In the case of AAFES, which is a multi-thousand unit rollout on a global basis, it's done using store personnel and an external organization. But you also have to understand that's a global rollout, so it's done using multiple people.

154. Q. I understand. Now, in terms of advertising and promotion, the number we gave previously to the party opposite was that you spent about a half a million dollars of advertising per year. Could you comment on that number with reference to the current time period, please?

A. Well, I think that the number is pretty consistent and you could draw a parallel between revenues and expenditure in marketing.

155. Q. If you would, please.

A. So we would probably now be spending closer to \$800,000.00 on marketing dollars as opposed to 500,000, and that's probably pretty close to being in line with the revenues. It could be between seven and eight.

156. Q. Thank you. We will be looking later at some

documents which I think help us understand the velocity or the activity for your company, but in terms of trade shows, what trade shows do you go to in North America?

A. There are really two trade shows. One of them is called NRF, National Retail Federation Show and one of them's called Retail Systems. The NRF show happens every January in New York City, and that's why earlier I referred to documents being released on Monday. The show opens, NRF show opens on Monday.

157. Q. And you're an exhibitor this year?

A. We are an exhibitor, yes.

158. Q. And you have been in past years, too?

A. I believe this is our fifth or sixth consecutive year at NRF.

159. Q. Okay.

A. The other show which is not as large as NRF, the Retail Systems show, has been usually in Chicago but rotates cities, is in Boston this year, and we're still debating. It was not a good show based on customer turnout last year, and so that would be the other show that we would

normally attend.

160. Q. I just want a general answer to this question, without any depth to it. I take it that the other members of the DigiPoS Group also attend shows internationally, would that be correct?

A. Yes.

161. Q. And you, personally, have you attended any shows outside of North America?

A. Yes.

162. Q. Could you tell me what shows you've attended?

A. I've attended Retail Solutions in the United Kingdom, I've attended Equipmag(ph.sp.) in France, I've attended -- I don't remember the name unfortunately, off the top of my head -- trade shows in Germany, as well as in Australia.

163. Q. Could I ask you to write me a note if you remember those names and I'll...

A. Sure.

164. Q. ... add them to the record?

A. Sure.

165. Q. Well, I'll remind you.

A. Oh, you will? Okay, great, thank you.

166. Q. Thank you. The next category of questions

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I'd like to direct to you, Mr. Leaper, is we want to take a look at some actual customers of yours, and just so that everybody knows, some of those customers will be North American customers and some of them will be international customers. But let me simply start you with a bundle of documents, and I believe that you talked about AAFES. I understand this is a recent success of yours. Can you please, with reference to these two pages, can you tell me about that customer, please, and that sale?

A. AAFES stands for the Army and Air Force Exchange Service. They are the Armed Forces retail environment on each of the commercial bases around the world or Army, Air Force bases around the world. We were chosen out of, again, our traditional competitors, IBM, NCR, Fujitsu and Siemens who are all competitors -- sorry, not Siemens, but Wincor.

167. Q. They were competitors...

A. They were all competitors for this business. We were awarded it. It's a 8,000 plus complete point of sale solution worth over 25 million

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dollars U.S.

168. Q. Have you started delivery on that...

A. We're probably about 45 percent through that installation.

169. Q. Looking at the first page of the two pages that you're holding, is that a public document?

A. This is a public document, yes. It was a press release, I believe last January.

170. Q. And was that approved by the customer or...

A. Yes, it was.

171. Q. And the second page is, what is that?

A. The second page is a case study.

172. Q. Can you tell me what you use case studies for?

A. Great question. We actually, in the consultative end user type sell, we use relationship selling and customer selling or case study as sales opportunities or sales tools. As an example, we have case studies on customers like Harrods, which is a large department store in the United Kingdom. We use AAFES and a number of our successes to help leverage our ad value in that sales cycle.

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173. Q. So you make the sale, then you write up the sale, as much as you've done on the second page there, is that correct?

A. That is correct.

174. Q. And then you make those documents available as part of the sales effort or sales exchange?

A. Correct.

175. Q. Again, talking in terms of customers looking at...

MR. ANISSIMOFF: This document the next exhibit, please.

REPORTER: I wasn't sure.

MR. ANISSIMOFF: Yes, all of them.

REPORTER: Is there a general -- so they're all different customers?

MR. ANISSIMOFF: Yes, this is...

REPORTER: So I could just call it AAFES documentation?

MR. BOYLE: Yes, this was the AAFES documentation, very good.

REPORTER: Okay, thank you.

MR. ANISSIMOFF: Thank you.

EXHIBIT NUMBER 10: AAFES documentation.

BY MR. ANISSIMOFF:

176. Q. The next document will be the Colorado Group documentation. Very briefly, Mr. Leaper, tell me about that.

A. This is, again, just trying to show some of our, our global presence and how the brand is really represented globally. The Colorado Group is a chain of about 500 lanes in 430 plus stores in Australia and New Zealand that sell up-market ladies fashions. They came to us looking for a solution. Again, the competitors were our traditional competitors, NCR, IBM, and we were awarded that opportunity.

177. Q. And this document is a case study document, as you've described?

A. Yes, it is.

MR. ANISSIMOFF: Next exhibit, please.

EXHIBIT NUMBER 12: Colorado Group documentation.

BY MR. ANISSIMOFF:

178. Q. The next document is entitled, "Press Release" and we can call it the Harrods document. Can you tell me about this document, please?

A. Sure. This...

179. Q. I think you've referred to Harrods before.

A. Yeah, Harrods is a large retailer that has about 950 point of sale lanes or registers in one particular location. It's a very, very large store, world renowned department store. We, at DigiPoS, were chosen as the vendor of choice for their point of sale solution, and this walks through a combination of Harrods comments and our comments in a press release format.

180. Q. So this was a press release and it was made...

A. I'm not sure of the date. Yeah, unfortunately I don't have the date.

181. Q. Are you able to say, to your knowledge, whether that press release was issued?

A. Yes. This actually was published in a magazine in the U.K.

MR. ANISSIMOFF: Thank you. Next exhibit.

EXHIBIT NUMBER 12: Press release re  
Harrods.

BY MR. ANISSIMOFF:

182. Q. The next document, please identify what the next document is.

A. The next document is a...

183. Q. Entitled "Next."

A. Yeah, Technology Insight, Next, and Next is a customer, an end user customer, similar format to The Gap in North America. They have about 350 to 400 stores across the United Kingdom and into Europe, and again, they chose the DigiPoS solution for their point of sale solution at all their locations. We're probably about 60 percent, if not more, through that particular rollout.

184. Q. And that's a public document that you're holding in your hand?

A. Yes.

185. Q. And it describes that activity?

A. It does.

MR. ANISSIMOFF: Just take a small break for a moment, off the record.

(OFF THE RECORD DISCUSSION)

SHORT BREAK

MR. ANISSIMOFF: I'd like to mark those documents which is called Next as the next exhibit, please.

EXHIBIT NUMBER 13: Technology Insight  
Next documentation.

BY MR. ANISSIMOFF:

186. Q. Mr. Leaper, can you continue with the bundle of documents before you and tell us what the next document is, entitled "Retail Blade for Harvey Nichols"?

A. Harvey Nichols is a large department store, funny enough, virtually on the opposite corner to Harrods. They have literally hundreds...

187. Q. In London, England, I take it?

A. I'm sorry, in London, England, yes.

188. Q. Okay.

A. And they are also a DigiPoS Retail Blade

user. What was really impressive in this particular case is that once Harvey Nichols chose DigiPoS as a solution, they were able to install the entire location of over 150 tills in one weekend. So they shut down with an old system and started with a brand new DigiPoS system in one weekend.

189. Q. And speaking analogously, that's precisely what you're trying to do in North America in terms of customers. For example, Sacks 5th Avenue, that would be the whole idea would be to sell them with analogous equipment to what...

A. Oh, absolutely. We...

190. Q. ... you've demonstrated here?

A. We have a fairly narrow product line, right? Again, one of the, one of the benefits to what we do is we only focus on store solutions.

MR. ANISSIMOFF: Okay. Mark that as the next exhibit, please.

EXHIBIT NUMBER 14: "Retail Blade for Harvey Nichols"

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BY MR. ANISSIMOFF:

191. Q. The next document is entitled, "German Grocery Discount Chain" et cetera. Can you talk about that document, please?

A. Sure. This is, this is moving east from, from the U.K. It's just an example of some of the work that we've done in Germany. Again, what we find on a global basis, as exemplified or seen in this particular document, we again come up against some of our standard competitors, people like the incumbent who was IBM, and then a couple of resellers. This is a chain of over 2,300 point of sale lanes in the German market who have made the decision to go with the DigiPoS solution.

192. Q. Mr. Leaper, is the DigiPoS Group commercially active all over the world or are there some areas where you're not yet active?

A. There are...

193. Q. I'd like to attack it in terms of where you are, where you're not.

A. It's probably much easier to talk about where we are.

194. Q. Generally speaking...

A. Yeah.

195. Q. ... without getting bogged down.

A. Okay. Well, what I'll do is talk about, we have divided ourselves into, into four main regions. We have the Americas where today we are focused on in Canada and in the U.S. In the United Kingdom we're focused on what we call the EMEA north, which is the United Kingdom, all of the Nordic countries and we include South Africa in that particular group. EMEA Central, which is France, Germany where we are direct and we're working on some indirect relationships in Spain and Portugal. We are in the APAK region where we are located in Australia, New Zealand. We're about to launch in KL, Kuala Lumpur, and we also have facilities and operations in Taiwan. We've been approached by some Chinese organizations and we're in the process of having those discussions.

196. Q. Thank you. The next document...

REPORTER: I'm sorry, this one is, that one was the next document?

MR. ANISSIMOFF: It is.

EXHIBIT NUMBER 15: German Grocery  
Discount Chain.

REPORTER: Can I just, just so that I can do  
this quickly, I didn't catch the name you  
said to start...

MR. ANISSIMOFF: German Grocery...

REPORTER: No, sorry, I'm sorry, it was what  
he was just saying, KL or something?

THE DEONENT: Oh, KL, Kuala Lumpur is in  
Malaysia. "K" like kangaroo, "L" like Larry.

REPORTER: All right, that's what I wasn't  
sure about. Thank you.

MR. ANISSIMOFF: Actually, that's wrong.  
It's Kilo Lima ...

THE DEONENT: It is, it is.

MR. ANISSIMOFF: .... about Europe.

THE DEONENT: Absolutely. But I stand  
corrected.

BY MR. ANISSIMOFF:

197. Q. The next document is Liquidation World we'll  
title it. Can you tell me what that is, please?

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A. It's a press release approved by the customer. Chain of over a hundred stores, over 400 point of sale lanes. Again have chosen the DigiPoS and the Retail Blade solution to outfit all of their stores. It's marked as a press release and approved by the customer.

198. Q. Thank you. And the final document...

MR. ANISSIMOFF: The next exhibit, please.

EXHIBIT NUMBER 16: Liquidation World documentation.

THE DEPONENT: Well, there are, there are two, actually, and easy to get confused. The first one is a press release on a company called Laura Secord, who is Canada's largest chocolatier, again coast to coast in Canada, and they moved away from their, I believe it was NCR solution and went to the DigiPoS solution.

BY MR. ANISSIMOFF:

199. Q. And the second Laura Canada...

A. Laura Canada, yeah, Laura Canada's a fashion shop. They are in the fashion segment, they sell ladies clothes, again have offices, office stores that extend from coast to coast within Canada. The big issue, from their perspective, was that they had gone probably three or four years -- three years ago with this sort of white box PC scenario, and they had had actually nothing but problems and were piloting with IBM and based on the feature function reliability of the Retail Blade and the other services that we offered them, really responsiveness and technical support, chose the DigiPoS solution, again to roll out coast to coast.

MR. ANISSIMOFF: I'd like to mark the next exhibit, being the Laura Secord exhibit, please.

EXHIBIT NUMBER 17: Laura Secord documentation.

MR. ANISSIMOFF: And the exhibit following will be the Laura Canada exhibit, please.

EXHIBIT NUMBER 18: Laura Canada  
documentation.

BY MR. ANISSIMOFF:

200. Q. And the final piece of paper that you're looking at?

A. Well, the final piece of paper is an additional press release with, with DigiPoS and with Epson. Epson is probably the de facto standard in the printer business in our segment in the retail world. They've designed a product called a Mobilink, which is a printer that prints mobilly, so really, like an RF based terminal, prints all over the store. We worked in conjunction -- one of the things we talked earlier was that we like to work closely and add value with our end user customers. This is another very good example of how we worked with our end user, called Liquidation World, to provide an additional solution.

MR. ANISSIMOFF: Thank you. Mark that as the next exhibit.

EXHIBIT NUMBER 19: Epson documentation.

BY MR. ANISSIMOFF:

201. Q. The next exhibit that I want everyone to pay close attention to, particularly my learned friend opposite, it's an exhibit I personally selected, Mr. Boyle. It has nothing to do with the lady on the front page, but could you tell me what you can about that magazine and what we're seeing there?

A. Well, this is a retail publication from Australia and New Zealand. It's available on a global basis, but designed in Australia. On the front cover I'm sure that your eye will go directly to the product solution...

202. Q. I was going to direct, certainly, your eye to that, yes.

A. As you can see clearly, there is a point of sale solution that a young lady is using to check out or cash, take cash, transact with an end user, and what we're actually looking at is a DigiPoS Retail Blade with a DigiPoS touch screen, a printer and a keyboard, and that is a solution from DigiPoS.

203. Q. Okay.

A. You'll also note that there's a DigiPoS brand on the front cover as well.

204. Q. And is this part of what you supply...

A. Oh, yes.

205. Q. ... and I'm pointing down below...

A. Yes, the cash drawer as well is marked with a DigiPoS logo, so those components make up our DigiPoS based solution.

206. Q. And I believe the article refers to Pretty Girl Fashion Group?

A. Pretty Girl Fashion Group is a large chain of fashion stores in Australia and New Zealand. They trade under different banners, but again, you'll notice that more of the product is being shown in the bottom left-hand corner here, a different young lady for you, Serge, but more of the DigiPoS solution.

207. Q. Thank you.

A. They've got, I think, 300 plus lanes that we installed in less than eight weeks.

208. Q. And when you mention a lane, that refers to, if you will, a conduit for consumers and a lane

would be supported by a system such as you've described with reference...

A. Each.

209. Q. ... to the front page?

A. Absolutely. Each lane has a point of sale terminal.

MR. ANISSIMOFF: If I can call this the next exhibit, please.

EXHIBIT NUMBER 20: Magazine "Retail Technology."

MR. ANISSIMOFF: Mr. Boyle, we've produced some documents in this case and I want the witness to identify those documents and make them part of this record, and hopefully we can go quickly. Madame Reporter, I'll be referring to the two appendices which I referred to earlier and I'll separately provide copies of everything to all concerned. I'd like to start with Appendix One and Exhibit "A."

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BY MR. ANISSIMOFF:

210. Q. And I was wondering if you could just peruse Appendix "A" and tell me what it is.

A. Appendix "A" is a...

211. Q. First of all, we've described it as a current company brochure which describes the full range of your operations in Canada...

A. Right.

212. Q. ... and the United States and worldwide.

A. Well, that's pretty close. This is a company overview of our company, our products and our services, reviews some of our growth, et cetera, and is just a company brochure.

213. Q. And is that a brochure that's available publicly?

A. Yes.

MR. ANISSIMOFF: Thank you. Mark that as the next exhibit, so that's Exhibit "A" to Appendix One. I'd like to take you to Exhibit "B" ...

MR. BOYLE: So that's 21.

REPORTER: Sorry, 21? You threw me off when you said Exhibit "A".

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MR. BOYLE: Twenty-one.

REPORTER: Got it.

EXHIBIT NUMBER 21: Appendix One,  
Exhibit "A".

BY MR. ANISSIMOFF:

214. Q. The next exhibit, 22, will be Exhibit "B" in Appendix One, and Mr. Leaper, this is a photograph of a building and some people. Can you tell me what that is?

A. The building in the background is our corporate office in Burlington, Ontario, our office for North America. Funny enough, the people in the front of the picture or foreground are sales people from around the world. I can see people from South Africa, Nordic, Germany, North America, England and Australia in that one picture.

215. Q. Thank you.

A. It's very funny, this gentleman here, it's the first time he's ever actually had a snowball in his hand.

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216. Q. Yes, I noticed there's snow on the ground.

REPORTER: Are you making that an exhibit, too?

MR. ANISSIMOFF: I am.

EXHIBIT NUMBER 22: Appendix One, Exhibit "B".

BY MR. ANISSIMOFF:

217. Q. The next exhibit will be Exhibit "C" in Appendix One, and it refers to various brochures showing various DigiPoS product and the subcategories are tabbed, and that'll be a complete exhibit. I'll go to tab one. Can you please look at that and tell me what that is, very quickly, and then we'll sort of...

A. Tab one is a...

218. Q. If we get repetitive, please tell me and we'll stop.

A. Tab one is a DigiPoS iBox solution which is a unit that allows us to work with some IBM devices.

219. Q. Tab two?

A. Tab two is taking a look at some of the

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features and benefits of the DigiPoS system, from a technical perspective, everything including cable management, et cetera.

220. Q. And is this a public document as well?

A. Yes.

221. Q. Tab three?

A. Tab three is a public document that shows the DigiPoS Power POS. This is one of our more mature products, the product that we sold to Circuit City. In it you're seeing our monitors, DigiPoS monitors, DigiPoS product.

222. Q. Tab four?

A. Tab four is again a public document showing how we put our products together, allowing the customer to use them in a distributed fashion, and we sell it as POS or DigiPoS in a box.

223. Q. And we see a box there and the trademark is on it. Is that typically how the contents is shipped, in that box?

A. Yes.

224. Q. Tab five, please.

A. This is again a public document referring to a range of DigiPoS LCD monitors, both touch

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screen, non-touch screen, including MSR or mag stripe readers as well.

225. Q. Tab six?

A. Tab six is actually just running through some of the features and functions of that particular monitor, DigiPoS monitor.

226. Q. Thank you. Tab seven?

A. A range of DigiPoS branded keyboards showing the standard keyboards, mini keyboards, keyboards with MSR or mag stripe readers and programmable keyboards that carry the DigiPoS logo.

227. Q. I notice that in this particular case, looking at the bottom right-hand corner of the page, there are four keyboards. At least three of those I can make out the trademark. On the fourth one can you make out the trademark?

A. No, I can't.

228. Q. But you can make it out on the other three?

A. Yes.

229. Q. Tab eight, please.

A. Tab eight is showing both CRTs, cathode ray tubed monitors, as well as customer displays that, again, if you look in the bottom right, you can

see the mark is on the two by 20 customer display.

230. Q. And a customer display, that would be the portion of the screen which the customer would see as he's standing there or she's standing there?

A. Yes.

231. Q. Tab nine, please.

A. In every POS solution you need a cash drawer, somewhere to house the cash, and we also provide branded cash registers, sorry, tills or cash drawers as they're referred to today.

232. Q. Tab ten?

A. Again, because we work with the end users, this is a document that is showing some of the ergonomic mounting options that are available with the DigiPoS LTD screens, as well as with the DigiPoS control units.

233. Q. Tab 11?

A. One of our products is called the DigiPoS Millennium which is an Intel-based processor. The DigiPoS Power POS, again an Intel-based processor of a higher speed, and this is a multi-page brochure reviewing the product, the features and the benefits of that particular offering.

234. Q. On the third page there is sort of a conglomeration or aggregation of equipment. Is this what we're talking about? Is this what it looks like to...

A. These are the...

235. Q. ... to the customer?

A. Yes. Well, these are -- when the customer unpacks the box, that's how they, they would, would be seen...

236. Q. Sure.

A. ... before they're put together.

237. Q. Sure. And tab -- thank you.

REPORTER: So "C", we're finished with "C"?

MR. ANISSIMOFF: We are finished with "C."

REPORTER: So that's Exhibit 23 then.

MR. ANISSIMOFF: Thank you, and with the various tabs, right?

REPORTER: Right.

MR. ANISSIMOFF: Thank you.

EXHIBIT NUMBER 23: Appendix One,

Exhibit "C", tabs one to 12.

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BY MR. ANISSIMOFF:

238. Q. The next exhibit will be Appendix One, Exhibit "D".

A. It's "E", actually. Is it "E" with the box? I'll let you go.

REPORTER: Now you lost me, which...

MR. ANISSIMOFF: No, the next exhibit is Appendix One, Exhibit "D".

BY MR. ANISSIMOFF:

239. Q. And you talked a lot about Retail Blade, and is this material referable to Retail Blade? Tell us what, the concept behind the product.

A. Well, in, in the core of the, of any point of sale system is the processor unit. We, we designed the entire processor unit from the board up, using Intel chips, et cetera, but what we've actually done is we've taken blade technology, which is a type of commercial application within the computer environment, and we are the first vendor at DigiPoS to bring this technology or this type of technology to the retail marketplace. It really improves the customer's ability to upgrade

and to support the product because of the blade technology.

240. Q. And this product is variously described in these materials?

A. Yes.

241. Q. And maybe third page in there's a document called "The Host" and is this what the product looks like?

A. This is a, this is a very good picture of the DigiPoS Retail Blade Solution, yes. As you note, the DigiPoS logo on the upper left, the Retail Blade on the upper right.

MR. ANISSIMOFF: Thank you.

REPORTER: That's the end of that one?

MR. ANISSIMOFF: It is.

REPORTER: Okay. So that's Exhibit 24.

EXHIBIT NUMBER 24: Appendix One,  
Exhibit "D".

BY MR. ANISSIMOFF:

242. Q. The next exhibit is Appendix One, Exhibit "E" and...

A. These are...

243. Q. ... I direct you to promotional items, presumably, which you'd make available as promotional tools, if you can talk about these.

A. Sure. The top one is just, every box we send out, each of our solutions comes packed in a POS in a Box, and, of course, that box needs to be sealed. We seal it with DigiPoS branded tape. In this particular case we have stress balls and memory sticks that'll have the DigiPoS logo on them to help us continue to propagate the brand.

244. Q. And you have done all of this in North America and the United States?

A. Yes.

REPORTER: Exhibit 25.

EXHIBIT NUMBER 25: Appendix One,

Exhibit "E".

BY MR. ANISSIMOFF:

245. Q. The next exhibit is a printout of your website and that's dated somewhat, but can you confirm...

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A. It's...

246. Q. ... that that's what your, the kind of information that's available on your website which can be updated, I suppose, by going to it...

A. Yes, yes.

247. Q. ... in real time and...

A. Yeah, I think that if you look at the website, you know, websites are only effective if they're living documents, and so you'll find that the more recent version is, is slightly different, but the context remains similar.

REPORTER: Is that "F"? I'm sorry...

MR. ANISSIMOFF: It is.

REPORTER: ... you didn't mention it. Okay.

BY MR. ANISSIMOFF:

248. Q. And as and from when has the company had a website in North America?

A. Since its -- it's difficult for me to say. I believe that the website was designed and delivered very close to the inception of the North American business.

249. Q. In about '01 or...

A. Yeah, in '01, '02, yes.

250. Q. Yes.

REPORTER: Exhibit 26.

EXHIBIT NUMBER 26: Appendix One,  
Exhibit "F".

BY MR. ANISSIMOFF:

251. Q. I'd like to skip the next exhibit and return to it. The next exhibit will be Exhibit "H", Appendix One, and can you tell me what that is, Mr. Leaper?

A. It's a, it's actually my business card with the DigiPoS logo and details on it.

252. Q. Is that a representative business card for all of your employees? Would they be walking around with a business card such as the one we're looking at?

A. Yes. One of the things we do at DigiPoS is have a global marketing group, and through that global marketing group we keep our mark and cards as consistent as possible. So this would be representative of all of our group's cards.

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REPORTER: Exhibit 27.

EXHIBIT NUMBER 27: Appendix One,  
Exhibit "H".

BY MR. ANISSIMOFF:

253. Q. The next document is Appendix One, Exhibit "I". Can you glance at it, please, and tell me what that is?

A. This is a press release that talked about DigiPoS Systems Group breaking the hundred million dollar sales barrier in under ten years.

254. Q. Can you give me a date for this document, approximate date?

A. Approximate date was two-oh -- just, it would be in 2004.

255. Q. Okay, in '04.

EXHIBIT NUMBER 28: Appendix One,  
Exhibit "I".

BY MR. ANISSIMOFF:

256. Q. The next document is Appendix One, Exhibit

"J", and can you glance at that document and tell me what that is? I think there's a repetitive element to this document...

A. This is...

257. Q. ... please.

A. Yeah, this is an announcement that came out in October of 2004 when we first announced blade technology being delivered by DigiPoS Systems in the form of the Retail Blade.

258. Q. And we looked at the box that it comes in...

A. Yes, earlier.

259. Q. ... a few exhibits ago?

A. That's right.

EXHIBIT NUMBER 29: Appendix One,  
Exhibit "J".

BY MR. ANISSIMOFF:

260. Q. The next exhibit is Appendix One, Exhibit "K", and what are we looking at here?

A. This was an example of some marketing that we did for a retail trade show. What you're looking at is DigiPoS solution consisting of our, our

products in the, in the ad and then just some marketing information.

261. Q. This again depicts the products that you sell?

A. The products and the, and the brand, yes.

EXHIBIT NUMBER 30: Appendix One,  
Exhibit "K".

BY MR. ANISSIMOFF:

262. Q. Appendix One, Exhibit "L", please. This document says,

"Microsoft selects DigiPoS as the global winner of technology innovation award, partner of the year."

Can you maybe just explain that?

A. Sure. Microsoft, as we all know, is a huge organization that runs a product of the year award in various segments or verticals. In this particular case, DigiPoS was selected to, to be included in the technology innovation award in 2005, based on its retail, the DigiPoS Retail Blade. What's interesting is that this technology

innovation award was not strictly for retail point of sale, but it was, it was an award that took a look at everything from PDAs or mobile devices to cell phones to computers to you name it, anything that would fall in the sort of IT, technology innovation mantra, mantra, whatever. And we were selected out of literally hundreds of applicants from around the world as the winner of the product innovation award in 2005.

263. Q. When you were struggling with that word, it happens to me all the time, did you mean mantra?
- A. Thank you.

EXHIBIT NUMBER 31: Appendix One,  
Exhibit "L".

BY MR. ANISSIMOFF:

264. Q. Appendix One, Exhibit "M" is a white paper. Can you tell me what a white paper is?
- A. A white paper is a paper designed to provide technical information in a relatively non-technical way, to help the reader understand a concept.

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265. Q. So that's a public document we're looking at?

A. It's a public document and this particular one is focused on the DigiPoS Retail Blade.

266. Q. And the copyright symbol date, does that suggest to you and do you confirm that it was made available to the public or published around '04?

A. It was published -- '04 is part of the sales and marketing kit with the release of the Retail Blade.

EXHIBIT NUMBER 31: Appendix One,  
Exhibit "M".

BY MR. ANISSIMOFF:

267. Q. Appendix One, Exhibit "N" is our next document. Can you glance at it, please, and tell me what we see here?

A. What we see here is one of our customers who happens to be in France, Expert is the name of the company, and this is a supplement that was published in RIS News, which is a retail trade publication. It's a multi-page document that talks about the Retail Blade, its technological

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benefit, and really what the ad value proposition is with reference to blade technology.

EXHIBIT NUMBER 33: Appendix One,  
Exhibit "N".

BY MR. ANISSIMOFF:

268. Q. The next document is Appendix One, Exhibit "O", and this is more of the DigiPoS Retail Blade, I think.

A. Yes, this is, this is the summary that went with that last document, and it really talks about cost of overship and, again, the benefits of the DigiPoS solution.

EXHIBIT NUMBER 34: Appendix One,  
Exhibit "O".

BY MR. ANISSIMOFF:

269. Q. The next bundle of documents is to be found at Appendix Two, tab seven, and I'd like you to leaf through. We've looked at the first one showing the promotional items. The page two shows

a box. Is that...

A. This is a, this is the box that we shipped our product in to the customer.

270. Q. The next page looks like the cash drawer.

A. It is a cash drawer with the DigiPoS logo. Is a, the next page is a thermal printer that also has the DigiPoS logo on it. The next page is a picture of the DigiPoS Retail Blade. The following picture is the DigiPoS screen, touch screen, and screen with magnetic stripe reader. The next page is...

271. Q. And just for reference, it looks like a white-coloured box?

A. It's actually, we referred to it earlier as the DigiPoS Power POS product. Again, a small footprint Intel-based processor.

REPORTER: So tab seven is the next exhibit?

MR. ANISSIMOFF: It is.

REPORTER: That's Exhibit 35.

EXHIBIT NUMBER 35: Appendix Two, Tab Seven.

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BY MR. ANISSIMOFF:

272. Q. Okay. Appendix Two, Tab Nine, is the next exhibit and this is from your website and I was wondering if you can take a look at it, and the reference or the idea here in this portion of your website is to identify key partners, and can you take it from there, please?

A. Sure. What we're, what we're looking at here are, are some products that we resell like Microsoft and their operating systems, Epson, their printers, and then if we look further down the page we're looking at, we talked earlier about what we refer to as ISVs, independent software vendors, or VARS, value added resellers, and JPMA and Magstar and Raymark are examples of those partners.

273. Q. And these are people you work with?

A. Yes.

274. Q. And if you continue on the next page...

A. Sure.

275. Q. ... starting with Raymark.

A. Raymark is a manufacturer of software that resell, point of sale based solutions. SDI is a

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company that, stands for Software Development Inc., and they also manufacture retail point of sale solutions. The following people...

276.

Q. Epson?

A. Epson is a manufacturer of printers. TIPRO we have a relationship with that brand for us keyboards. PREH does non-branded keyboards and Metrologic does non-branded scanners. The following category under Service and Support, AMPM would be a company that we would use to help retail end users instal or break/fix, if they had a problem with their hardware. Source Support is exactly the same type of organization, and the last one on that page three is our distribution channel in the U.S. and that is a company called BlueStar.

REPORTER: Sorry, could you tell me which tab that is that you're...

MR. ANISSIMOFF: That is tab, that's Exhibit Nine, Appendix Two.

REPORTER: Tab nine?

MR. ANISSIMOFF: Tab nine.

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EXHIBIT NUMBER 36: Appendix Two, Tab  
Nine.

BY MR. ANISSIMOFF:

277. Q. As we go further we have examples, I think, of customers and case studies, and can you please identify and confirm that these are case studies that were prepared and used...

A. Yes, actually...

278. Q. ... by your company in its sales activities? The first one is Majestic Wine.

A. Majestic...

279. Q. Can you please take it from there?

A. Sure. Majestic Wine is a good example of a DigiPoS case study and it is found on our website. W.H. Smith, a retailer also in the U.K., is found on our website and it's a DigiPoS case study. Circuit City is a case study in the U.S. that is found on our website.

280. Q. How large a transaction was that, with Circuit City?

A. It was 10,000 units.

281. Q. Lanes or channels?

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A. Lanes, yes.

282. Q. Thank you.

A. Oasis, again, case study. One of our customers, 150 stores in the U.K. Oasis is a growing organization. We're doing a lot of professional services work with them as well. Claire's, you may know Claire's as a girls accessories chain. They're a global business and we have done some work with them in Europe. All of those case studies -- oh, the last one is, I think it's the last one. No, it's not the last one. Oh, we've got a few here. Game, you may know Game as EB Games. In America it's known as Game Stores. In the U.K. and in France they all run all of their stores on the DigiPoS complete solution.

283. Q. Next one is Benny's.

A. Benny's is a chain of stores in America that uses the DigiPoS complete solution as well.

284. Q. The next exhibit is Appendix Two, Tab Ten, and you talked about your various offices. Can you glance at these two pages and, to the best of your knowledge, is that correct, and if it isn't

you'll let me know?

A. Yes, it is the...

285. Q. Would an up to date list be found on your website as we speak?

A. Absolutely. An up to date list is on the website, yes, yeah, and this really has not changed much at all.

EXHIBIT NUMBER 37: Appendix Two, Tab Ten.

MR. ANISSIMOFF: Mr. Boyle, I'm coming to the end of my work.

MR. BOYLE: The last exhibit was 37?

REPORTER: Yes.

MR. BOYLE: Okay.

BY MR. ANISSIMOFF:

286. Q. Mr. Leaper, what I'm going to give you is an extract of the status of your trademark application in the United States Patent and Trademarks office which is being opposed. I got that from the records of the USPTO. I'll be

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referring to this document.

Before we do that, I'd like you to take to the next exhibit, which will be Appendix One, Exhibit "G", and let me tell you what that is. We were asked to provide the earliest known invoices of sales into the United States and we provided a series of documents. I think you had an opportunity to review that yesterday. Can you confirm that these are the earliest invoices you've been able to locate evidencing sales into the United States?

A. As far as I'm aware, they are.

287. Q. And the first date would be, here would be...

A. July 25th of '02.

288. Q. And I think, as we go through these documents, each invoice speaks for itself?

A. Yes, they do, yeah.

EXHIBIT NUMBER 38: Appendix One,  
Exhibit "G".

BY MR. ANISSIMOFF:

289. Q. Now, referring to the abstract which I

referred to, which I'd like to mark as the next exhibit, please, DigiPoS Abstracts.

EXHIBIT NUMBER 39: DigiPoS Abstracts.

BY MR. ANISSIMOFF:

290. Q. On page one, opposite PC-POS North America Inc. I have put an "X", that's my writing, and I've indicated a name change which you've communicated to the other side previously. Can you comment on that, please? I mean, was there a name change?

A. Yes, there was a name change. The name of PC-POS was changed to DigiPoS to better represent the company, because the product that it had been selling was known as the DigiPoS Product Sect.

291. Q. Do you have a date -- I can get you a date, but do you recall the date? We've communicated a date of the -- no, no, no.

A. You know what, unfortunately I'd have to rely on Mr. Sergeant, our CFO or...

292. Q. Yes, we've provided that date and I will close out with that item of business and ask you

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to confirm the name change. So the rationale of the name change, can you maybe expand on that? I'm not sure I understood what you were saying, maybe I wasn't paying attention.

A. No, no, that's fine. When we first set -- the business came out of the United Kingdom, it was originally founded back in 1994 as a business called PC-POS. PC-POS was in the distribution business, and what actually happened or what we found is as we were selling product to customers, that those customers were asking us for more and more in what we provided. We actually had a complete solution that, in the early days, was not called DigiPoS, but I believe in, I want to say around '99 and I'm stretched on that, I'd have to be, I'd have to look it up specifically, we, we moved the product name to the DigiPoS and Digi 99 at the time, I think, originally.

But we actually branded and sold our products, complete solutions, to the retailers as products called DigiPoS. The DigiPoS Millennium, the DigiPoS 2000, the DigiPoS whatever it may have been. And what was, what was fascinating is as we

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were engaging with our, our target customer, being the end user, it became, we became synonymous with our product. So it was, it was quite funny. Just as IBM has products that they call the Sure POS, we had products that were called the Millennium or the DigiPoS Millennium. And every time we would go and see end user customers they'd say, "You're the DigiPoS guys." And so it almost became synonymous that we were known as DigiPoS because of our product sect.

293. Q. And that's the thinking that drove the name change?

A. That's right.

294. Q. Thank you. On the second page of the abstract I have scratched out the first use and commerce date, you don't know what that is, but that is a claim that lawyers are making with respect to your first date...

A. Well, we could justify that with the...

295. Q. Yes, can you confirm that the first date that we've been able to identify here today is precisely July 25th, 2002, with reference to...

A. That particular invoice.

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296. Q. ... those invoices?

A. Yes, yes, I would agree.

MR. ANISSIMOFF: And, Mr. Boyle, I've provided your colleague, Marsha Stolt, with a declaration which we filed with the trademarks office, amending the first date of first use, but that's a legal matter. With Mr. Boyle's permission, I would like to simply take a break, and I've got five more minutes, Mr. Boyle.

(OFF THE RECORD DISCUSSION)

SHORT BREAK

BY MR. ANISSIMOFF:

297. Q. Mr. Leaper, I noticed that you're wearing some corporate apparel today.

A. Looks very good, doesn't it?

298. Q. It does. Very nattily attired. I notice that the DigiPoS corporate name is there with a symbol associated with it, although it says DigiPoS Systems, is that correct?

A. Yes.

299. Q. That is very similar to the logo that we've seen here today variously and that you've pointed to?

A. Yes, there's a...

300. Q. Is that the logo that you're using, is that the version, the logo version or design version of the trademark that you're using in commerce?

A. Yes.

MR. ANISSIMOFF: Thank you. The next exhibit I will have is I will photograph this board and make that an exhibit, if need be.

EXHIBIT NUMBER 40: Photograph of whiteboard drawing done by Mr. Leaper.

BY MR. ANISSIMOFF:

301. Q. To conclude, Mr. Leaper, these are trademark opposition proceedings and, in essence, what's happening is that Digi International is opposing the registration of your mark in the USPTO and one of the central issues, not all of the issues, but sort of one of the understandable issues goes

something like that and I'm going to ask you for your comment. Digi International is saying that, generally speaking, the commercial activities of DigiPoS Systems, your company, that we've discussed here today, are likely to be mistaken for by consumers or cause confusion with those of Digi International under its various trademarks, including its green Digi mark. Can you please comment, based on your experience, personal experience, can you comment or reflect on that question, please?

A. I've been involved in the retail point of sale business for an awful long time and while at DigiPoS Systems I've never been confused with Digi International.

302. Q. As well, Digi International is also saying that its products have application in the point of sale retail sector. To the extent of your knowledge, can you comment on that?

A. I'm...

303. Q. Do you have any personal knowledge or...

A. I have very, very little personal knowledge whether they would or wouldn't have. If they make

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connectivity tools they're, they're, they would be very much applicable to retail or banking or engineering, for all I know, but I don't see them at all...

304. Q. And why is that, to your knowledge?

A. I don't, I don't think it's an industry-specific product sect. In our world we design solutions for customers that, that are complete in nature, i.e. they solve the end user issue of providing a point of sale terminal, not just a component of it.

305. Q. Again, based on your experience as a North American executive, as an international executive with your group, has your company ever been mistaken for Digi International?

A. Not that I'm aware of.

306. Q. Has your company ever been confused with Digi International by anyone?

A. Not that I'm aware of.

307. Q. Have any of your customers ever been confused, to your knowledge...

A. No.

308. Q. ... in the sense of mistaking you for Digi

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International?

A. No.

309. Q. And finally, again, in your experience, what does the acronym "digi" mean?

A. My experience would lead me to believe that "digi" is an acronym for digital.

MR. ANISSIMOFF: I have no further questions and, with Mr. Boyle's permission, I'd like to break for 15, 20 minutes and I'm available to start when you are, John.

MR. BOYLE: Okay.

MR. ANISSIMOFF: Madame Reporter, we're also in your hands and so you'll let us know when it is convenient to start.

LUNCH BREAK: 12:45 p.m. to 1:15 p.m.

CROSS-EXAMINATION BY MR. BOYLE:

310. Q. Mr. Leaper, we've met. I'm John Boyle and I represent Digi International in this matter, and I just have a few follow-up questions for you.

Initially, I'm going to go through my notes from

your testimony and I had just a few clarification items I needed to get for my own fill-in-the-blanks. You talked about leaving CRS in 1997 and you started a point of sale software and associated products company, is that right?

A. It was a software business, yes.

311. Q. Okay. What was the name of that business?

A. It was called IS Retail.

312. Q. IS Retail? And if I've followed you right, you ended up selling that to a British company in 2000?

A. Yes. It was called Integralis Retail, hence IS.

313. Q. And then they were ultimately acquired by DigiPoS Systems?

A. At the time, PC-POS slash DigiPoS Systems.

314. Q. Okay, got you. PC-POS which later became...

A. Perfect.

315. Q. ... DigiPoS?

A. That's right.

316. Q. Right, okay. I think we looked at some documents earlier you glanced at and you weren't sure about the date when the transfer occurred

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from PC-POS to DigiPoS. Did that change occur at the same time in the U.K. as well as in North America?

A. It occurred globally.

317. Q. Okay. All at the same time?

A. Yes.

318. Q. Okay. So the U.K. operation which was also PC-POS...

A. Yes.

319. Q. ... and North America PC-POS all became DigiPoS...

A. Right.

320. Q. ... globally, at one time?

A. Relatively close.

321. Q. Okay.

A. It wasn't an overnight issue.

MR. ANESSIMOFF: I may be able to assist.

The answer we gave, Mr. Leaper, answer 33,

was that the applicant was incorporated on

July 9th, 2001, and changed its name to

DigiPoS Systems Inc. by Articles of Amendment

dated January 12th, 2004. Does that sound

right to you?

THE DEPONENT: That does sound pretty close.

BY MR. BOYLE:

322. Q. Earlier you talked about this call you got from Larry Kraft of Digi International; do you recall that testimony?

A. Yes.

323. Q. And at some point did that conversation turn into a settlement discussion or something in the nature of a settlement discussion?

A. Mr. Kraft brought up that he would like to settle the dispute that was about to happen, and his remedy was, because I queried him specifically as to his remedy, and the remedy was that DigiPoS Systems changes its name. I suggested that I felt that remedy was somewhat severe and didn't make much commercial sense, based on our investment, and he said -- I asked if he had any other concepts around remedy, to which he replied no.

324. Q. Well, I take it you didn't have a further conversation with him after that?

A. Not that I recall.

325. Q. Okay. You were asked about your knowledge of

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Digi International and you indicated you knew they were involved in the connectivity business. Is your knowledge of what they do limited?

A. Yes.

326. Q. Okay. And I take it from your testimony you sort of have a general idea of what they do, but not a specific idea?

A. Yes.

327. Q. In fact, you indicated you knew they were involved in connecting computers with peripherals, but they may do other things, you just didn't know?

A. I think that's fair.

328. Q. Okay. Are you aware, do you have knowledge of the products, the specific products that Digi International sells?

A. No.

329. Q. And I take it you wouldn't have knowledge, personal knowledge of the various applications that they apply their products to?

A. If I came across them in commercial trade I would know them as a competitor in .... product sect. Since I don't come across them, I don't

really know them.

330. Q. Okay. And I take it you wouldn't have knowledge of the channels of trade in which Digi International operates?

A. I've been introduced to the channels, based on the testimony.

331. Q. Okay. Testimony that's arisen from this case?

A. Um hmm.

332. Q. Apart from what you've learned through this case, did you have independent knowledge of the channels in which they operated?

A. No.

333. Q. And apart from what you've seen from perhaps previous deposition testimony, did you have any idea of the markets in which they operated?

A. I've -- no.

334. Q. Now, you talked about branding for the DigiPoS products and we looked at some pictures and whatnot, and if I follow your testimony right, all of your products are branded with DigiPoS unless it's some peripheral product that you sell as part of a package; is that fair?

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A. That's fair.

335. Q. So, for instance, you mentioned Epson printers that you use sometimes in some of the applications.

A. Um hmm. Actually, in probably 95 percent of all sales are bundled with an Epson printer.

336. Q. Okay. And if I followed you right, your testimony right, as part of your sales, 80 percent of the products that you sell in a box, overall total would be DigiPoS branded items and the rest would be from Epson or someone else where you're offering a peripheral item with that package?

A. Pretty close.

337. Q. I was just curious. We looked at the Utopia product...

A. Um hmm.

338. Q. ... and you indicated that you partnered with someone else on that product. Who's that partner?

A. Company name is Pan Oston.

339. Q. And I believe you also indicated that DigiPoS is moving into the hospitality industry. Can you be more specific by what you mean by hospitality?

A. An all-in-one based product.

340. Q. And can you tell me what particular customers or client base would utilize DigiPOS's hospitality products?

A. I think what I could do is help give a couple of examples of people in the hospitality marketplace, i.e. customers or potential customers.

341. Q. Okay.

A. If we looked at McDonalds, they could be a hospitality customer or a prospect.

342. Q. And perhaps I'm perhaps misinterpreting the distinctions you're making, but is there a distinction between retail and hospitality?

A. I think that what you'd find is that retail is a segment and hospitality's a vertical within that, or the other way around. Retail is a vertical and hospitality is a segment within, just as general merchandise, mass merchandise, hospitality, petroleum could be seen as segments within the vertical.

343. Q. I see, okay. So, for instance, what you would do in a retail department store you would consider a different category than hospitality?

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- A. Yes, different subcategory, yeah.
344. Q. Right, okay.
- A. Yeah.
345. Q. They're both in retail sales, but I suppose it involves a different application, probably?
- A. Could be very different.
346. Q. Yes. And hospitality, would that include hotels?
- A. Could be, could be.
347. Q. Restaurants?
- A. It would make sense in a restaurant world, yeah.
348. Q. Fast food?
- A. Yeah, actually known as quick service actually. If you, if you want to break hospitality down, it actually references QSR or quick service in the restaurant, fast food type business.
349. Q. And tell me if I heard your testimony wrong, but I take it that this is kind of a new area you're moving into in terms of hospitality?
- A. We've actually -- it has not been a core for us now, no.

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350. Q. What's been your core?  
A. General merchandise.
351. Q. So that would be like department stores, clothing stores, that kind of thing?  
A. That's right.
352. Q. And forgive my lack of computer knowledge, but we were looking at a product called the PH 6000 and you made reference to a small footprint. Can you tell me what you meant by small footprint?  
A. Its physical size is small.
353. Q. So it doesn't take up much space?  
A. That's right.
354. Q. And then you made a reference that it's involved in point of sale connectivity. What did you mean by that?  
A. Well, I think what you'd find is that anyone that focuses on retail hardened based point of sale units focuses on providing connectivity between the main system and the peripherals, and that's an integrated feature of IBM, as an example.
355. Q. I take it, for instance -- and by peripherals, do you mean what's actually located

in the lanes?

A. Yes.

356. Q. All right. And then you're talking about then that information's shared with a, I guess a back room system that would keep track of inventory, for instance?

A. The reference point when we design products or IBM designs products, when retail hardened products get put together, the connectivity is really to connect the peripherals and provide data power for the peripherals that come as a complete solution.

357. Q. Just so I understand, I have some general awareness of how sophisticated it is these days in terms of, for instance, a department store tracking and maintaining levels of inventory through their sales data, and my question is do your products primarily just deal with handling the sale in the lane and then forwarding that information to say a master system or the back room system? And my question is, are you involved in any of the software, the mechanics, the functionality of keeping track of inventory,

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reordering inventory, or is that something else?

A. No, that's something else, yeah.

358. Q. Okay. Did what I asked make sense?

A. I'm sorry?

359. Q. Did what I asked make sense?

A. Reasonable.

360. Q. Yes, okay. I mean, I'm aware there are systems now where there are automatic orders that go out as inventory decreases from certain stores, that kind of thing, and that's not the segment that you're involved in. You're in the, what's occurring in the lanes?

A. I think that what you're referencing is, is software based versus hardware based.

361. Q. And that's more of a logistics type of function?

A. I don't, I don't agree that it's a logistic function, but it is, it's, it's a merchandise management or point of sale data collection function.

362. Q. And that's outside the range of the services that DigiPoS provides?

A. Yes.

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363. Q. You broke down your channels and you said, I believe you attributed about 70 percent of your sales are direct, that is to the actual end users, is that correct?

A. Yes.

364. Q. And then you identified two other types of indirect channels which were the non-value added or distributors and you referred to BlueStar. Are they your only distributor?

A. They are our only distributor in the U.S., yes.

365. Q. And can you put a percentage of your sales that go to them in terms of your distributor?

A. Maybe ten percent or less. Actually...

366. Q. Ten percent or less?

A. Yeah, it's less than that. It's probably, it'd be a stretch to say five to ten percent.

367. Q. So would that leave what, 20 to 25 percent for your indirect value added customers?

A. Yes.

368. Q. So about 20 -- I'm sorry?

A. Yes, 20, 25 percent through the ISV, independent software vendor, and VAR channel.

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369. Q. I'm sorry, the last term you used was?

A. VAR channel.

370. Q. Oh, VAR channel, okay.

MR. ANISSIMOFF: Mr. Boyle, off the record.

(OFF THE RECORD DISCUSSION)

BY MR. BOYLE:

371. Q. All right. So if I follow you right, 20, 25 percent of your business is going to these customers who turn around and resell or add value to your product, either through software or some installation process, is that correct?

A. Sure, yeah, that's correct. I'd have to suggest the majority of that is that they just load software on it. I think that you were making reference to that, that complex world of logistics slash merchandise management or point of sale data captured, and that's usually where those people live. We reviewed some of them in that, in the testimony.

372. Q. Okay. And if I follow you right, these value added providers will take your product, they'll

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load it with software and then they'll actually apply that to a particular installation for a customer?

A. Sometimes. Often, often what happens more than that example is that they will provide us with the gold disk of their software and we will install it on the system and deliver it to the end user.

373. Q. When that happens, does DigiPoS act as the direct biller or invoicer for that, or do you bill the value added provider and then they bill the client?

A. In that portion of the business, probably bill the reseller.

374. Q. And then they'll bill the ultimate end user?

A. It works both ways, but yeah. It really depends on the situation.

375. Q. Okay.

A. That could be split both ways.

376. Q. Do you have personal knowledge about whether Digi International sells connectivity equipment used in point of sale applications?

A. No.

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377. Q. Do you have any knowledge, personal knowledge of whether Digi International Products are used by value added providers for point of sale systems?

A. In none of the people we deal with.

378. Q. Outside the group of people that you deal with, are you aware of any Digi International products being used by value added providers for point of sale systems?

A. I have seen them at a trade show.

379. Q. Which trade show was that?

A. Can't recall.

380. Q. When was that trade show?

A. Can't recall.

381. Q. Do you remember what it was you saw?

A. A green Digi mark. I actually didn't make it directly to the booth, I just got close.

382. Q. And was this at a point of sale related trade show?

A. It was at a retail trade show.

383. Q. Do you remember where it was?

A. I don't recall.

384. Q. Do you have any personal knowledge about Digi International's marketing efforts?

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A. No.

385. Q. You testified earlier that your advertising promotion budget you think is going to move from about 500,000 up to maybe seven or 800,000, and I sort of caught in there an inference that maybe your marketing budget is tied to a percentage of your overall revenues?

A. This really hasn't, you know, the question's outside of what we're dealing with.

386. Q. Pardon?

A. The question is really outside of what we deal with, what we're dealing with here.

387. Q. Okay.

A. How we spend and how we come up with marketing dollars, you can make the inference but, you know what, it has nothing to do with what we're talking about.

388. Q. Well, the only reason I asked is because you made the comment that...

A. It will be...

389. Q. ... because your sales are going up, it's going to go up, and I was just wondering if it was tied to some benchmark ...

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A. No.

390. Q. ... or it's a...

A. I'm not ...

391. Q. Okay. I take it if it is tied to a benchmark you don't want to tell me?

A. I think that's fair.

392. Q. We looked at some invoices that are purportedly the earliest invoices for DigiPoS and PC-POS products in the U.S. Do you have personal knowledge about those invoices or was that something you relied upon someone else to gather?

A. I relied on someone else to gather, but I was actually instrumental in making the sales, if that helps.

393. Q. Yes, that helps, thank you. So the sales reflected in the invoices you were personally involved in?

A. In one, at one way or another, yes.

394. Q. Okay. There are tons of DigiPoS Systems logos that we have seen today, including one on your shirt. Are they always the same where they have a capital "D", a capital "P", a capital "S" and the others are small caps?

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A. I believe in most cases the answer is yes.  
That's the way it should be.

395. Q. Is it sometimes configured differently?

A. No, shouldn't be.

396. Q. All right.

A. If it is, it was a rogue division, a rogue...

397. Q. It was a rogue DigiPoS. And from the time that the company took on the DigiPoS name, has it always been in that configuration with a capital "D", capital "P", capital "S" and the others in small capitals?

A. There was a change to the logo. Maybe we could use the stuff that's on the table here.  
This...

MR. ANISSIMOFF: I didn't mean to be doing this. I was just holding it up, but are you referring to something, Mr. Leaper?

THE DEPONENT: The logo has, has gone through a refresh. The original DigiPoS logo was this, this, whatever you do, and this is the updated DigiPoS logo.

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BY MR. BOYLE:

398. Q. Oh, I see what you're saying. It was a different style of...
- A. Yeah.
399. Q. ... print, I guess lettering, I guess. But even in the earlier form it still, it had the capital "D"...
- A. Yeah.
400. Q. ... capital "P", capital "S" and the...
- A. Yeah.
401. Q. ... others were small caps?
- A. Right, right.
402. Q. Okay. Does the P-O-S in DigiPoS stand for point of sale?
- A. Yes.
403. Q. Earlier, Mr. Leaper, we looked at examples of packaging and the boxes that DigiPoS products are shipped in and they all clearly show the DigiPoS emblem on the outside, is that correct?
- A. Yes.
404. Q. And that's standard procedure that the products shipped should always have the DigiPoS emblem or label on the outside?

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A. What we, what we do is we actually box any of the components in that, that larger box that always has the emblem on it.

405. Q. And in that larger box there are perhaps other components or whatnot, are those individually boxed with items that have the DigiPoS label on them?

A. Some yes, some no.

406. Q. And in some cases where you're sending a point of sale system you might have, for instance, a printer in that larger box that's actually produced by another manufacturer?

A. Example, Epson.

407. Q. Right. I'm trying to get a complete sense of the products that DigiPoS sends in those large boxes.

A. Right.

408. Q. And the items I was able to keep track of is that there's an Intel-based computer of some kind that drives the apparatus, there's a screen, keyboard, scanner, cash drawer. Any other products that or particular items that are utilized by DigiPoS?

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A. That, that pretty well covers it. Those are the products that make up a complete point of sale terminal in most cases. I don't think you said customer display which is...

409. Q. Is that different from a screen?

A. Yes. It's usually a fluorescent sealed -- sealed fluorescent two by 20 display.

410. Q. Oh, I see, for the customer to see from their side?

A. Right.

411. Q. Okay. So you've got a screen that the cashier, for instance, looks at and then you've got a...

A. Right.

412. Q. ... a customer display...

A. Yeah.

413. Q. ... so the customer can make sure that...

A. And what's really incredible is that the name is almost descriptive, hence a customer display.

414. Q. Got you. That way the customer can determine if something's been accurately rung up on their purchase.

A. When the customer display says it's 4-99,

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they usually see it's 4-99, because one thing that is really, you know, this retail stuff is incredibly complex.

415. Q. Now, we've looked today at some examples of the Retail Blade product and it appears in the examples we looked at, it's got a DigiPoS label on the left-hand side and a Retail Blade marking on the right-hand side. Is that accurate?

A. Right, yes.

416. Q. And is that the way it's been consistently labelled since the product came out?

A. I think that in one photo that I saw today was a early, early prototype that had DigiPoS, but no Retail Blade on it. All of the products that have been commercially shipped all come in that format, with the two logs.

417. Q. Okay. Based on what you said, has the Retail Blade product always displayed a DigiPoS...

A. Yes.

418. Q. ... label?

A. Yes.

419. Q. And I would take it the Retail Blade product is shipped in a box that has the DigiPoS label on

the outside?

A. I'm not aware. I actually don't know. I'd have to -- I haven't been to the warehouse in a while. I really don't know.

420. Q. Okay.

MR. ANISSIMOFF: Excuse me, just so I'm following...

MR. BOYLE: Yes?

MR. ANISSIMOFF: ... is this the box for the hardware that goes in the other box?

MR. BOYLE: Oh, we could split that up, I thought the same thing.

BY MR. BOYLE:

421. Q. I take it if the Retail Blade product is sent as part of a total system that would be used for a lane, it's in a larger box that would have the DigiPoS label on the outside?

A. Yeah, and as I said, you know, I'd have to double-check. All I, all I know a hundred percent sure is that when you open the box there's a CD in there, in the box that says "DigiPoS Retail Blade" on it. That's...

422. Q. You testified earlier and I'm just, I'm not trying to quibble here, but you testified earlier and I think it was in the interrogatory answers that the percentage of sales to the U.S. of North America sales is approximately 80 percent.

A. Um hmm.

423. Q. That sounds correct?

A. It does.

424. Q. Can you tell me, is that fairly accurate? I mean, as opposed to just grabbing a round number, I mean, is that a fairly accurate number?

A. It's a very accurate number. We traditionally, though, do not break out U.S. and Canadian sales, so it's accurate, but it's a gut number.

425. Q. Is the Retail Blade product sold separately as a stand-alone?

A. Traditionally, no.

426. Q. Are there instances where it has been sold as a stand-alone?

A. Exception not the rule. Is there instances? Yes, I can think of a couple where a customer wanted to keep their screen or their Epson printer

and upgrade their entire system, that it may have been sold alone, yeah. There's probably a couple of instances. Is that our traditional? We, we don't normally sell it that way. And, by the way, that would be no different than the Power POS Millennium or the Power POS as a product either. It really is, you know what, customer driven as much as anything else in some cases.

427. Q. And those, in some cases, depending on the customer's needs, could be sold as stand-alone products?

A. Again, exception not the rule.

428. Q. And then they would integrate that Intel-driven hardware with the periphery that they already have?

A. Right.

MR. ANISSIMOFF: Mr. Boyle, can you give me a second, please?

MR. BOYLE: Sure.

(OFF THE RECORD DISCUSSION)

BY MR. BOYLE:

429. Q. Does DigiPoS ever sell to original equipment

manufacturers?

A. Give me an example.

430. Q. For instance, would you ever, would DigiPoS ever sell a component to a third party manufacturer where they would integrate your component into a product they'd sell under their name?

A. Give me a real life example.

MR. ANISSIMOFF: Mr. Leaper, if you can respond in any way to the question do so, and if you can't, say "I can't respond."

THE DEPONENT: Well, okay. My answer, my answer would be it's not likely.

BY MR. BOYLE:

431. Q. Well, I'll give you an example. A certain computer company may incorporate a microprocessor manufactured by another company, which is a component they purchase, but then sell it under their own brand name.

A. Oh, yeah, no, we don't, we don't have any arrangements to OEM products.

432. Q. Okay. Where someone would take any component

that you manufacture and incorporate it into a product they'd sell under their name.

A. Yeah, and the big issue, the big issue there was brand, right? Traditionally, I believe OEMs like to brand their own products.

433. Q. Correct.

A. And in all cases we sell the product as a Retail Blade or as a DigiPoS based product. We may integrate it, as an example, into a kiosk, but it's still a retail, it's still a DigiPoS product, not a kiosk maker product.

434. Q. Well then that leads me, I guess, to a follow-up question which is in the case of working with value added resellers or independent software centres, do they ever package a product under their name that incorporates...

A. No.

435. Q. ... a DigiPoS system?

A. No. Part of the relationship is that they sell it as DigiPoS and, very frankly, a lot of those customers are very interested to sell it as DigiPoS because of brand pull.

436. Q. Just want to clarify, and you probably

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haven't seen these, but in interrogatory answer there's a reference that the DigiPoS product lines include computer hardware, user displays or monitors, printers, cash drawers, customer displays, keyboards, things that we've already talked about. My question is computer hardware, are we referring here to the Intel-driven computer that operates the system?

A. Yeah. If we -- we were talking about the Power POS, the Millennium and the Retail Blade...

437. Q. Correct.

A. ... as being Intel-based or AMD based processors that drive the complete solution.

438. Q. In other words, they're the brains of the system?

A. Sure.

439. Q. Okay. And everything else is really peripheral to that?

A. Yes. But also important that we don't sell it that way, right? The goal is to sell it as a complete solution.

440. Q. Well, you like to sell it as a turnkey.

A. Absolutely.

441. Q. Or that's your preferable way of doing it?

A. It should be noted we've walked away from business when it wasn't.

442. Q. But if I followed you correctly, there have been some occasions where you have sold the component?

A. Yes, very limited.

443. Q. All right. And do you have any knowledge or familiarity with zero client products sold by Digi International?

A. No.

MR. BOYLE: I think I am virtually done. If you want to just take a two minute stretch break...

MR. ANISSIMOFF: You got it.

(OFF THE RECORD DISCUSSION)

BY MR. BOYLE:

444. Q. Just a couple of final follow-up and this, Mr. Leaper, goes to the things you said at the very end of your testimony and perhaps because I'm dense. I didn't quite follow what you were trying

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to say and I just want to clarify. There was some reference to the name changing from PC-POS to DigiPoS and you made some reference to that DigiPoS became synonymous with the P-O-S product. What did you mean by that?

A. I think, I think what, what I said or at least meant to say was that the product was branded DigiPoS, and the customers started to get to know the company more as DigiPoS because of the products than PC-POS.

445. Q. Oh, okay. If I follow you right, while the company was still PC-POS, it was starting to brand products as DigiPoS?

A. It had done that for years before it changed its name.

446. Q. Okay. And so the customer who was receiving it gets a DigiPoS product and started thinking, "Well, this came from DigiPoS" as opposed to PC-POS?

A. Absolutely.

447. Q. All right.

A. Guilty by association.

448. Q. And so you indicated that's the thinking that

drove the name change, and I take it by that you meant changing the name to reflect what's on the product?

A. That's right.

MR. BOYLE: Thank you. That's all I have.

MR. ANISSIMOFF: I have some follow-up questions.

RE-EXAMINATION BY MR. ANISSIMOFF:

449. Q. In the discussion with respect to how the trademark was used, two documents you've referred to...

MR. ANISSIMOFF: And with your permission, Mr. Boyle, I'd like to mark these two documents for identification?

MR. BOYLE: Oh, I'm sorry, could you identify again?

MR. ANISSIMOFF: Yes. These two brochures were referred to when discussing the trademark and the style or logo shape of it, the change.

MR. BOYLE: Oh, the difference in the logo?

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Sure, that's fine.

MR. ANISSIMOFF: And I'll mark these two for identification.

REPORTER: So can I continue the number and just make them one?

MR. ANISSIMOFF: Please do, yes.

REPORTER: Just one number?

MR. ANISSIMOFF: Yes, yes.

REPORTER: Okay. Forty-one, by the way.

EXHIBIT NUMBER 41: Two brochures showing DigiPoS logo.

BY MR. ANISSIMOFF:

450. Q. There was a discussion, and I don't mean to get into it, Mr. Leaper, but there was discussion about your preference of selling turnkey systems and there was a discussion of some occasions, I think you used the word "limited," when the sale would not be a turnkey sale and you said that's the exception. Is this like something you could count on one hand or...

A. It is something you can count on one hand,

yeah. As I said, we've even turned business away because of that.

MR. ANISSIMOFF: I have no further questions, unless you have something arising out of that, Mr. Boyle.

MR. BOYLE: Yes, just let me look at these.

CROSS-EXAMINATION CONTINUED BY MR. BOYLE:

451. Q. Mr. Leaper, without any objection from me, two additional documents have been marked as Exhibit One(sic) which appear to be more advertising or product information from DigiPoS, is that correct?

A. Yes.

452. Q. And there's one that's a smaller version that has DigiPoS that's sort of in an elliptical circle, is that correct?

A. Um hmm.

453. Q. And this is the predecessor logo that was used?

A. Yes.

454. Q. And then the second item which has actually,

it's a reference to Retail Blade, it has the current version of DigiPoS that's used?

A. That's right.

455. Q. As we talked about earlier, in both of these logos the letters "D", "P" and "S" are capitalized?

A. Yes.

(OFF THE RECORD DISCUSSION)

BY MR. BOYLE:

456. Q. Mr. Leaper, you were asked a follow-up question about the situations in which a DigiPoS Intel computer or product is sold as a stand-alone product, and my question is what's the largest application where that's been done that you can think of?

A. Volume-wise?

457. Q. Volume-wise.

A. You know what, I really, I would be remiss. I would.

458. Q. What's the largest in terms of, you know...

A. Oh, you know what ...

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459. Q. ... number of units...

A. Sure.

460. Q. ... or stalls...

A. Yeah, yeah, the largest, the largest one, 10,000 units, we sold a DigiPoS Power POS together with a, I believe, two separate licences and some -- oh, well, they had the printer with that -- to Circuit City.

461. Q. I think we saw some press releases or...

A. I don't think that you -- I don't know if any of those were...

462. Q. From Circuit City?

A. Yeah...

463. Q. Or that application?

A. Yeah, Circuit City, yeah, I don't, I don't think any of them were Circuit City driven.

464. Q. Okay. So one large application you can think of is where 10,000 units of the DigiPoS Power POS were sold to Circuit City?

A. Yes.

465. Q. And that was a stand-alone sale?

A. It did not go as a monitor, cash drawer, printer, yeah.

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466. Q. As you've described earlier, it didn't go as a turnkey...
- A. No.
467. Q. ... solution?
- A. No.
468. Q. Okay. Do you know what Circuit City did with those 10,000 units?
- A. Installed them as point of sale terminals.
469. Q. And then attached it to their own peripherals?
- A. To Epson print, Epson printers, as an example.
470. Q. Were those peripherals items they already, that were already in use or did they buy those separately and connect the whole system themselves?
- A. I don't know if they had or if they were all new, if that makes sense.
471. Q. In terms of peripherals?
- A. Yeah, yeah.
472. Q. Do you recall about when that sale occurred?
- A. Ninety-five or, sorry, sorry, why am I saying '95? Two-oh-four, two-oh -- yeah, around two-oh-

four. Two-oh-three, two-oh-four.

473. Q. Any other sales of stand-alone products of about that size?

A. No, I don't think so.

474. Q. Others that are less than that size?

A. Yeah. Again, very -- traditionally, a small, small percentage go out unless they are a complete solution.

475. Q. And I won't belabour this. Can you think of the next largest application of a stand-alone product, apart from Circuit City, that you just described?

A. Yeah, no, you know what, I, I -- no, I can't.

476. Q. Okay. Any idea what the next largest size of number of units would be?

A. No, I can't. I really don't know.

477. Q. A few thousand, hundred?

A. Don't know.

MR. BOYLE: Okay. That's all I have, thank you.

(OFF THE RECORD DISCUSSION)

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M.W. Leaper - 139

MR. ANISSIMOFF: I was proposing to call my secretary, Sina, to give testimony of her searches, the results of which appear in Appendix Two, Tab Three, Tab Four and Tab Six. My colleague has made an objection to that on the grounds that she hadn't been...

MR. BOYLE: Noticed.

MR. ANISSIMOFF: ... noticed. To the extent that I want to proceed with my secretary, Sina, there's an objection on the table and I don't accept the objection, but in view of the objection we'll have to adjourn and move on.

MR. BOYLE: If I could just state...

MR. ANISSIMOFF: Certainly.

MR. BOYLE: ... I think the rules are quite clear that a deponent has to be noticed, and in this case she was not noticed. Therefore, it's inappropriate for her deposition to be called today, and basically she'd have to be sworn in and give testimony. I will leave it up to counsel to speak with Marsha at our office, who is the lead counsel on this, in

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M.W. Leaper - 140

terms of whether they can come to a stipulation. I can't guarantee you what the result of that will be, and I would remind counsel that, and not to be difficult, but depositions we took in Minneapolis, because a certain witness did not have a foundation to put in documents on a Google search, you objected to those and they were not admitted nor was there a stipulation allowed on admission. So it's not a tit-for-tat, but I think it's clear that the deponent has to be noticed.

MR. ANISSIMOFF: No, and I'm obliged to you for comment and certainly you were very gracious today and I'm obliged to you for your courtesy. Thank you.

MR. BOYLE: Okay.

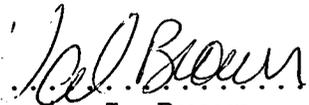
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M.W. Leaper - 141

THIS IS TO CERTIFY that this is the  
Deposition of MARK WALTER LEAPER, taken on January  
12th, 2007.

CERTIFIED CORRECT

  
.....  
Valerie J. Brown,  
Certified Court Reporter.

PHOTOSTATIC COPIES OF THIS TRANSCRIPT ARE NOT CERTIFIED AND HAVE NOT BEEN PAID FOR UNLESS  
THEY BEAR THE ORIGINAL SIGNATURE OF VALERIE BROWN, AND ACCORDINGLY ARE IN DIRECT VIOLATION  
OF ONTARIO REGULATION 587/91, COURTS OF JUSTICE ACT, JANUARY 1, 1990.



**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

DIGI INTERNATIONAL, INC.	)	
	)	Opposition No. 91163719
v.	)	
	)	Re: Serial No.
	)	76561858
	)	
DIGIPOS SYSTEMS INC., formerly	)	
PC-POS (NORTH AMERICA) INC.	)	

**EXHIBITS 1 - 25 REFERRED TO IN THE DEPOSITION  
TRANSCRIPTS OF MARK WALTER LEAPER**

<u>TAB NO.</u>	<u>DESCRIPTION</u>	<u>EXHIBIT NO.</u>
1.	Mr. Leaper's handwritten notes	1
2.	Winner's Circle materials	2
3.	DigiPoS Product Range Profiler, August, 2006	3
4.	DigiPoS marketing brochures/ cutsheets	4
5.	Utopia documents	5
6.	DigiPoS IT 1500 documents	6
7.	DigiPoS PH 6000 documents	7
8.	Retail Blade: Next Generation Power document	8
9.	Distribution list from Digi website	9
10.	AAFES documentation	10

11.	Colorado Group documentation	11
12.	Press release re Harrods	12
13.	Technology Insight Next documentation	13
14.	"Retail Blade for Harvey Nichols"	14
15.	German Grocery Discount Chain	15
16.	Liquidation World documentation	16
17.	Laura Secord documentation	17
18.	Laura Canada documentation	18
19.	Epson documentation	19
20.	Magazine "Retail Technology"	20
21.	Current company brochure	21
22.	Digital photo of front of DigiPos Office in Burlington	22
23.	Copies of brochures which show how the DigiPos Trademark is affixed to various DigiPos products	23
24.	Brochure – Retail Blade Line	24
25.	Digital photo showing use of the DigiPos Trademark	25

1

Digital World

4 May 2005

→ Trade Marks -

- LARRY KRAFT

MN.

952-912-3124

→ Seko ?

→ Box with Digi inside connected -

Digi.com

{ - LARRY KRAFT -  
UP. SALES & Marketing -  
MN.

- POS - Based - more than 10% → Rev 3

- frequent buyer →

Network → products

1  
Chap //

Deleted portion does not pertain  
to the case

Ex. #	1
Exam of	mark heaper
	Digi vs DigiPos
On	Jan. 2005
TRIUNE REPORTING SERVICE LONDON, ONTARIO	

2

2  
Mark Keaper  
Digi DigiPos  
Jan. 12/07

MSNBC - DigiPos

**DigiPoS**  
SYSTEMS

1320 Heine Court  
Burlington, ON  
L7L 6L7

With the award-winning DigiPoS Retail Blade point-of-sale system, we're changing the way Retailers service and support their POS.

To find out more, visit [www.digipos-systems.com](http://www.digipos-systems.com) | [www.retailblade.com](http://www.retailblade.com)

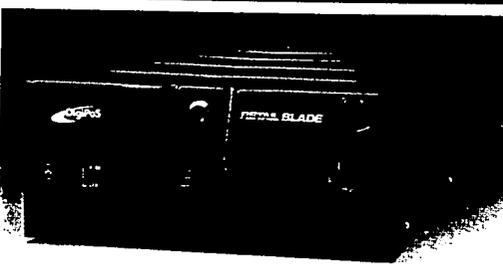


To be on the cutting edge of the Retail Industry, you need a Blade... a SHARP one!

-- Terry Bradshaw, as seen on MSNBC



Here are  
 4 MORE  
 REASONS  
 why you  
 should be  
 TALKING  
 to DigiPos



Attention  
Retailers  
MSNBC

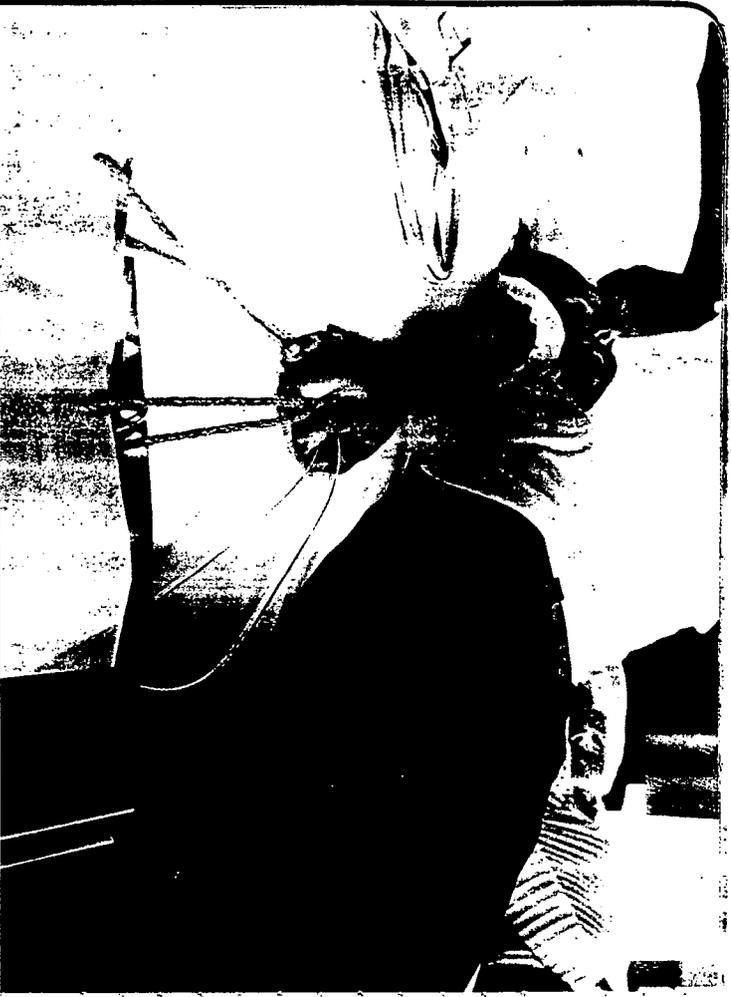
"...DigiPos responded to retailers  
wanting more flexibility and  
more options."

Terry Bradshaw

MSNBC







## SATISFIED CUSTOMERS

The internationally renowned retailer, Harrods, have reported to have since rolling out their Retail Blade across their stores.



Harrods



prettygirl

LAURACANADA

"It was DigIPoS, with the Retail Blade offering who were repeatedly able to satisfy our inquiries, objections and could demonstrate a track record of performance that any IT supplier in Retail would justifiably be proud of."

--Peter Rush  
Pos Manager, Harrods

950 Systems Installed

"Since installing the Retail Blade, we have seen a substantial improvement in reliability and increased uptime. We are currently saving almost \$20,000 per month on maintenance fees alone."

--Emma Mader  
IT Support Services Manager, Pretty Girl FG

430 Systems Installed

"The new DigIPoS configuration provides investment protection, and has eliminated a high failure rate in our older whitebox PC solutions. It has so far exceeded our expectations."

--Murray Shostak  
Director of I.T.,  
Laura Canada

300 Systems Installed

Retailers around the globe agree

**Allow for incremental upgrades which give you**

- 10+ years operating life out of your system

**Has the quickest and simplest maintenance program**

- Self-serviceability by in-store employees, maintain or upgrade in 45 seconds or less with Retail Blade First Aid Kit. Eliminates the need for costly maintenance programs, allows Retailers to take control of their POS

**Maximize your POS investment, ROI**

- Eliminates rip and replace every 3-5 years, allows for new technology to be introduced when available without disruption, lowering your cost of ownership dramatically

**Virtually eliminate disruption to your POS estate**

- Eliminates searching through cables while maintaining or upgrading, all cables remain intact at the back of the system when tending to internal components

**RETAIL BLADE**

3

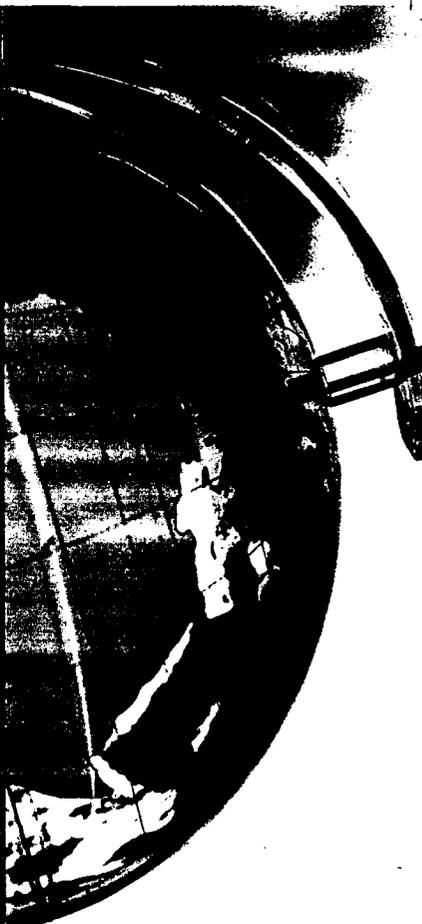
Ex. #	3
Exam of	Mark Hepper
	Digi vs Digi Dos
On	Jan. 2, 2017
TRIUNE REPORTING SERVICE LONDON, ONTARIO	

# DigiPos Product Range Profiler: August 2006

CURRENT RANGE	STATUS OF RANGE	NEW RANGE	CURRENT NAME	MARKET	DESCRIPTOR	KEY POINTS	AVAILABILITY
<p>RETAIL BLADE (RANGE)</p>	<p>CONTINUALS</p>	<p>RETAIL BLADE</p>	RETAIL BLADE	GENERAL RETAIL	<p>Marketed as a long standing POS solution designed to reduce total cost of ownership through robust, the life of the product.</p>	<ul style="list-style-type: none"> <li>Unique design for ease of maintenance and upgrade.</li> <li>POS powered by Intel DigiPos development kit available for reliable, dependable reliability.</li> </ul>	NOW
<p>POWERPOS</p>	<p>NEW MODEL</p>	<p>POWERPOS</p>	POWERPOS (GENERAL RETAIL TO COMMUNITY)	GENERAL RETAIL	<p>Proven and long standing POS solution.</p>	<ul style="list-style-type: none"> <li>Identical look and feel to current PowerPos.</li> <li>Same look and feel as PowerPos.</li> <li>Powerful and reliable.</li> <li>Supports ISA and PCI I/O cards.</li> <li>Reliable compliant.</li> </ul>	AUGUST
<p>FRONTIER</p>	<p>NEW MODEL</p>	<p>FRONTIER</p>	FRONTIER (RETAIL TO COMMUNITY)	HOSPITALITY	<p>A brand new concept for the hospitality market - a compact, portable POS solution that stands up to the rigors of the industry.</p>	<ul style="list-style-type: none"> <li>Unique design for the hospitality market.</li> <li>Compact and portable.</li> <li>Supports ISA and PCI I/O cards.</li> <li>Reliable compliant.</li> </ul>	TO BE AGREED
<p>DIGIPOS 5000</p>	<p>NEW MODEL</p>	<p>DIGIPOS 5000</p>	NEW PRODUCT DIGIPOS PH6000	GENERAL RETAIL	<p>The smallest PC system currently available with a wide range of options - all in a compact, portable format.</p>	<ul style="list-style-type: none"> <li>Very small - will fit into the tightest counter spaces.</li> <li>Compact, reliable and easy to use.</li> <li>Supports ISA and PCI I/O cards.</li> <li>Reliable compliant.</li> </ul>	SEPTEMBER
<p>700 SERIES</p>	<p>NEW MODEL</p>	<p>700 SERIES</p>	POS 15A	GENERAL RETAIL	<p>Price aggressive 15" LCD screen with thin bezel and built in POS functionality.</p>	<ul style="list-style-type: none"> <li>Value proposition with competitive starting price.</li> <li>Various touch screen options available.</li> <li>Allows cables to be protected and built through POS stand.</li> </ul>	SEPTEMBER
<p>700 SERIES</p>	<p>NEW MODEL</p>	<p>700 SERIES</p>	POS 15B	GENERAL RETAIL	<p>15" LCD touch screen with a range of peripheral and internal device management using USB technology.</p>	<ul style="list-style-type: none"> <li>High brightness option available (4500 nits).</li> <li>Expansive options: <ul style="list-style-type: none"> <li>MSR</li> <li>Built in bar code scanner</li> <li>RFID reader</li> <li>Programmable numeric pad</li> <li>Dallas key/Hutton</li> </ul> </li> <li>Built-in PoS Hub offers extendable interface capability.</li> </ul>	OCTOBER
<p>SEALED UNIT</p>	<p>NEW MODEL</p>	<p>SEALED UNIT</p>	SEALED UNIT	HIGH TIER 2 AND UPWARDS	<p>Specialist POS system based on the PH6000 design with a sealed fanless processor unit.</p>	<ul style="list-style-type: none"> <li>High end Intel Celeron processor.</li> <li>Easy access Hard Disk.</li> <li>Sealed processor designed for cost maintenance.</li> <li>External PSU increases life span of the solution.</li> <li>3 year warranty between failure of over 11 years for the system.</li> </ul>	SEPTEMBER

4

Ex. #	24
Exam of	Mark Keiper
	Digi vs Digi Pos
On	Jan. 21/07
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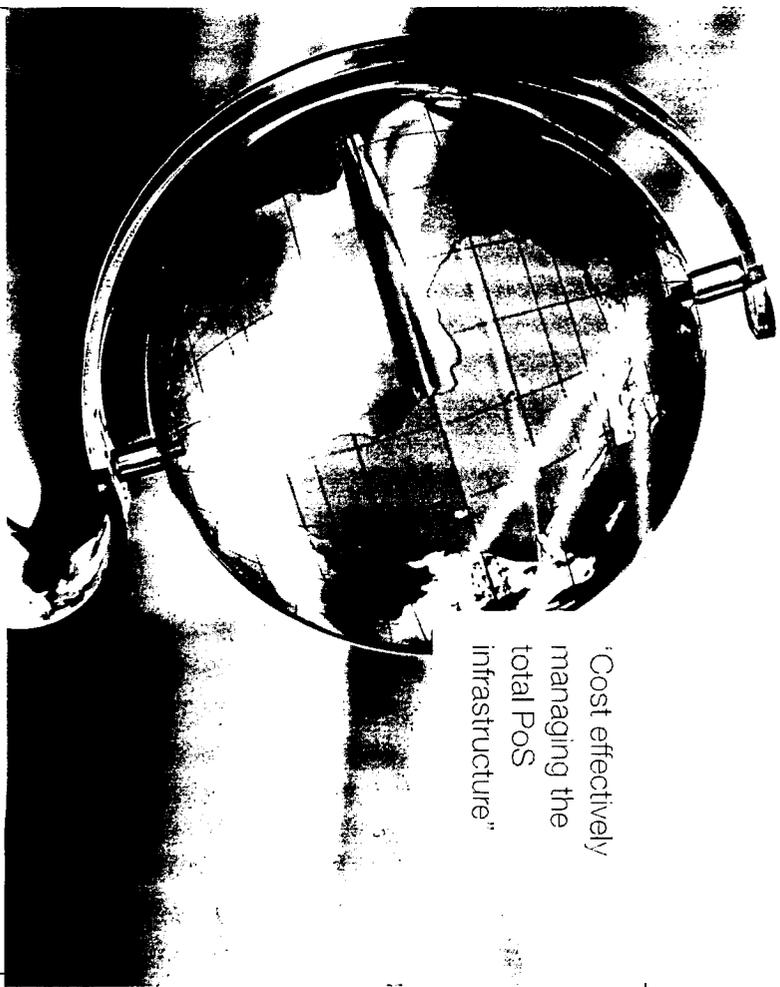
# DigiPos: Global Systems Manager

8



# DigiPos: Global Systems Manager

Cost effectively  
managing the  
total POS  
infrastructure"



RDMP4300



DigiPos Systems Inc.  
1320 Heine Court  
Burlington, Ontario  
L7L 6L9  
Tel: 1 866 847 2767  
Web: www.digipos-systems.com  
Email: info@digipos-systems.com



## Digipos: Global Systems Manager

### Introducing the Digipos Global Systems Manager

Digipos Systems operates globally – exclusively in the field of Retail Technology and Support Services. The Group develops solutions that meet individual Retailers specific needs and therefore the management and technology/support teams across the business have a unique portfolio of experience. This experience has been fully brought to bear in the creation of the Digipos Global Systems Manager.

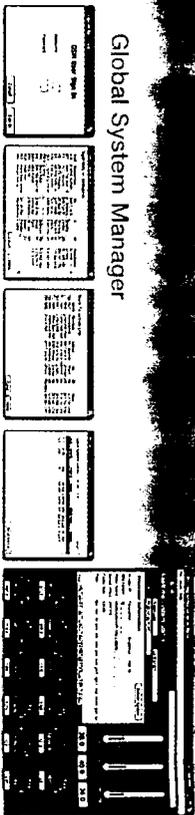
The in-store POS system is a critical component in successful retailing, affecting efficiency and ultimately profitability. Minimizing the cost of systems while maximising their operating time are important factors in Retail operations. The historical practice for optimizing the effectiveness of in-store POS has been to take out additional, often expensive maintenance coverage and rely upon on-site engineering visits to diagnose a fault and then eventually effect a repair.

This can be a lengthy and problematic process and as a result for many years, retailers have faced the issue of extended downtime, the expense of additional engineer call outs for problem assessment of the POS at the retail store level. It is a pattern that can repeat itself across hundreds of stores for example and thousands of POS systems, where the Retailer is completely dependent upon external engineers to be made aware of issues, arrive on site, diagnose a fault - only to result

### Global Systems Manager offers the "single view of the whole estate"

In the necessity of an additional spare part being required in order to be able to effect a repair.

As a result of working with very closely with Retailers and listening carefully to their needs and practical issues, Digipos has designed and developed an integrated solution to directly combat these areas - the Global Systems Manager - (GSM). This web based solution works on a completely different premise than simply taking remedial action via the lengthy process of store visit and potential repair. Operating in real-time GSM is an internet based diagnostics tool that enables direct and remote interrogation of in-store POS equipment, as soon as any health or functionally issues are identified.



### Global System Manager

1. Sign in
2. Select organization
3. Select store
4. Select POS system
5. Connected online performance

## Digipos: Managing Pos in real time

Now, remotely, Service Engineers are able to specifically identify the potential problem areas associated with any POS unit or peripherals without the need to dispatch Field Service staff.

GSM actually monitors the "state of health" of the whole retail POS estate and sending out automated alerts, service engineers can proactively monitor the health status of all connected devices.

GSM enables retailers to access systems remotely and monitor thresholds around a number of parameters including fan speeds, system temperatures, CPU speed, disk errors and more so that as a system collects information on itself, if a threshold is breached (say temperature starts to rise) the system activates a reaction (speed up fans) and sends an alert to an email address(es) and pagers and mobile phones an administrator provides. This gives them the power to identify, avoid, and virtually eliminate potential problems and enable them to take action BEFORE a fault occurs.

"Optimizing system uptime while reducing cost was our primary goal. Now Global Systems Manager achieves both objectives."

Often it will be possible for corrective steps to be carried out locally, or should a part be required, it can be immediately shipped or dispatched with an Engineer. In addition, GSM can track asset movement and improve overall asset management within the store base.

The Global Systems Manager from Digipos Systems eliminates the time and expense of wasted call-outs and ensures that POS units are repaired in the quickest time possible, with minimum disruption. It is a critical tool to help Retailers reduce ownership cost.

### Advantages

- Improves system uptime and performance
- Enhances identification/determination of hardware and software problems
- Expedites problem resolution and store level repair
- Supports proactive, preventive maintenance
- Improves asset movement & management
- Enables real-time and historical reporting
- Reduces support and ownership cost
- Asset management across retail

5

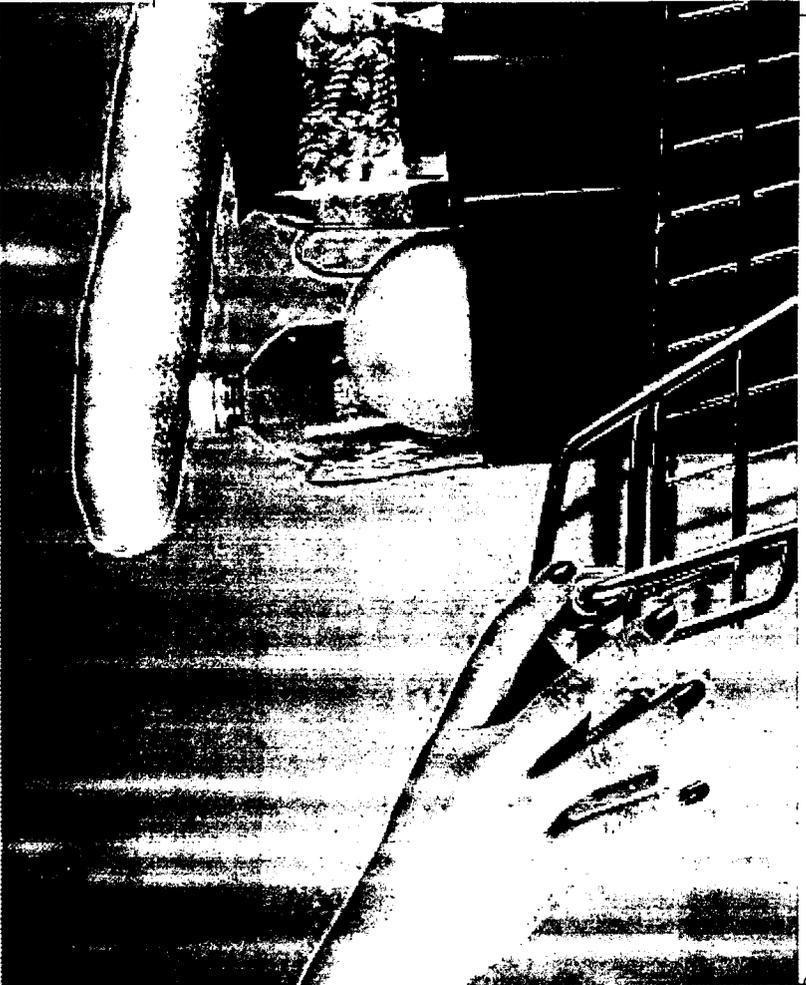
Ex. #	5
Exam of.	Mark Heaper
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8 3



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Integrated Self-Checkout Simplified



DigiPos Systems Inc.  
1320 Heine Court  
Burlington, Ontario  
L7L 6L9

1 866 847 2767  
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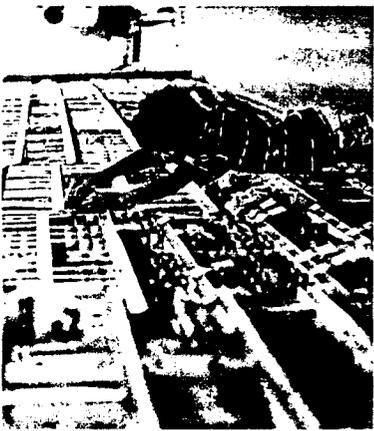
...at the checkout line there are no more lines...

## Introducing The Utopia Solution...

When your customers can purchase the same or similar products at nearby retailers, what keeps them coming to your store? Service? Convenience? Value? Savings?

Smart retailers measure footfall, "wallet share," inventory turns and other metrics but the one that matters most is the volume of transactions completed at the register. Long line delays and too few registers can severely impact transaction volume and seriously damage the service perception in your customers' mind. Would your customer find value in time savings? Is their a value in convenience?

DigiPos Store Solutions thinks so. That is why the innovator who introduced the world's first award winning blade based POS is introducing Utopia - a self checkout solution for the 21st century retailer.



The first award winning blade based POS is introducing Utopia - a self checkout solution for the 21st century retailer.

There are simply some times when your customers can't wait in lines at the registers. How often are your products left at, or near the end caps from customers who wouldn't wait?

Customers waiting in line don't make you money. Providing special services to help people in a hurry, with a few items, or who simply want the self service advantage - now THAT'S UTOPIA!

With Utopia, customers can manage their own checkout all the way up to the payment with a store attendant nearby to provide additional services and verify the transaction. A Mobile Attendant device can promptly deliver price checks or item scans for increased services - even at self checkout lanes.

Technology innovation has always been the mainstay at DigiPos, so you would expect that a self checkout solution from DigiPos would welcome new technologies and future proof your investment.

Best of all, Utopia's modular design and flexible configurations, such as transformable Hybrid lanes from attended to self-checkout, improves employee utilization offering "all lanes open", which can help lower cost in manpower, as well as integration costs. Also, because Utopia easily integrates into existing lane configurations, it allows Retailers to keep their existing front merchandisers, providing affordable value in addition to more shopping choices for your customer convenience.

What do you call a solution that incorporates your current decor, cabinet design, software, user interface, and fits your current store front layout? Utopia from DigiPos Store Solutions!

...with self...  
...that will enhance the shopping experience."



6

Ex.# 6  
Exam of Mark keepers  
Digi vs DigiPOS  
On Jan. 12/07  
TRIUNE REPORTING SERV. CI  
LONDON, ONTARIO

# DIGIPOS IT1500

THE FACTS THE FEATURES & THE SPECIFICATION

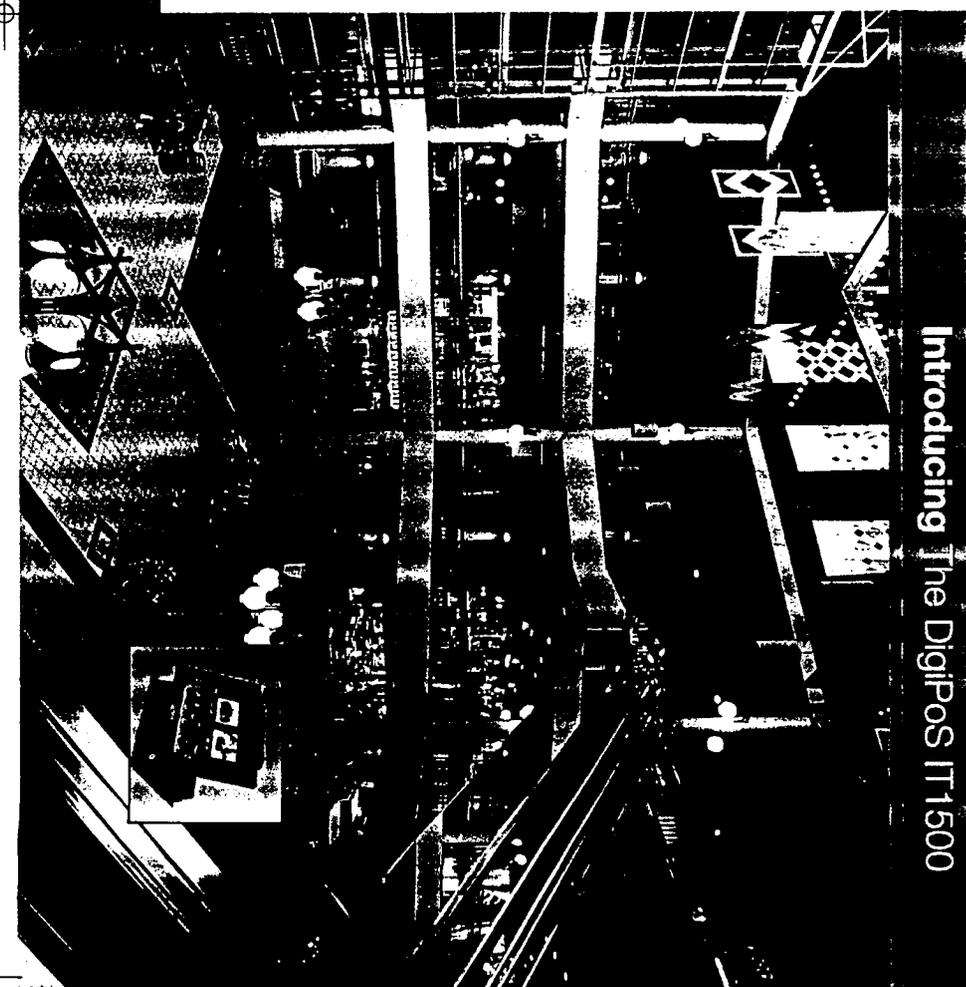
## The specification

Mainboard CPU	Celeron 2.0GHz (FSB400), Pentium M 1.6GHz (FSB533) or Pentium M 1.86GHz (FSB533)
Display Model	15" color TFT, 1024 x 768, 250 nits
Core Chipset	Intel 852GM/ICH4
Display	4 X AGP LCD/VGA controller, advanced hardware 2D/3D Gull engine Sharing memory architecture up to 64MB
System Memory	1 x 1GB pin supporting DDR up to 1GB
L2 Cache	CPU built-in
Audio	MIC-in, Speaker-out (front access) Internal speakers x 2
Speakers	1 x 3.5" HDD
Drive Bay	1 x Slim CD-ROM or equivalent device 1 x Compact Flash slot (optional)
Ethernet	100/10 Base-T PoP Ethernet with RJ-45 phone jack Support Wake-on-LAN
Panel PC/IO	(Accessible inside Kiosk Cabinet) Serial Ports x 4, COM 1, 2 & 4 with +5V/12V power output on pin 9, COM 3 is internal type reserved for touch screen, optional COM 5 1 x Parallel Port x 1; supports SPP/EPP/ECP/PS/2 Mouse Interface 1 x PS/2 Keyboard Interface USB 2.0 x 4 (2 front & 2 rear access) 1 x VGA Interface Cash Drawer RJ-11 with 12V power output
Power Supply	ATX 120W, input range: 100-240V
Touchscreen	15.0" resistive type with RS-232 controller
Dimensions	379mm x 312mm x 358 mm (without second display) 379mm x 312mm x 408 mm (with second display)
Peripheral Devices	Slim type CD-ROM MSR; Magnetic card reader, swipe type, track I, II & III, KB wedge Customer Display (VFD): 20" 2 lines RS-232 Interface Customer Display (VFD) w/pole: 20" 2 lines RS-232 Interface Second display: 10.4" LCD monitor Delta's i-Button w/ replaceable and magnetic key CF socket; CF function COM5: USB to COM5
Stand	Tilt angle: 15°-75° front/back, swivel left/right



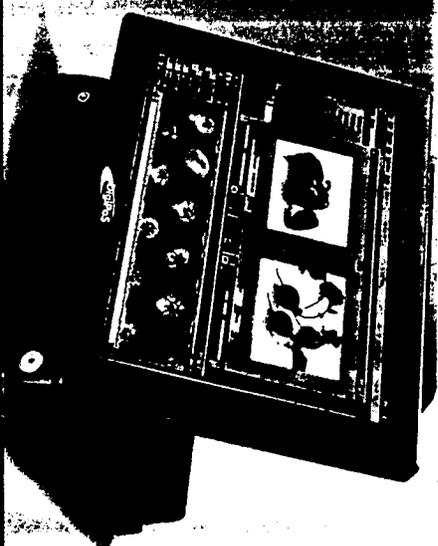
Digipos Systems Inc  
1320 Hero Court  
Burlington, Ontario  
L7L 6L9

Tel: 1 866 847 2767  
Email: info@digipos-systems.com  
Web: www.digipos-systems.com



Introducing The Digipos IT1500





## Digipos IT1500: All-in-One Touch Pos System

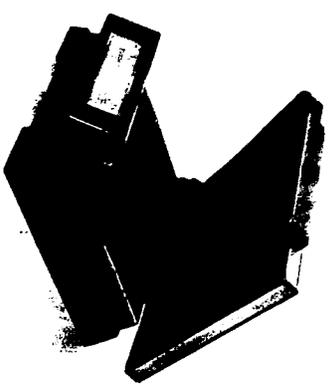
### Introducing the Digipos IT1500...

Digipos Systems have been at the forefront of Retail Technology for over twelve years bringing the product and support demanded by Retailers and related service industries. Over the past eight years the award-winning technology team have been behind world class products such as the PowerPOS and Retail Blade. Expanding the range, the Digipos IT1500 is a further landmark in the development of designed for Retail Technology.

The Digipos IT1500 is the integrated, easy to maintain and cost effective solution for the Hospitality, Leisure and Retail environments. In addition to high performance components the system demonstrates a robust design suited to the high intensity use of the sectors it is positioned to service.

The easy to access hard drive and CD-ROM builds on the key design principles that shape all Digipos technology solutions namely, low cost of ownership, flexibility and product features that demonstrate a clear understanding of how the system will be used.

Security is covered by the IT1500 by the lockable front panel, whilst four USB ports (2 front, and 2 rear) give exceptional functionality where its needed and the whole system can easily adopt a customer display or secondary LCD display if required. The Digipos IT1500 represents the optimum price-performance of any system in its class and with a full 3 Year Warranty delivers exceptional value.



For more information  
call us on 01235 7131



### The facts

The Digipos Integrated Touch IT1500 is the new innovative semi-integrated touchscreen Point of Sale system with a stylish design – designed specifically for the retail, hospitality and leisure markets.

It features advanced technology based on the similar ease and functionality of the Digipos Retail Blade™ technology. This system's outstanding reliability and simple design allows for secured, yet easy access to internal components. It utilizes Intel processing power for high-performance demands and can endure the knocks and spills of harsh operating environments.

With features, the  
compact flash™

While conserving valuable counter space, the 15.1" TFT LCD Panel Display offers wide angle adjustment for true visibility. With the added option of the 10.4" LCD display retailers can enhance the customer experience – providing in-store advertisements and special offers.

### The features

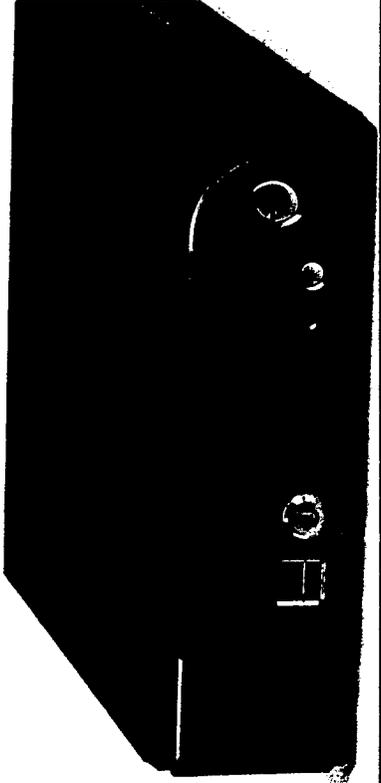
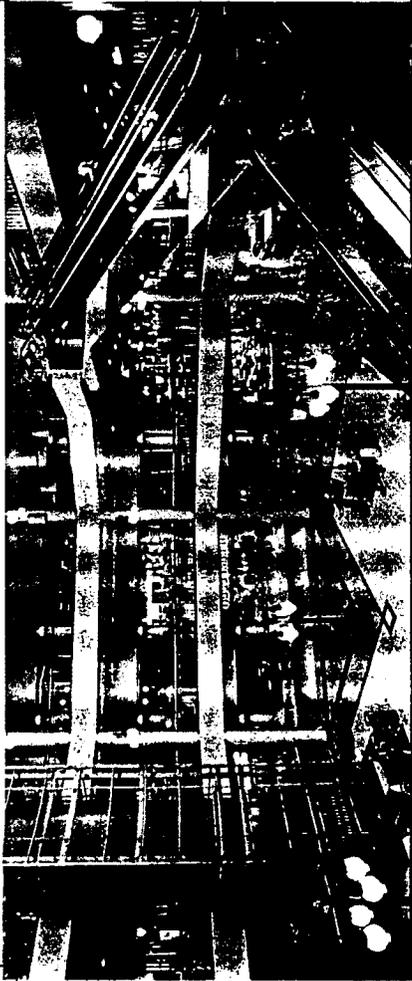
- Advanced technology based on the similar ease of use and functionality Digipos Retail Blade™
- Easily accessible internal HDD/CD-ROM (No tools required)
- Two front accessible USB ports, two in rear
- Lockable front panel for security
- 15" Thin Bezel Resistive Touch Monitor
- 3 Year Warranty
- Intel processing power for high performance
- Small footprint, conserving valuable counter space

### The options

- Compact Flash option
- 10.4" LCD display gives retailers the opportunity to enhance the customer experience
- Standard 2 line/20 character Rear Customer display is also available
- Easily integrated with a Customer Display or Secondary LCD Display

7

Ex. #	7
Exam of	Mark Keppen
	Digi vs DigiDoS
On	Jan. 2, 2007
TRUONE REPORTING SERV. CIE LONDON, ONTARIO	



## The DigiPoS PH6000: PoS in action

### Introducing the latest addition...

DigiPoS Systems have been at the forefront of Retail Technology for over twelve years bringing the product and support demanded by Retailers. Over the past eight years the award-winning technology team have been behind world class products such as the PowerPoS and Retail Blade. Expanding the range, the DigiPoS PH6000 now packs high Retail performance into a very small space.

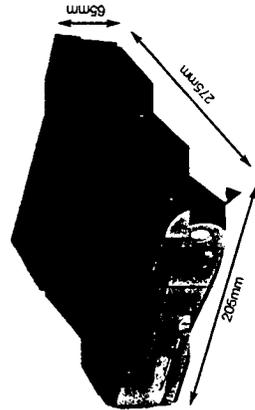
### The facts

Our newest, and smallest addition to the DigiPoS family is the DigiPoS PH6000. This revolutionary Point of Sale System creates a big impact in a very small 205mm x 275mm x 65mm package.

The DigiPoS PH6000 is fully capable of bringing high processing performance and provides an integrated graphics (MA UniChrome™ Pro IGP) accelerator, delivering cost competitive 3D, 2D, and video capabilities. With three Retail Powered USB ports accessibility for integrating peripherals could not be easier.

In addition, it features integrated MPEG-2 decoding for smooth DVD and digital video playback. The VIA C3 processor & CLE266 North Bridge also feature support for high bandwidth DDR 200/266 memory, motion compensation and DuoView for the latest multiple format flat panel display devices.

Available as either a fan or fanless option, it can be configured to fit the customers' needs and requirements. It also features a function lock which helps to protect the systems power button. DigiPoS continue to innovate by improving the most feature-rich, smallest footprint PoS system available in the industry.



### The 4 key issues

The DigiPoS PH6000 range has been designed for low cost deployment – as an entry level solution for thin-client, browser and lower power applications. Utilizing embedded PC motherboard technology, it has been designed for Retail, taking account of specific retail functionality with an ultra small form factor. Systems are available using the industry standard VIA motherboard or for higher specification users, the 1Ghz Intel fanless option.

In specifying the design of the PH6000, the DigiPoS Technology Team consulted Retailers from across the world, and the team identified their four key issues in this class of PoS implementation:

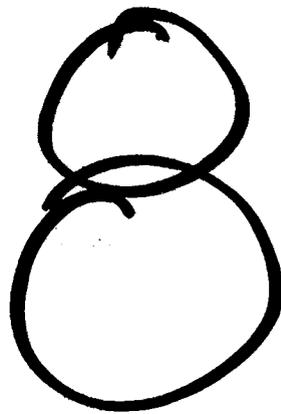
- **Retail centric functionality** in terms of ports etc. that would not readily be found in a standard low cost PC.
- **Higher specification** An industrial standard of component specification ready for the retail environment – again conventionally not found in a standard PC configuration.
- **Small form factor** The ability to quickly integrate a compact, small form unit into store.
- **Lower cost** The means to optimize return on expenditure for not 'overpaying' for unnecessary functionality on the appropriate level required for your Retail requirements.
- **WEPOS** An ideal option for deployment of additional Retail specific functionality such as WEPOS from Microsoft.

### The features

- 3 Year Warranty
- External Power Supply
- Smallest available footprint in Point of Sale – only 205mm x 275mm x 65mm
- Open platform provides flexibility to operate with any Operating System
- 2 x Powered Serial (RS232) ports (Intel Version)
- 3 Retail Powered USB 5/12/24V Power Selection accelerator
- Integrated graphics (MA UniChrome™ Pro IGP) MPEG-2 decoding
- Lockable front cover
- Available with Fan or as a Fanless model
- Configurable to the Customers' requirements
- Outstanding return on investment

\* The DigiPoS PH6000 is packed with Retail Functionality and is available with fan or as a fanless model.\*





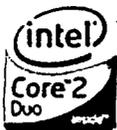
Ex. # 8  
Exam of Mark Leaper  
Digi vs DigiPos  
On Jan. 12/07  
TRIUNE REPORTING SERVICE  
LONDON, ONTARIO



## Retail Blade Evolves with Intel® Core™2 Duo Processors and the Intel 965 Express Chipset

DigiPoS announces its latest release for the Retail Blade Point of Sale range of systems. We are pleased to offer the new Intel Core™2 Duo as part of the ever-evolving Retail Blade offering. Retailers who already use existing Retail Blade technology have the option to upgrade their motherboard including the new processor as their requirements change and the need for more power occurs. Retailers can simply slide out the older blade out of the host, and slide in the new board with the 965 chipset. Its that easy! No technicians, tools or cable unplugging required!

The Intel P965 Express Chipset incorporates Intel® Fast Memory Access, an updated Memory Controller Hub (MCH) backbone architecture that significantly increases overall system performance through the optimization of available bandwidth and reduction of memory access latency. This updated MCH with Intel Fast Memory Access also includes wider internal data buses that support dual-channel DDR2 memory technology at 800 MHz (up to 12.8 GB/s of peak memory bandwidth) for greater platform performance and memory flexibility.



---

**Processor**

Intel® "Conroe" Core™2 Duo processor, E6400

**Main Memory**

2 x Dual-Channel DDR2 (800/667/533MHz) up to 4GB

**Chip Set**

Intel® Q965 Express

**System Bus Speed**

1066/800/533 MHz

**BIOS**

Award BIOS With Enhanced ACPI 1.0 / PnP / APM / DMI / ESCD / PCI bus 2.1 / OnNow / DRAM ECC

**Graphics**

Dual independent display using Intel® Graphics Media Accelerator 3000 (GMA 3000)

**Power On / Off Control**

System side Remote Power On / ATX Trigger Control

**Power Control**

24v DC to ATX Power Inverter

**Compact Flash**

Bootable Compact Flash Card (Type I/II) on daughter board

**Hard Disk**

80GB S-ATA 7200RPM

**Diagnostics**

On-board DigiPoS Diagnostics Software

---

9

This is TAB .....<sup>2</sup>..... referred to in

**APPENDIX 2**

to the Applicant's Reply to Opposer's

First Set of Requests for Production of Documents

Ex. #	<u>9</u>	
Exam of	<u>mark heaper</u>	
<u>Digi</u>	vs	<u>DigiPos</u>
On	<u>Jan. 12/07</u>	
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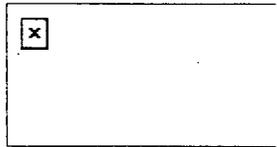
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United States

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**DTR Business Systems, Inc.**

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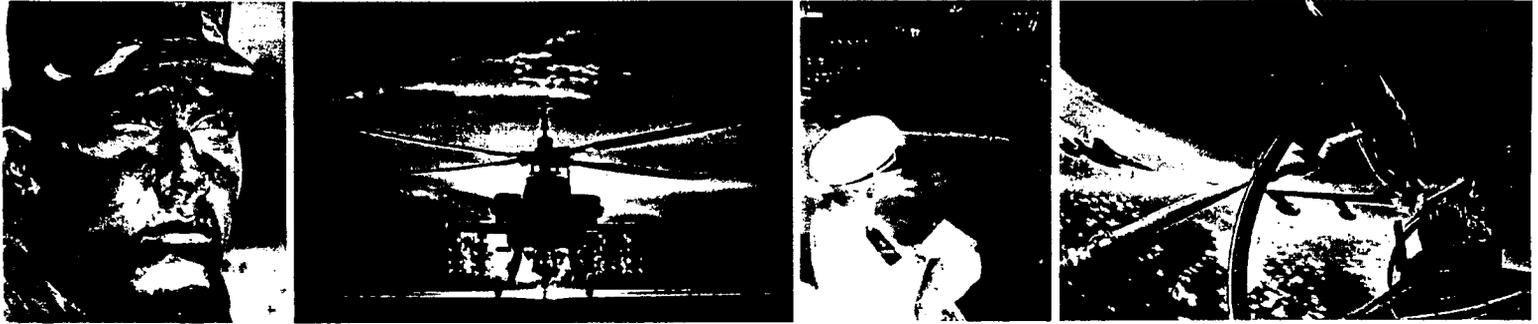
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10

Ex. #	10
Exam of	Mark Harper
	Digi DigiPos
On	Jan. 12/07
TRIUMF REPORTING SERVICE	
LONDON, ONTARIO	

FOR IMMEDIATE RELEASE



## Army & Air Force Exchange Service Awards DigiPoS with \$25 Million Contract for POS Hardware Replacement

Burlington, Ontario 1/11/2006

AAFES has selected the DigiPoS Retail Blade for their POS register replacement project. AAFES plans to replace 8,500 registers with the Retail Blade, along with a full suite of DigiPoS peripherals. The rollout, which is estimated at \$25 Million U.S., will take place over the next few years.

"AAFES joins a growing list of Retailers worldwide who embrace the fundamental benefits of the Retail Blade Point of Sale." – Mark Leaper, President of DigiPoS North America.

### ABOUT AAFES

The Army & Air Force Exchange Service (AAFES) is a joint command of the U.S. Army and U.S. Air Force, and is directed by a Board of Directors who is responsible to the Secretaries of the Army and the Air Force through the Service Chiefs of Staff. AAFES has the dual mission of providing authorized patrons with articles of merchandise and services and of generating non-appropriated fund earnings as a supplemental source of funding for military Morale, Welfare and Recreation (MWR) programs. To find out more about AAFES' history and mission or to view recent press releases please visit the AAFES Web site at <http://www.aafes.com/pa/default.asp>.

### ABOUT DIGIPOS SYSTEMS GROUP

DigiPoS Systems Group has developed an industry reputation for delivering highly reliable point-of-sale hardware solutions that provide exceptional client value. Our "Designed for Retail" solutions are used by chain and independent retailers in every vertical market and have been installed in over 120,000 lanes worldwide.

DigiPoS Systems Group established in 1994, has subsidiary operations in over sixteen countries and has achieved rapid growth and sustained profitability driven by demand for its products and services. The business has continued to meet the needs of top retailers such as NEXT, Circuit City, Harrods, Escada, Claire's and L'Occitane, providing innovative solutions, backed up by first class customer service. The DigiPoS suite of 'Designed for Retail' solutions has established a reputation within the sector for innovation and value. <http://www.digipos-systems.com>



## Case Study:

# AAFES Experiences Continued Success With DigiPoS Point-of-Sale Replacement Project

The Army and Air Force Exchange Service (AAFES) provide military communities with department store-like exchanges, convenience stores and specialty stores in more than 30 countries, five U.S. territories and 49 states and operate over 3,100 facilities worldwide. AAFES will be replacing 8,500 POS terminals in a \$25 Million contract over an eight year period.

When AAFES approached DigiPoS to be their preferred hardware vendor, they had previously been experiencing issues with their aging proprietary terminals and chose the DigiPoS Retail Blade for its ease of maintenance and serviceability, in addition to its stable platform and its flexibility to upgrade as the systems age.

Currently, DigiPoS has successfully rolled out 4,400 units to most of their U.S. locations, as well as into Europe and the Pacific Rim. This has only taken five short months and they have reported that the project has thus far, run very smooth and efficiently with no interruption to store operations. DigiPoS has been instrumental in assisting AAFES with installation service and support during this large scale project.

In addition to selecting their POS systems, DigiPoS is providing AAFES, who self-maintain their stores, with the Retail Blade First Aid Kit program. It consists of a specialized case including an extra Blade (motherboard), pre-configured Hard Drive, and a power supply. This provides AAFES with added peace of mind, knowing they can better serve their customers with very quick and easy maintenance.

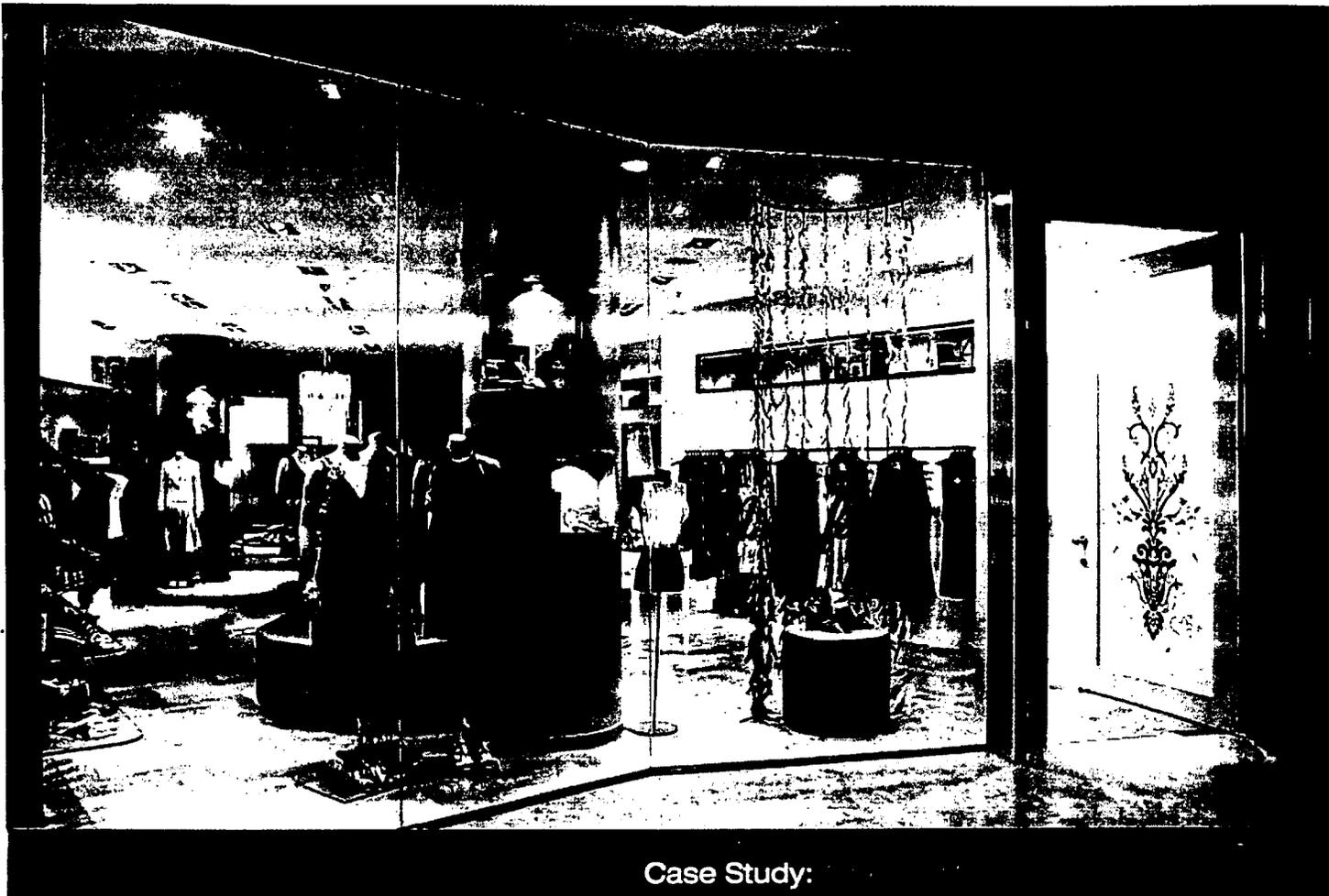
AAFES also recognized the investment protection of Retail Blade technology, being that if and when they feel the need to upgrade to a more powerful chipset as needed in the future, the design of the Retail Blade allows AAFES to upgrade their Blades incrementally, thus being able to upgrade without disruption to their existing POS estate. They will experience cost savings from not having to unplug and re-cable the attached components, seeing as the Retail Blade chassis, or HOST, will remain intact. There is also added cost savings in the amount of time it takes their technicians to upgrade the Retail Blade, taking 45 seconds or less to swap out one Blade for another.

The project has exceeded the expectations of AAFES's in that the level of service AAFES has been provided with has been an example of excellence in commitment, support, and swiftness to get their systems switched over without disruption. Earnings generated from AAFES goes right back into the US Armed Forces communities, funding military morale, welfare and recreation programs, so uptime is extremely important to AAFES.

AAFES plan to continue the installation of the Retail Blade systems to new locations and DigiPoS looks forward to replacing their aged systems over the coming years.

11

Ex. #	11
Exam of	Mark Heaper
	Digi vs Digi POS
On	Jan. 12/07
TRIUNE REPORTING SERVICE LONDON, ONTARIO	



## Case Study:

# Colorado Group choose DigiPoS retail blade for point of sale system rollout

With new headquarters in Brisbane, Australia, Colorado Group are a leading national footwear and apparel retailer with an Australian heritage dating back over 140 years. Now operating in more than 430 stores in Australia and New Zealand, Colorado Group has become one of Australia's leading retailers. The group's portfolio of brands include Colorado, Mathers, Williams, Pairs, Jag and diana ferrari.

Colorado Group has chosen to work with DigiPoS Systems to rollout 500 lanes of the DigiPoS Retail Blade solution across Australia and New Zealand. The DigiPoS Retail Blade has delivered the continuity of supply, warranty and upgrade options which Colorado Group couldn't find with other products.

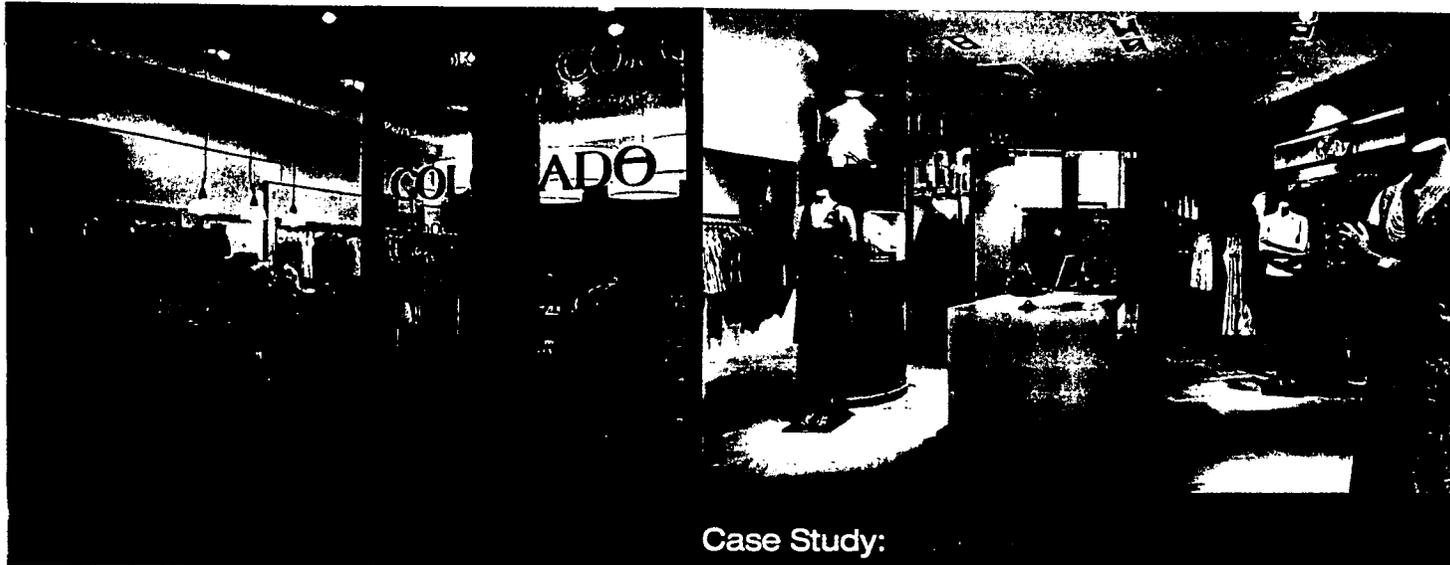
With existing systems coming out of warranty and consistency of supply becoming an issue, Colorado Group began to look for a new solution. After exhaustive investigation of what the market had to offer, Colorado Group decided

that the DigiPoS Retail Blade was the only system flexible enough to meet all of their requirements.

DigiPoS Systems have been able to deliver continuity of supply which Colorado Group have been searching for. DigiPoS has guaranteed consistency of supply on core components for the entire rollout.

DigiPoS Systems has also delivered a 5 Year Warranty on the entire lane of POS equipment (including all of the POS peripherals). The fact DigiPoS was prepared to offer such an extended warranty provided Colorado with the reassurance that DigiPoS stood behind their solution and backed their claims of reliability and longevity.

**DigiPoS**  
SYSTEMS



## Case Study:

*"The Retail Blades are a great improvement, they are faster, easier to maintain and offer outstanding reliability, The DigiPoS staff are professional, truthful and tremendous to deal with". -- Vivien Thompson, IS Services Manager of Colorado Group*

Even after the DigiPoS Retail Blade solution has served them for a full 5 years, the flexibility of the innovative Blade design gives Colorado Group the independence to upgrade only the core components and extend the lifecycle of the project to a full 10 Years (whilst still ensuring that they are able to take advantage of the latest technology).

DigiPoS Systems really 'stood out from the crowd' because they listened and were prepared to be flexible. They were also able to deliver the fastest retail hardened system available on the market. Mark Chapman, CIO of Colorado Group, says 'They listened and were prepared to deliver exactly what we needed. They have made a number of customisations to suit our specific requirements'. The configuration in use by Colorado Group utilises an Intel Pentium 4 2.8GHz processor with 1Gb of RAM and an 80Gb SATA hard drive. This is believed to be the fastest retail hardened system in use by any retailer in Australia or New Zealand.

Vivien Thompson, IS Services Manager of Colorado Group, sums it up "The Retail Blades are a great improvement, they are faster, easier to maintain and offer outstanding reliability, The DigiPoS staff are professional, truthful and tremendous to deal with".

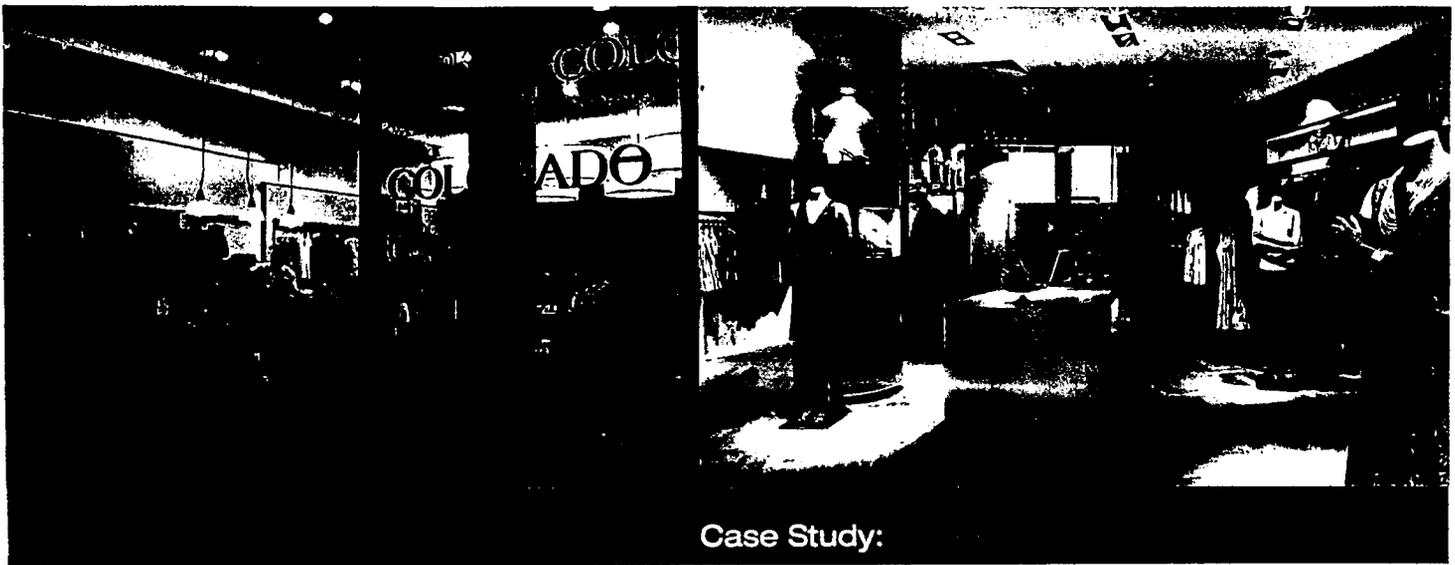
Colorado Group now have peace of mind when it comes to their new systems. With over 250 of the DigiPoS Retail Blade solutions currently installed, Colorado is due to complete the rollout of all 500 lanes by February 2007.

The DigiPoS Systems Group, established in 1994, has subsidiary operations in over sixteen countries and has achieved rapid growth and sustained profitability driven by demand for its products and services.

The business has continued to meet the needs of top retailers such as NEXT, Colorado Group, Harrods, Rebel Sport, Caltex and AAFES, providing innovative solutions, backed up by first class customer service.

The DigiPoS Systems Group has developed an industry reputation for delivering highly reliable point-of-sale hardware that provides exceptional client value. Our "Designed for Retail" solutions are used by chain and independent retailers in every vertical market and have been installed in over 125,000 lanes worldwide.

To learn more about how DigiPoS are changing Retail Point-of-Sale, visit:  
[www.digipos-systems.com.au](http://www.digipos-systems.com.au)



## Case Study:

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12

Ex. #	<u>12</u>
Exam of	<u>Mark Heaper</u>
	<u>Digi</u> vs <u>DigiPos</u>
On	<u>Jan. 12/07</u>
TRIUNE REPORTING SERVICE LONDON, ONTARIO	



# Press Release

## Harrods Choose Retail Blade...

**HARRODS**, the World's most famous department store, has joined a growing trend amongst many other Retailers to adopt the new leading industry standard for EPOS systems – the DigiPoS Retail Blade. **HARRODS** have committed to install 950 of the ground breaking till units after undertaking a typically meticulous assessment of other systems available on the market.

**HARRODS** has remained London's premier retail outlet and through constant innovation and evolution, has not only adapted to the changing trends throughout the years, but has also been at the forefront of them. Yet, the fundamental ethic of selling quality merchandise and giving customers exemplary service has never been questioned or compromised. In the case of technology the exclusive Retailer recognised the need to ensure that it also remains at the forefront of service to its customers and sees its EPOS systems – now to be Retail Blade – as central to the technology strategy. As an innovator itself **HARRODS** has selected DigiPoS who in turn have recently been awarded the accolade of "Innovation Technology Partner of the Year 2005" by software giant Microsoft in recognition of the specification and value the DigiPoS Retail Blade system has brought to the sector.

**HARRODS** is the store which began life as a small grocer's shop and now, 156 years later, occupies more than an entire block of prime Knightsbridge retail selling space with an unparalleled international reputation. It is one of the most resilient and prestigious brands – and **HARRODS** technology at the point of sale serves millions of customers annually, across 330 departments and seven floors of retail space.



With almost 5,000 employees at **HARRODS**, many of whom are customer facing, the introduction of DigiPoS Retail Blade will bring improved speed and performance, increased flexibility and ease of use. Whilst for the **HARRODS** business as a whole the Retail Blade brings significantly lower cost of ownership, and warranty on the host system for up to 10 years.

***HARRODS** has remained London's premier retail outlet through constant innovation and evolution*

In order to select the DigiPoS solution, the Information Technology team at HARRODS had to satisfy their own key performance, usability and cost criteria. In the final analysis it was seen again that DigiPoS with the Retail Blade delivered the optimum solution in terms of system warranty, ease of upgrade (just 60 seconds for Retail Blade) and the inbuilt ability for any one of the Blade units to be remotely interrogated and its operating performance assessed. As well as delivering these technology features the Retail Blade was also recognised as the best value contribution in terms of financial cost.



Peter Rush, EPoS Manager at HARRODS, headed up the Systems assessment programme and therefore had the opportunity to review the whole market – and to speak to other leading Retailers who have adopted Retail Blade. These now include popular fashion icon NEXT (500 stores) and highly successful international software/media retailer - GAME (400 stores).

Peter Rush commented on the circumstances that led to the selection of DigiPoS: "We see EPoS technology as one of the key ingredients to ensure easy and fast transaction processing to our mix of national

and international customers. Our customers expect and receive service excellence; therefore within our service chain we have to ensure all elements continue to deliver the very best shopping experience. Reliability, cost of ownership and the ability of the supplier (DigiPoS) to work closely with us are also extremely important aspects.

To ensure we covered all the bases we undertook a three month - arms length review of suppliers and their proposals. It was DigiPoS, with the Retail Blade offering who were repeatedly able to satisfy our enquiries, objections and could demonstrate a track record of performance that any IT supplier in Retail would justifiably be proud of."

*"Reliability, cost of ownership and the ability of the supplier (DigiPoS) to work closely with us are also extremely important aspects"*

The 950 system HARRODS roll-out commences in September with DigiPoS deploying the renowned service teams that have built the company's reputation over the past 10 years. With an implementation schedule of 6 weeks the timelines will call on the trained engineers and disciplined management of DigiPoS to deliver on a similar scale to that of the GAME installation where some

1200 Retail Blade systems were installed in just 8 weeks.

*"DigiPoS could demonstrate a track record of performance that any IT supplier in Retail would justifiably be proud of"*



Talking of the HARRODS decision, DigiPoS Systems Managing Director Ian Patterson was clearly pleased with the new relationship: "We are delighted to have HARRODS – one of the worlds most prestigious and professional Retailers as a Customer. Throughout we have witnessed a highly effective technology team at HARRODS push for the very best for their customers and staff and we believe they have received this in the form of Retail Blade. We look forward to working still further with delivering the very best technology to one of the industry's undisputed premier retailers."

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DigiPoS  
Retail & POS

# Technology Insight

**“...probably the most forward thinking retailer in the industry”**

**NEXT**

Fashion house NEXT takes technology seriously

NEXT is one of the UK's most popular retailers – a true success story with over 20 years as a market leader – both surviving trends and setting them. Since the NEXT retail chain was launched in February 1982 it has had a major influence on High Streets throughout the UK and today continues to shape the future of fashion retailing. The continued success of the unique and innovative NEXT shopping concept has provided the company with an outstanding record of achievement in a comparatively short period of time – and throughout the company has delivered close attention to detail in its products, service and operational processes.

Today NEXT trades from over 350 stores in the UK/Eire and 50 franchise stores overseas. Over the last few years several larger format stores have opened across the UK and, in the autumn of 2005, NEXT will open the anchor store at the new Manchester Arndale Centre with in excess of 80,000 square feet dedicated to the styles the company shapes fashion with.

Central to NEXT operations is the company's ability to communicate effectively from a management information perspective – with the optimum technology in place and to also ensure that the same technology provides the highest levels of service to customers – and to users – store staff.

At NEXT, technology is of paramount importance and is one of many ingredients to successful retailing. As a major enterprise the group is technology dependent. It is reliant upon technology solutions to meet the highest standards for example



in delivering performance details, stock information, transaction management and a positive experience to store customers. There is no half way point with equipping for Retail – and therefore a highly professional team manage every aspect – working closely with technology partners to ensure the company is geared up for the needs of today – taking into account the emerging requirements for the coming years.

## Teamwork, Partnership and Innovation

The NEXT approach to the technology issue is one of Teamwork, Partnership and Innovation and this combination continues to maintain the lead position the Retailer enjoys both on the High Street and in store by delivering the optimum technology solutions to its internal "customers" and to consumers.



All three elements were identified in the relationship that NEXT developed with leading retail technology provider – DigiPoS Systems. Ian Patterson, Managing Director at DigiPoS outlined some of the key aspects that helped the relationship develop: "Delivering technology solutions in Retail is about being responsive and but still thorough in your execution. Many organisations can respond, but they then fail to recognise that success is only measured right at the end of the process – when every detail has been accounted for. In 2004 NEXT set out to identify a new EPoS solution for the defined current needs, whilst building in a demand to optimise for the future and the likely requirements. It was – and still is – a major undertaking with in excess of 700 systems, associated peripherals and support services under review for replacement over the coming years."

"NEXT established the base criteria and identified four potential companies whom they believed could potentially fulfil the outlined specifications and needs. From here it was our responsibility to ensure

*we delivered absolutely best value – being the combination of the best specification, with the most realistic price and just as important – the highest levels of support and input.*

*The selection process was rigorous – and potential suppliers had to clearly demonstrate at every level that their claims were backed up by their experience and capability. Retail is a demanding business and EPoS is at the front line receiving the revenues that make the NEXT business the success it is today".*

Ian Patterson continues the story of how NEXT awarded their contract for supply of Retail technology: "After several months of evaluation it became evident that DigiPoS was emerging above any of the others and as the relationship developed it played to the DigiPoS strengths of innovation and specialist experience of the retail marketplace. From the outset we sought to take on the mantle of Partner and not just supplier – listening, evaluating and suggesting – and then responding quickly and effectively.

*On the technology platforms it was DigiPoS who were able to demonstrate the widest range of solutions and led the field with*

*the unique Retail Blade solution – a fresh proposition compared to the conventional routes which were in some senses "me too" products. Retail Blade allowed NEXT to begin to think more broadly about the future. The main motherboard – the Blade – and components have a strong three year warranty – but the host system is also covered by a highly significant ten year warranty period. This meant NEXT could maintain flexibility throughout the estate for many years. Even as technology develops Retailers such as NEXT have the confidence that the upgrade path could be limited to the main areas of need – disk storage, processor speed etc without replacing the whole system and peripherals."*

*Delivering technology solutions in retail is about being responsive*



NEXT Retail – Serious about Technology



the problem is, potentially eliminating tens of thousands of pounds of maintenance expense, which is there – “just in case”

## Partnership in Action

Ian Patterson gives summary comments on the success of the NEXT–DigiPoS partnership from the retailers and supplier–partner perspective: “Through our many years as a leading retail technology company we have demonstrated that companies work at their very best together when there are common goals and shared interests.

## Retail Blade: Innovation reducing cost

NEXT saw the Retail Blade solution as offering the maximum in terms of current technology, whilst enabling lowest cost upgrade for the future. The Retail Blade system has a replaceable motherboard and hard drive enabling unrivalled speeds for upgrades, repair or maintenance. It was this flexibility that led NEXT to typically explore and innovate – looking carefully at the implications from an EPoS system that reflects the individual needs of the individual Retailer. Ian Patterson, Managing Director of DigiPoS Systems takes up the story of how the relationship and thinking in the NEXT–DigiPoS partnership is evolving.

*“From our initial meetings we saw that the NEXT approach to technology implementation was one of quality and innovation. Our two technical teams worked well together to explore the options and to reflect the needs of users. We wanted to ensure that wherever possible we were reducing cost, whilst introducing the most flexible solution. This has in turn led us to turn our attention to the perennial issue of system maintenance – with the significant demands of an estate of the NEXT profile we needed to ensure there was a robust plan.”*

Ian Patterson adds “One solution now under evaluation is to virtually eliminate the costs of conventional maintenance costs – effectively an “insurance” and replace this with a flexible support and replacement process based around the unique design of the Retail Blade. DigiPoS have repeatedly demonstrated that the Retail Blade EPoS system can be completely upgraded in less than 60 seconds – an absolute first in the industry we believe. Coupled with the proven reliability of DigiPoS components–

## NEXT approach to technology implementation was one of quality and innovation

and demonstrable track record in the field – it is now possible to maintain a core stock of replacement motherboards, and replace/upgrade in–store in less than 60 seconds. With Retail Blade none of the peripherals are disturbed, the “host” system remains in place and the downtime is cut dramatically. Therefore instead on “insuring” a whole estate this process enables the Retailer to respond quickly and effectively to where



Cost of acquisition is clearly an important factor – but there are many shortcomings with arms–length “Supplier only” relationships and contracting with companies without the required experience specifically in Retail. Our relationships are about Partnership – and DigiPoS have clearly been able to demonstrate we have the right combination of robust yet innovative technology, at the right price, supported by specialists who understand and are enthusiastic for the Retailers business.”

**DigiPoS**  
RETAIL BLADE

# Technology Insight

## DigiPoS Retail Blade

### Ground Breaking Technology...



Blade Technology means easier operations, shared components, reduced cost, ease of maintenance, and significant scalability. It has taken the creativity and commitment of one of the Retail Sector's strongest Innovators - DigiPoS Systems to deliver these benefits straight to the Retailer. Major Retailers across the UK are discovering the tangible benefits of total flexibility combined with reduced cost of ownership from Retail Blade. By comparison conventional EPOS systems represent a static, rigid technology path with reduced control and inbuilt cost implications.

### Self Service Upgrades...



Through DigiPoS Systems Retailers can now experience the rich characteristics of Blade Technology. Most systems can be upgraded in under a minute - in store - with all peripheral products remaining in place - eliminating the complicated technical processes normally associated with repair or upgrade. The swappable motherboards and hard drives provide for instant maintenance, long life cycles and complete control for the Retailer over the technology development of the retail technology estate.

### Increased Flexibility - Reduced Cost...



Retailers can now upgrade specific systems when and where needed, changing only the motherboard for example to keep pace with current technology and capability. Therefore the complete system unit does not need replacement and comes with a 10 years Warranty - whilst the motherboard and hard drives are supplied with a minimum of 3 years warranty. To "Test-Drive" a Retail Blade system, without cost and to understand fully the tangible benefits to the Retail enterprise call 01256 396777 and make a point by point technology and cost benefit comparison against conventional EPOS systems.



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On	Jan. 12/07
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# Retail Blade for Harvey Nichols

**HARVEY NICHOLS HAS IMPLEMENTED DIGIPOS SYSTEMS' RETAIL BLADE TO HELP IMPROVE EFFICIENCY AND SHOP FLOOR FUNCTIONALITY, AND CUT MAINTENANCE COSTS.**

The Harvey Nichols estate has seen rapid growth in the last few years and relatively quickly has had to go from a single store mentality to a point where there are stores across the country. IT, particularly with regards to the Knightsbridge Store, just hadn't caught up.

The old EPoS kit, which consisted of PCs as opposed to retail dedicated units, had reached the end of its life. Harvey Nichols was embarking on a new PoS project, mainly driven by Chip & PIN and the desire for new functionality, with Itim Technology Solution's Chameleon PoS system. The Knightsbridge store was also the only remaining store not to have touch screen technology at till point, which needed to be addressed.

The company hadn't originally intended to focus on EPoS – the original driver for their most recent IT change being the retailer's ageing warehouse and merchandising system but, as Martin Schofield, Head of IT comments, "Chip and PIN came along and we had to do something on the PoS side. We needed an EPoS application that supported the latest advances including Chip & Pin compliance."

DigiPoS was selected to provide an EPoS hardware solution for the Knightsbridge store due to its ability to provide a cost effective, innovative solution that would have a considerable impact in improving efficiency and shop floor functionality and in cutting maintenance costs.

Schofield is very clear on his reasons for choosing the DigiPoS solution, "In Retail Blade, DigiPoS were able to provide us with a well-respected, cost effective solution to updating our EPoS. These factors, coupled with the obvious benefits Retail Blade offers in terms of flexibility and ROI, and our strong, established relationship with RTC, DigiPoS Systems' services division, meant our decision to award the contract to DigiPoS Systems was a very logical one."

The Retail Blade system, which Harvey Nichols has implemented, consists of the Retail Blade Host, a passive backplane which houses all the POS connectivity and the Retail Blade, a replaceable motherboard and hard drive which slide in and out of the host, enabling unrivalled



speeds for upgrades, repair or maintenance.

With Retail Blade, it is possible for retailers to maintain a core stock of replacement motherboards which authorised, non technical staff can replace and upgrade in-store in less than 60 seconds. None of the peripherals are disturbed, the 'host' system remains in place and any downtime is cut dramatically.

The implementation of the Retail Blade solution, means Retailers can virtually eliminate the costs of conventional maintenance. In future, they will be able to respond quickly and effectively to where the problem is, potentially eliminating thousands of pounds of maintenance which is there "just in case".

The main motherboard - the Blade - and components have a strong 3 year warranty, but the host system is also covered by a ten year warranty period. As technology develops, retailers will have the confidence that the upgrade path can be limited to the main areas of need - disk storage, processor speed etc, without replacing the whole system and peripherals.

Harvey Nichols completed its EPoS selection process in September 2003 with the intention of implementing the DigiPoS 1.2Ghz system throughout their Knightsbridge store in September 2004. This was following a successful pilot which began in October 2003 with the refurbishment of the Fifth Floor Restaurant, Bar and Café.

However, in November 2004, having been introduced by DigiPoS to the benefits offered by the recently launched Retail Blade, the

retailer reconsidered and decided to opt for the new Retail Blade system instead.

Roll out of the new EPoS application was then deferred to the spring of 2005 to avoid any disruption around the Christmas sales period. The retailer was also keen not to roll out Chip and PIN in January because it was waiting to gauge customer perception to the implementation.

Harvey Nichols installed the 150 new tills at its Knightsbridge store over the Easter weekend along with the software to cope with Chip and PIN. The implementation went to timescale and the store was fully operable for next day of trade.

"The store was up and trading as planned on Monday and sales processed into the existing merchandise solution without fault," said Schofield. "The whole implementation went incredibly smoothly. It's the smoothest implementation I've come across."

To date, Retail Blade coupled with the new EPoS application from Itim has been very well received. Sales transactions are now passed on in real time and the new solution has enabled far more information to be made available at till point, allowing far quicker and more efficient assessment of stock availability and position. Till operators have found the new, space-saving touch screens intuitive and easy to use, and the printers to be significantly quicker allowing for much faster transaction times.

The PoS upgrade has made Harvey Nichols' expansion easier and because it plans to open a new store in Dublin this year, it will now be able to cope with multiple currencies.

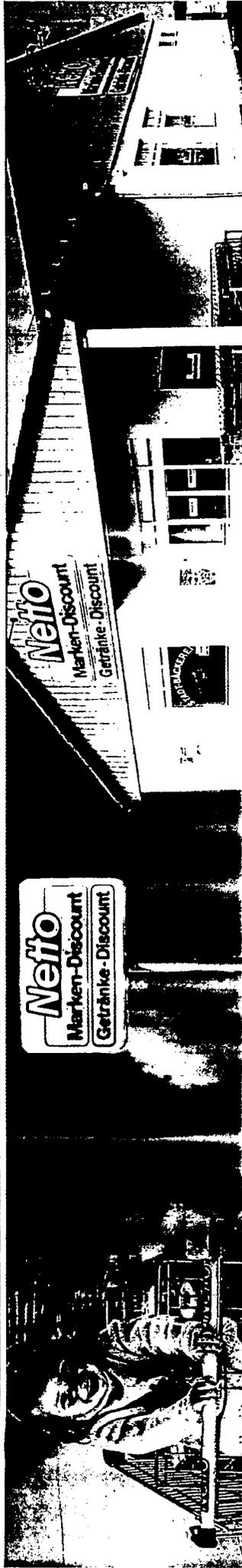
"However, we are going to realise the real benefits of the DigiPoS solution in the future," comments Schofield. "With the implementation of Retail Blade, non-technical store staff will now be able to affect blade replacements and upgrades without having to rip out the entire PoS to ship back to the manufacturer, as a result we won't lose valuable uptime waiting for a trained technician to arrive."

#### CONTACT

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# German Grocery Discount Chain selects DigiPoS Retail Blade

DigiPoS equips Netto Marken-Discount branches with 2,300 Retail Blade point of sale systems

MUNICH, 10<sup>th</sup> APRIL 2006: DigiPoS Systems GmbH have been selected to provide the Netto Marken-Discount chain with systems for their point-of-sale replacement project. They have formed an agreement to deliver 2,300 Retail Blades to about 1,000 Netto Marken-Discount stores across the whole of Germany. The deal is the largest rollout to-date for DigiPoS Systems in Germany. The DigiPoS Retail Blade will be replacing the incumbent IBM, ADS Anker and AWEK systems currently installed across their estate.

This was a decision of incredible importance for Netto Marken-Discount. They ultimately chose the Retail Blade because of its technological innovation. They saw the benefits of the simplified serviceability and remote diagnosis to monitor their hardware from a central location. The design of the DigiPoS Retail Blade brings the benefits of modern Blade Server architecture to the Point-of-Sale for the first time. The system has two modular components - the "Retail Blade Host" and the "Retail Blade" removable motherboard. The Retail Blade Host is a stable, compact chassis which supplies all the necessary connectivity, plus the external power supply for the entire system including peripheral equipment.

The Retail Blade offers numerous models to choose from, depending on the specific needs of the Retailer, ranging from the Value 2.0GHz version, up to the 2.8GHz Dual

Drive Server model. The modular Retail Blade system offers a significant cost of ownership benefit and helps to reduced service and maintenance costs.

Netto has been operating as a discount grocery chain since 1984 and is part of the Edeka Group, the top German grocery retailer. Every year the Netto branch network increases by about 100 new shops. The DigiPoS solution consists of Retail Blade, DigiPoS Touch monitor and the Microsoft WEPOS operating system. GK/Retail POS from GK Software AG will be used as point of sale software.

## ABOUT THE POS SYSTEMS:

DigiPoS Systems is one of the world's leading manufacturers of point of sale solutions. DigiPoS offers point of sale hardware as well as comprehensive support and services. Founded in 1994, DigiPoS is a globally operating company with 16 subsidiaries in North America, Europe, Africa, Asia and Australia. The German-speaking area is looked after by DigiPoS Systems GmbH with branches in Munich, Düsseldorf, Freiburg and Zurich. The 350 DigiPoS staff around the world generate annual turnovers of around 90 million Euros and their customer base includes leading international retailers, including Claire's Stores, Escada, Harrods, Merkur Confiserie AG, NEXT, Thalia bookshops and Charles Vögele.



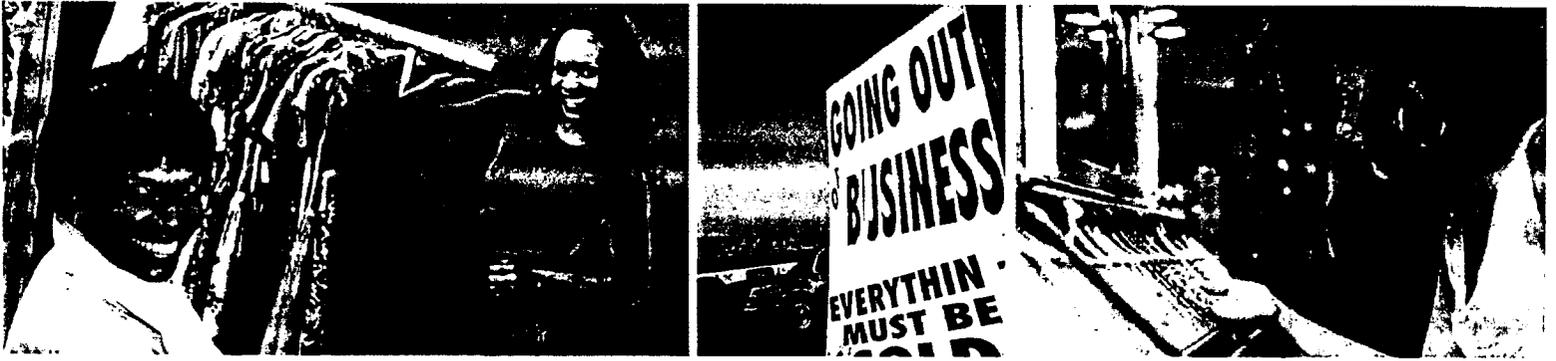
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## PRESS RELEASE



# Canada's Largest Liquidation Chain Store Solves POS Issues with DigiPoS Retail Blade

## LIQUIDATION WORLD

BURLINGTON, ON - 31/12/2005

Liquidation World, headquartered in Calgary, Alberta, Canada, has been providing solutions for inventory problems since 1986. They specialize in purchasing merchandise from stores in distress situations. Those inventories are then sold to the general public at over 100 Liquidation World outlets across Canada and the United States. With over 2,000,000 square feet of floor space, Liquidation World offers consumers a treasure hunt through aisle after aisle of liquidation merchandise. Thousands of deals are exposed to over 7,000,000 bargain hunters that pass through their outlets every year.

Liquidation world has chosen the Retail Blade after considering options which included IBM, Fujitsu and Dell. They found that the ease of maintenance, performance and lower total cost of ownership were the key benefits of choosing the Retail Blade 3 as their POS system.

Chad Richardson, Director of IT for Liquidation World explained that they were looking for a consistent platform with a

guaranteed availability for the next 3-5 years as they expanded their number of locations. The Retail Blade also provided a solution to potential cable management issues by powering all of their peripherals including a 15" Touch screen, Epson TM-T88iii and Metrologic Orbit directly from the four powered USB and four powered serial ports.

Also, by utilizing DigiPoS Systems' integration services to gold disk and stage complete systems, it allowed them to self-install the rollout, saving them service related costs.

"The simplicity of the Retail Blade's cable management provided us with the power we needed to support our new and existing peripherals and minimize the usual clutter associated with systems that do not utilize powered serial and USB ports" Says Richardson.

Mark Leaper, President of DigiPoS Systems says "We are very pleased to have been able to provide a solution which addressed Liquidation World's desire for a consistent and stable platform as well as the maintenance and support issues related to cable management. This is clearly a great example of how Retail Blade technology simplifies the point-of-sale on many levels and helps reduce the number of things which hinder Retailers like Liquidation World from serving their customers."

The DigiPoS Systems Group has developed an industry reputation for delivering highly reliable point-of-sale hardware solutions that provide exceptional client value.. Our iDesigned for Retail solutions are used by chain and independent retailers in every vertical market and have been installed in over 120,000 lanes worldwide.

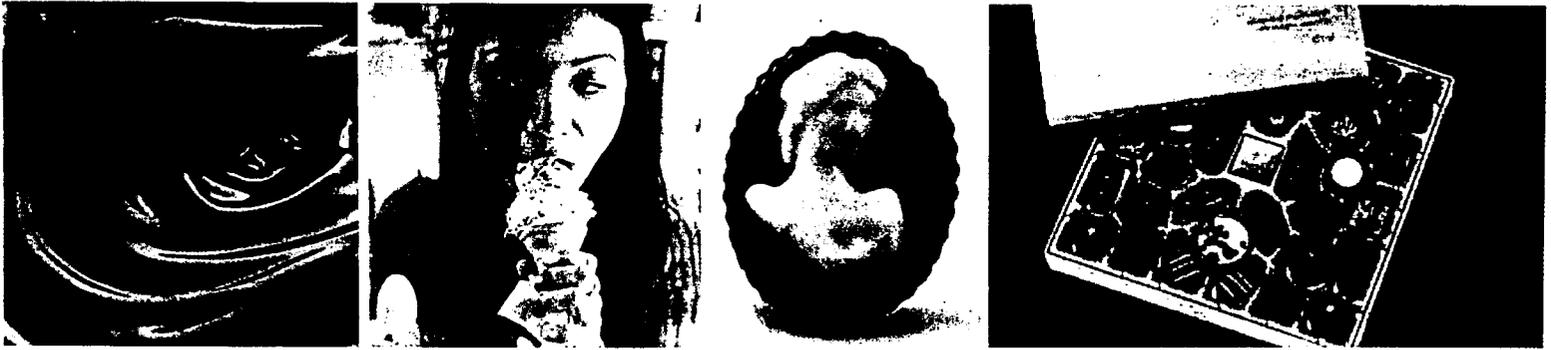
The DigiPoS Systems Group established in 1994, has subsidiary operations in over sixteen countries and has achieved rapid growth and sustained profitability driven by demand for its products and services. The business has continued to meet the needs of top retailers such as NEXT, Circuit City, Harrods, Escada, Claire's and L'Occitane, providing innovative solutions, backed up by first class customer service. The DigiPoS suite of 'Designed for Retail' solutions has established a reputation within the sector for innovation and value.

**DigiPoS**  
SYSTEMS

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## PRESS RELEASE



# Laura Secord, Canada's Best-Known Chocolatier Melts for DigiPoS Retail Blade



BURLINGTON, ON - 31/12/2005

Laura Secord is Canada's largest and best known chocolatier. They began their business in 1913, and is known for its premium chocolates, ice cream and specialty candy. They currently operate 148 company-owned stores across the country. With more than 400 product offerings, Laura Secord still follows the time-honoured recipes and dedication to quality and excellent customer service as when the company first started. Every product sold carries an unconditional guarantee for quality.

As a chain rich in heritage, it became necessary to take initiatives to modernize their point of sale technology which had become dated and difficult to support. It was then that they evaluated several POS offerings and decided right from the beginning that that the DigiPoS Retail Blade fit their business needs over a PC solution, which would help to reduce support costs.

Eric Westerby, Director of IT for Laura Secord saw the benefits of blade technology at the point-of-sale because of its ease of upgrades and provides future-proofing, which will add savings to their bottom line over the next ten years. They were also impressed at the level of commitment they were provided with from DigiPoS, and our ability to support a very aggressive rollout campaign which saw 100+ sites up and running within only four short weeks.

Eric Westerby says of the rollout: "Upon evaluating a number of POS solutions, DigiPoS Systems clearly delivered a high level of commitment to our very specific needs and provided us with a tailored solution which will reduce our support costs dramatically over the lifetime of our new systems. Plus, the added bonus of their ten year warranty gave us the confidence that they will provide cost-saving upgrades for several years to come."

They are currently rolling out 400 of the Retail Blade 3 systems along side with custom DigiPoS keyboards in both French and English. They are also rolling out Symbol LS2208 Scanners, and Epson TM-88iii receipt printers and IBM Cash Drawers.

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The DigiPoS Systems Group established in 1994, has subsidiary operations in over sixteen countries and has achieved rapid growth and sustained profitability driven by demand for its products and services. The business has continued to meet the needs of top retailers such as NEXT, Circuit City, Harrods, Escada, Claire's and L'Occitane, providing innovative solutions, backed up by first class customer service. The DigiPoS suite of 'Designed for Retail' solutions has established a reputation within the sector for innovation and value.

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## PRESS RELEASE



Photos courtesy of Laura Canada Inc.

# Top Canadian Fashion Retailer Has Chosen The DigiPoS Retail Blade For POS Revamp LAURACANADA

BURLINGTON, ON - 10/3/2006

**Laura Canada Inc.** is a true Canadian success story. From a single boutique in Montreal, Quebec, Laura Canada has succeeded into a well-known 142 store chain (19 of which are double concept stores and 12 being triple concept stores) with their eyes firmly planted on continued growth and expansion.

Laura Canada owns and operates Laura, Laura Petites, Laura Plus, Laura Superstores and Melanie Lyne which offer quality, contemporary fashions for today's modern woman.

Laura Canada thrives as a result of their commitment to providing high quality merchandise and exceptional customer service. While rolling out a new POS application and a VPN environment to their stores, it became clear that the existing store hardware did not meet their requirements for achieving the level of customer service they were aiming to provide.

Murray Shostak, Director of I.T. at Laura Canada had this to say: "We require that our replacement hardware be held to the same standards to which our customers hold us. We selected the DigiPoS Retail Blade 3 because of its unique ability to provide high reliability and ease of maintainability, keeping our store systems retail-ready. The new DigiPoS configuration provides investment protection,

*and has eliminated a high failure rate in our older whitebox PC solutions. It has so far exceeded our expectations."*

The new DigiPoS configuration provides investment protection which will integrate their serial peripherals (including traffic counters, cash drawer, integrated keyboard and scanner, pin pad and receipt printer), providing cost savings and improved reliability.

The rollout began in May 2005 and is expected to complete in the Spring of 2006 with a total of 300 systems. They are also choosing to self support their new POS systems as a result of the Retail Blade's self-service technology, allowing them to replace or upgrade system components in virtually seconds if need be.

Joe Cusano, Manager of POS Systems at Laura Canada was pleased with the results of the rollout and had this to say: "At Laura Canada, our mandate is to provide our customers with a very high level of satisfaction when shopping at our stores. By being able to have better control and flexibility in maintaining our POS systems, we can remain focused on serving our customers at the high level that is expected from us."

We look forward to continuing our relationship with Laura Canada as well as be there to support their growth.

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**NRF Show  
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## **LIQUIDATION WORLD SELECTS EPSON MOBILINK™ PRINTERS AND DIGIPOS POS SYSTEM FOR 460-UNIT ROLLOUT**

**New York, NY, January 15, 2007** –Today Epson, a leading supplier of value-added Point of Sale (POS) solutions, announced that Liquidation World, Canada's largest liquidator, installed 200 Epson Mobilink wireless POS printers and 460 Epson TM-T88III receipt printers as part of its 460-unit DigiPoS Retail Blade 3™ POS System rollout. Since the installation, which began in June, 2005 and is still on going, Liquidation World has experienced improved operations, reduced costs and enhanced customer service. The 110-store chain rolled out the new technology throughout its stores in Canada, Alaska, Idaho, Montana and Washington.

Since Liquidation World purchases merchandise in lots, inventory changes weekly and the chain had to use manual price guns to label thousands of new products daily. "With the unpredictability of the liquidation business, we needed a POS system that would adapt to our needs now and in the future," said Chad Richardson, Director of Information Technology at Liquidation World. "We needed the most serviceable solution out there with a more efficient means to label constantly changing incoming inventory. DigiPoS and Epson fit the bill."

"Labeling a huge pile of candy bars at 45 cents each was a lot of labor with very little return," commented Richardson. Since the installation, employees scan products, print out labels with the Epson Mobilink printer, and stick them to shelves. "We transitioned those workers from putting a sticker on every single item in each store to simply creating a shelf label printed by Epson – which equates to about 13% time savings in the overall product merchandising process."

The new DigiPoS Retail Blade 3 system speeds customers through lines seven percent faster than the previous system, while providing Liquidation World with greater flexibility and good return on investment. Since Mobilink is based on the Epson TM-T88-series receipt printers that Liquidation World uses with the new system, the printers can be used interchangeably. "Although the Mobilink printer is very durable and can withstand major drops, we are very rough on equipment and it's nice to know we have backups if needed," said Richardson.

### **About Liquidation World**

Liquidation World liquidates consumer merchandise through 114 retail outlets located throughout Canada and the northwest US. The Company solves asset recovery problems in a professional manner for the financial services industry, insurance companies, manufacturers, wholesalers and other organizations.

Liquidation World opened its first retail outlet in Calgary, Alberta in 1986 and, today, with more than 1,800 employees, is one of the largest liquidators in North America.

#### **About DigiPoS Systems**

DigiPoS Systems, Established in 1994 has developed an industry reputation for delivering highly reliable point-of-sale solutions that provide exceptional value. Our "Designed for Retail" systems are used by chain and independent retailers in every vertical market and have been installed in over 125,000 lanes worldwide.

The business has continued to meet the needs of top retailers such as NEXT, Laura Canada, Harrods, Escada, Claire's and AAFES. For more information, please visit [www.digipos-systems.com](http://www.digipos-systems.com).

#### **About Epson**

Epson offers an extensive array of POS printers and transaction terminals and digital marketing solutions for the retail, hospitality, supermarket and banking markets. Epson was ranked first in POS peripherals in the RIS News 2006 Hardware Leaderboard and the Vertical Systems Reseller 2006 Hardware Leaderboard. Founded in 1975 and headquartered in Long Beach, CA, Epson America, Inc. is the U.S. affiliate of Japan-based Seiko Epson Corporation, a global manufacturer and supplier of high-quality technology products that meet customer demands for increased functionality, compactness, systems integration and energy efficiency. For more information, please visit [www.pos.epson.com/mobile](http://www.pos.epson.com/mobile).

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**NRF Show  
Epson Booth #2805**

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## **KITCHEN COLLECTION SELECTS DIGIPOS SYSTEMS AND EPSON MULTIFUNTION PRINTERS FOR 700-LANE POS ROLLOUT**

**New York, NY, January 15, 2007** –Today Epson, a leading supplier of value-added Point of Sale (POS) solutions, and DigiPoS, a leading retail solutions provider, announced that Kitchen Collection, retailer of name brand kitchen items at value prices for 20 years, selected DigiPoS Retail Blade 3™ and Epson TM-H6000III multifunction printers for a 275-store, 700-lane rollout that began December 2006.

“The DigiPoS self-service design allows us to reduce support and operating costs, which drives down total cost of ownership” said (Name), (Title), Kitchen Collection. “In addition, we went from a printer and a stand-alone MICR reader to the Epson printer with excellent built-in MICR accuracy. The result is more space at the checkout counter – and overall better performance and reliability throughout our stores.”

### **About Kitchen Collection**

Kitchen Collection is a wholly owned subsidiary of NACCO Industries, Inc. of Mayfield Heights, Ohio. NACCO Industries, Inc. is an operating holding company with three principal businesses: lift trucks, housewares and lignite coal mining. Revenues in 2001 were \$2.6 billion. NACCO is listed on the New York Stock Exchange under the ticker symbol NC. The Housewares Division also includes Hamilton Beach and Proctor Silex, leading manufacturers of small kitchen appliances. Visit [www.kitchencollection.com](http://www.kitchencollection.com) for more information.

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the U.S. affiliate of Japan-based Seiko Epson Corporation, a global manufacturer and supplier of high-quality technology products that meet customer demands for increased functionality, compactness, systems integration and energy efficiency. For more information, please visit [www.pos.epson.com](http://www.pos.epson.com).

####

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## Leading South African Retailer Queenspark Selects DigiPoS Retail Blade for POS System Overhaul

**Johannesburg, July 27, 2006** - Queenspark has long been recognized as one of South Africa's leading fashion retailers. With an established store footprint in excess of 40 stores across South Africa as well as two stores in neighboring Namibia and Botswana, Queenspark have a solid foothold in South Africa's premier fashion sector.

When Queenspark were experiencing technical and aesthetic issues with their old legacy IBM systems in their stores, they began evaluating new options and initially had selected a different vendor to provide their POS equipment. Upon their initial experience with their newly selected technology, they discovered many challenges were beginning to arise, such as supply and reliability of the product. It was good timing that DigiPoS Account Manager Monique Webber just happened to pay them a visit at the right time to introduce them to the benefits of DigiPoS Retail Blade technology. Immediately Queenspark saw the clear advantage of the stability, ease of maintenance and expandability factor that the Retail Blade offered them. After their review, they changed directions and selected the Retail Blade for their new store system project.

Currently, they have rolled out 100 of the Retail Blade 2's and will continue their rollout of a total of XXX units. It has only taken 12 short months to install their new technology and have been experiencing a major increase of uptime and reliability, thus creating a faster and more reliable experience for their customers.

Gerald Radowsky, IT Manager for Queenspark had this to say about the rollout: "The DigiPoS brand has become well recognized in South Africa and one thing we prioritized was to invest in an established product that was well supported locally by the manufacturer."

Radowsky continued..... "Specification and scalability of the hardware platform was also important to us. Retail Blade provides so many different options and more importantly, a stable platform without specification changes. This allows us to rollout the exact same platform over an extended period without much of an issue around our application software image. This made tackling the staggered rollout a lot easier than having to worry about changes in the motherboard and BIOS every time we ordered a new batch of hardware"

After experiencing a smooth rollout, Queenspark will continue to look to the Retail Blade for their future store expansion plans.

### ABOUT THE DIGIPOS SYSTEMS GROUP

The DigiPoS Systems Group established in 1994, has subsidiary operations in over sixteen countries and has achieved rapid growth and sustained profitability driven by demand for its products and services. The business has continued to meet the needs of top retailers such as NEXT, NuClicks, Harrods, Escada, Claire's and AAFES, providing innovative solutions, backed up by first class customer service.

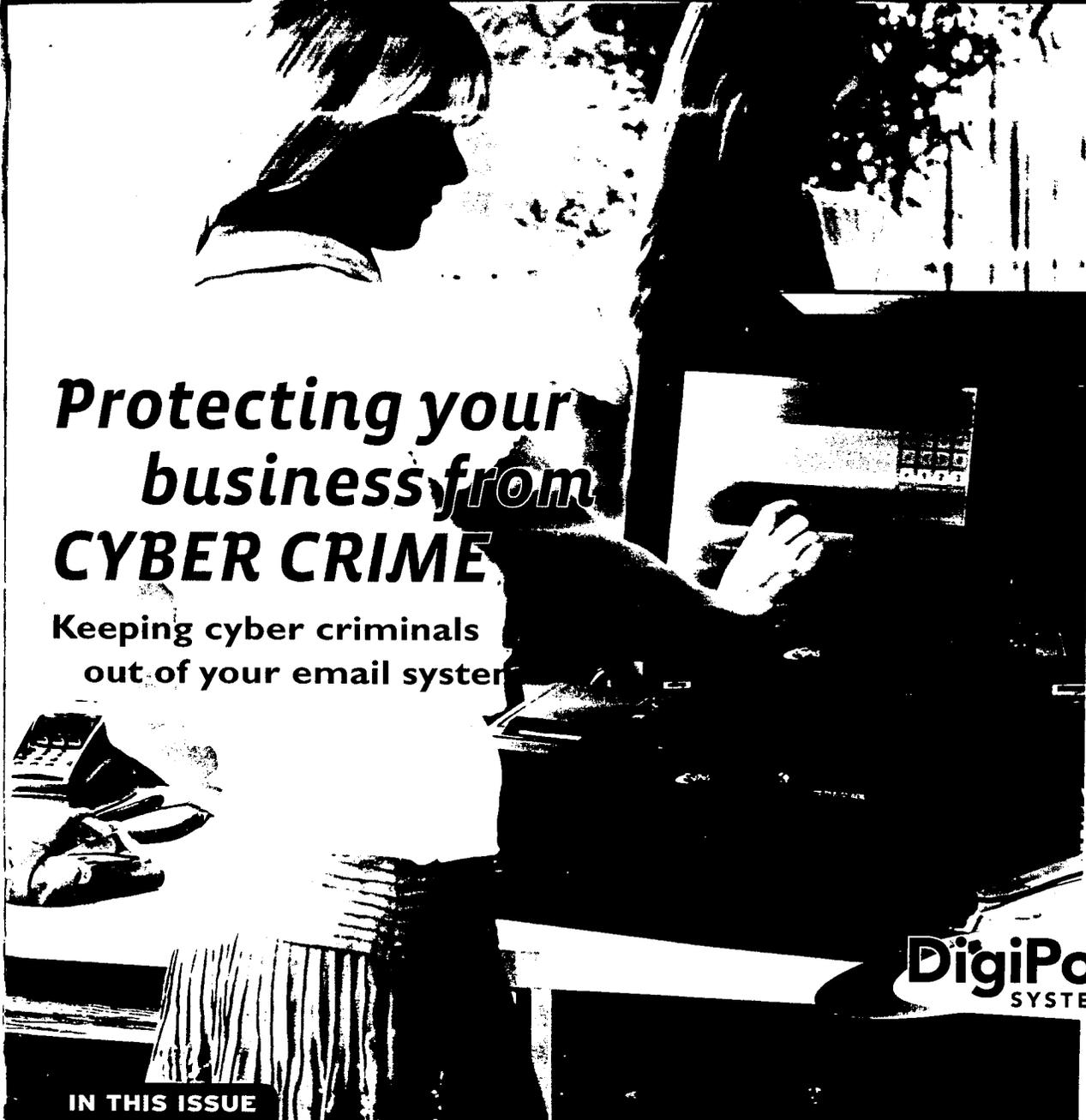
The DigiPoS Systems Group has developed an industry reputation for delivering highly reliable point-of-sale hardware that provides exceptional client value. Our "Designed for Retail" solutions are used by chain and independent retailers in every vertical market and have been installed in over 125,000 lanes worldwide.

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# retail

AUGUST 2006  
VOLUME 2 ISSUE 4



## Protecting your business from CYBER CRIME

Keeping cyber criminals  
out of your email system

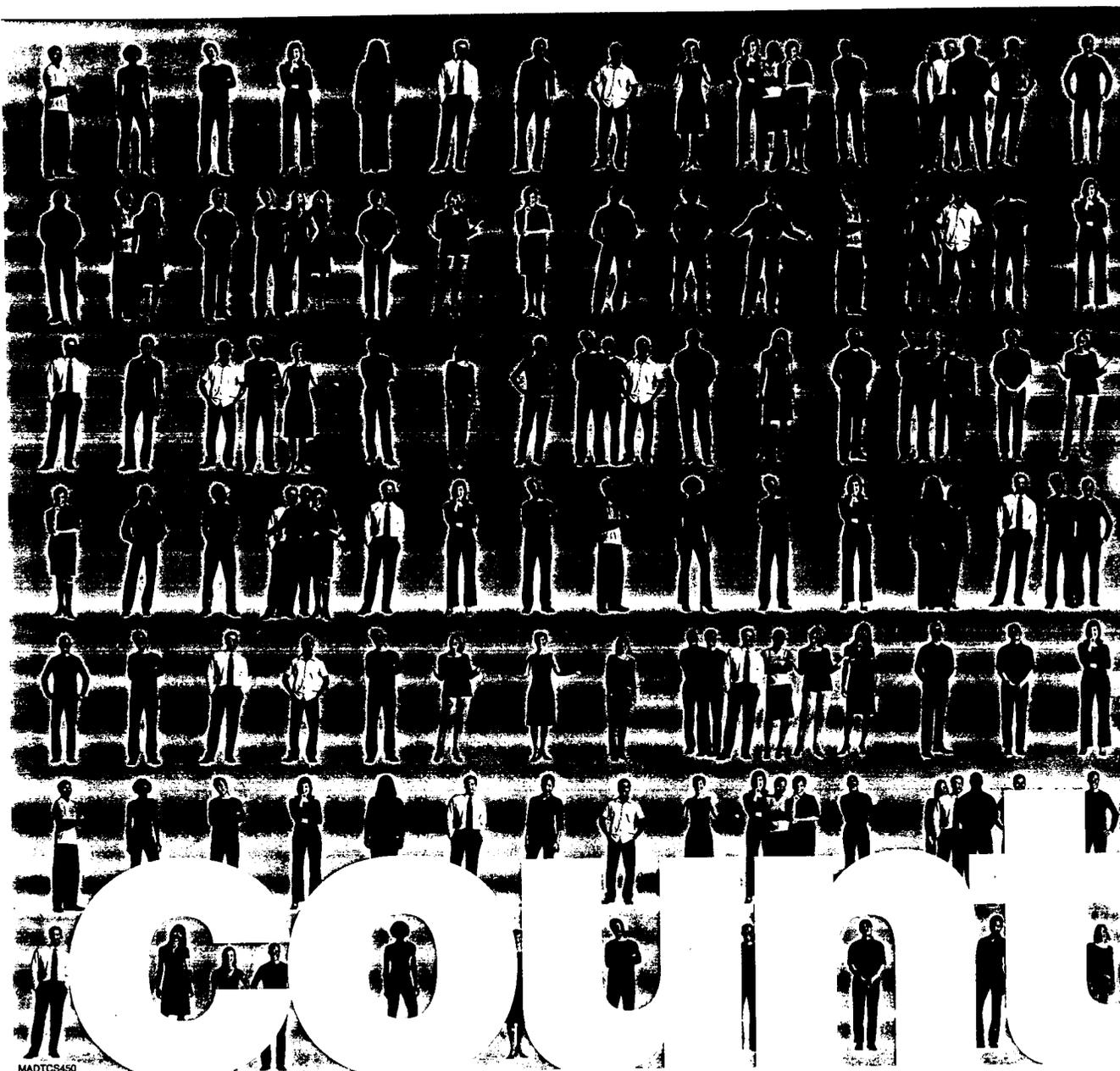
**DigiPos**  
SYSTEMS

### IN THIS ISSUE

*Australian retailing and POS  
enter the 21st century*

*Making sure that your business  
complies with international  
security standards*

*A bumper 17-page preview of the  
most important expo for retailers*



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# editorial

**LAST** month, Woolworth's supermarkets reported a 20% rise in annual sales to almost \$38 billion. Now that's a figure many retailers would be proud of. OK, so maybe it is in the far end of the top of the scale, but what is important here is the 20% sales increase. In other words, Woolies ups its sales by one-fifth a year — not bad by any measure.

So how would a retailer, any retailer regardless of size or turnover, increase their sales by 20% per year?

OK, I won't profess to have the answer — in fact I won't even claim to have part of the answer, but what I do know is that without a massive restructuring of processes and inventory, this figure would be virtually impossible to achieve.

And yes, not everything can be achieved by using technology, but hey, let's face it — without the technology, getting anywhere near the Woolies figure would remain a pipe dream.

Now on the subject of new technology for the retail sector, next month the Retail Technology Expo will kick off in Melbourne. I went to this show by accident when it was in Sydney last year. This may have been an omen, but I not only found the technology available for retailers fascinating, I also noticed there is very healthy competition between the various vendors to ensure those looking for the latest POS, PDA, security tag etc are shown the benefits and advantages of the technology without having to dig for it too hard.

This is important. Taking time off to visit a show is time lost in the store — in other words, it is costing someone money. And so to save readers time and money, we have included a comprehensive show preview in this issue of Retail Technology — complete with an exhibitor listing, a brief preview of as many of the exhibitors as we could fit and a simple floorplan to avoid getting lost.

I hope this will not only make your visit to the Retail Technology Expo a pleasurable experience, but it will make it easier to navigate your way around the site.

I will be representing the magazine on Stand E28, so please come and say hello and let me know what you think of the magazine and its contents. This way, I will be able to ensure that for each and every subsequent issue, we will be covering the issues that are important to you.

#### BRANKO MILETIC

EDITOR



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## COVER

### RELIABILITY PAYS OFF ACROSS MANY SECTORS

DigiPoS Systems has been busy delivering its innovative Retail Blade systems in recent months across the country. It recently rolled out its Retail Blade solution to more than 400 stores in the Pretty Girl Fashion Group. Of particular note, nearly 300 of the stores were installed in just 8 weeks. The Retail Blade is also currently being installed in more than 400 Colorado Group stores in Australia and New Zealand.

Overseas, DigiPoS Systems has won the contract to supply the American Army and Air Force Exchange Service with almost 9000 lanes of Retail Blade (a contract worth more than US\$35 million). The Retail Blade solution has also been installed at Harrods in the UK (arguably, one of the most recognisable department store brands in the world). DigiPoS Systems has been leading the retail market for some time, being the first to introduce Blade Technology to the retail counter. This was combined with the first 10-year warranty ever offered to the retail sector. But DigiPoS is doing more than talking about its reliability, it is delivering genuine costs savings and reducing down time. Pretty Girl Fashion Group has recorded savings of almost \$20,000 a month on its service costs since installing the Retail Blade. Harrods has also reported a 40% increase in up time since it installed the Retail Blade. The reliability of the DigiPoS solution is a function of the innovative design and the quality control processes employed by the DigiPoS team. The Retail Blade incorporates a patented cooling solution which has allowed DigiPoS to deliver the fastest and most reliable retail-hardened terminal available on the market. The testing process employed by DigiPoS includes exhaustive checks and most systems are pre-installed with customer applications so that all functions can be tested before installation.

And it is not only DigiPoS's customers who are recognising its success. Microsoft recently awarded DigiPoS Systems with the 'Partner of the Year' Award for Technology Innovation and it was awarded the 'Supplier of the Year' Award at Retail Solutions last month.

### DISPLAY SYSTEM FOR PHARMACIES LAUNCHED

**I-VISION**, Australia's largest independent digital advertising network, has launched its service in pharmacies, offering a point-of-purchase LCD screen advertising and promotional vehicle.

More than 150 independent and banner-branded pharmacies in Melbourne have signed up to i-Vision and the company will now extend the program nationally, beginning in Sydney and expanding to Brisbane and Adelaide this year. The i-Vision system was launched to the Sydney pharmacy trade at the recent Pharmacy Expo.

Under the digital advertising network, which has been more than two years in development, i-Vision provides pharmacies with one or more LCD screens placed in high customer traffic dwelling areas. The screens play a short loop of advertising and promotional messages, provided by i-Vision and tailored to each pharmacist's needs.

"The placement of digital signage within retail environments is in its infancy in Australia but its positive impact on sales has been proven over many years. Properly constructed digital networks allow delivery of engaging call-to-action messages right to

the point of purchase, triggering purchases and influencing brand choices as they occur," i-Vision Managing Director Stuart Hayes said. "In the future we plan to take the successful i-Vision concept into other retail environments."

The use of digital networks as a mechanism for capturing consumer attention and influencing buying behaviour in retail environments is growing rapidly around the world. They provide a unique and cost-effective medium for advertisers at the point of purchase.

A similar system in the UK, called Pharmacy Channel, averages a 65 to 180% sales lift across all product categories in pharmacies using the service. For example, GlaxoSmithKline product NiQuitin CQ reported an average sales increase over a three-month period of 72.4% in pharmacies using Pharmacy Channel, compared to a 9% sales increase in pharmacies without the service.

"Not only do i-Vision pharmacies see a significant lift in sales, they also have the advantage of being able to communicate personalised messages and promotions and provide an improved shopping experience for customers," Hayes said.

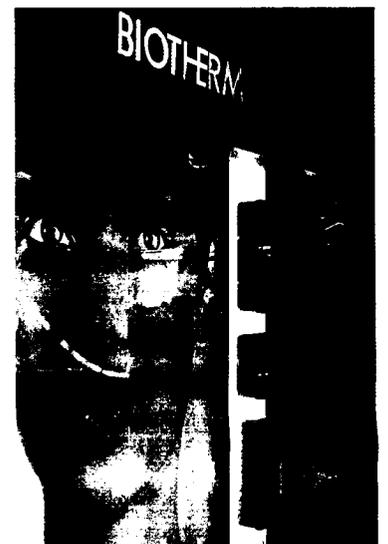
### SEARCHING FOR RETAIL'S BRAVE NEW WORLD

**THE** APPP Expo in Shanghai in July 2006 focused on large format graphics, digital signage and POP, and the equipment which both manufactures the media and displays it. The expo was in five large halls for four days, with exhibitors from China, Korea, Hong Kong, Taiwan and Japan, as well as Europe, the United States and Australia.

While many companies used this show to launch new products, on the whole the expo demonstrated that the industry is now reaching a plateau of maturity, with most of the innovation occurring around the edges, as improvements and refinements rather than completely new concepts.

Most prominent is the uptake of LCD screens for both indoor and outdoor advertising. They are integrated with public telephones and in train carriages, appear in public bathrooms in clubs and bars, and line the streets outside department stores.

Within the stores themselves, LCD screens seem to be everywhere. Cosmetic brands are using them extensively, with clothing and accessories not far behind. The screens are integrated into display cabinets, hang from the ceiling, or are used as stand-alone displays in custom designed applications. They promote the latest products as well as having a pure brand focus.



Getronics has been chosen as distributor for Wincor Nixdorf's retail solutions in Australia. The agreement leverages on Wincor's comprehensive portfolio of solutions designed to increase productivity and competitiveness for retail customers in a dynamic environment. The systems available will include the latest point-of-sale (POS) systems and peripherals, electronic shelf labelling, cash management systems, self-service kiosks and lottery systems.

Wincor Nixdorf's solutions will complement Getronics' established range of services to retail organisations. "Partnering with a global brand that has a strong presence in retail will help to reinforce Getronics' presence in this market. Also, the need to design, deploy, manage and maintain Wincor Nixdorf's solutions will drive additional services business for Getronics," said Paul Timmins, Managing Director for Getronics Australia. Wincor Nixdorf's previous direct presence in the Australian market was as Siemens Nixdorf until 1999 when the retail businesses were carved out to form Wincor Nixdorf. This partnership is integral to Wincor Nixdorf's re-entry into the Australian retail market, as Andrew Phay - Regional Vice President, Asia Pacific Retail Division, Wincor Nixdorf said: "Getronics is a strong services partner that provides Wincor with an existing base of retail customers, national service coverage and a strong services team to build and deploy its solutions."

## INDUSTRY CONSORTIUM TO DEVELOP NEXT-GENERATION E-BUSINESS TOOLS

**AUSTRALIAN** businesses, particularly small businesses, will have better access to e-business through next-generation internet resources based on Internet Protocol version 6 (IPv6).

The Internet Society of Australia, au Domain Administration Ltd, the Australian Electrical and Electronic Manufacturers Association and BuildersNet Pty Ltd will work together on a new project to be funded under the ITOL program of the Australian Government.

IPv6 is a more powerful internet protocol that can deliver a vastly increased scale internet with automatic security and auto-configuration potentially producing substantial benefits for businesses, particularly in international e-commerce.

"auDA works hard to make sure that Australian internet domain names serve the interests of individual and business internet users, and this project will ensure that .au domain names are fully updated to work with IPv6," said Chris Disspain, CEO of .au Domain Administration.

Graham Orr, Business Development Manager with BuildersNet, said that the building and construction industries consist of complex supply chain interactions among thousands of businesses and IPv6 technology is suited to the needs of the industry for e-commerce transactions with its capacity to address many individual devices as well as computers.

The four organisations were awarded funding for this project under the Australian Government's ITOL program. "The organisations are very interested to talk with other groups who wish to explore the potential of IPv6 for e-business," said Mike Biber, representing the IPv6 Forum in Australia. The IPv6 Forum is supporting this initiative.

## NEW PAYMENTS PROCESSING BUSINESS GATHERS MOMENTUM

**BENDIGO** Bank Limited, Customers Limited and MasterCard Asia/Pacific (Australia) Pty Ltd have announced the completion of a shareholders agreement to establish Australia's newest payments processing business "Strategic Payments Services Pty Limited (SPS)". The joint venture partners also announced that Bendigo and Customers will each hold a 40% equity stake in the venture and MasterCard will hold a 20% stake.

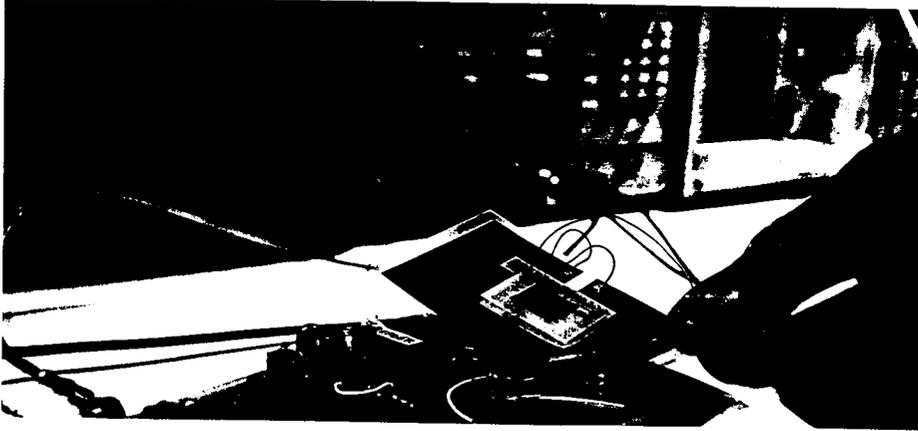
The joint venture also confirmed that the SPS's key technology framework had been determined and would be based on Stratus Technologies Ltd fault tolerant server architecture and Postilion EFT software from the S1 Corporation. Operations of SPS will be co-located within the same building as the MasterCard office in North Sydney, NSW. Plans are well advanced regarding the recruitment of a Chief Executive and key technical and support staff. The joint venture partners will also provide seconded resources.

Chairman of Strategic Payments Services Greg Gillett said, "We are delighted to have completed this major milestone and in particular Bendigo and Customers welcome MasterCard as an equity stakeholder. We believe its ownership stake will significantly enhance the SPS offering and provide additional strategic capability and resources to the business, particularly in its formative stages.

"This milestone also enables us to accelerate our activities and focus on building the business to process payment transactions and drive ATM and EFT terminals. In this regard our objective is to commence processing later this year. This project will continue well into next year. However, we are very pleased with the progress we have achieved to date."

Shuan Ghaidan, Head of Product Sales & Delivery, Asia/Pacific, MasterCard International, said, "MasterCard is pleased to participate in the SPS joint venture and in so doing, we will be leveraging our vast experience in payments processing to customise solutions for competitive advantage."





## FANTASTIC PLASTIC RFID

**SCIENTISTS** at Philips Research have created a fully functional 13.56 MHz RFID tag based entirely on plastic electronics. In contrast to conventional silicon-chip-based RFID tags, a plastic electronics RFID chip can be printed directly onto a plastic substrate along with an antenna without involving complex assembly steps. This could pave the way for the packaging industry to replace existing barcodes with a low-cost RFID tag that provides individual packages with a unique item-level identification code — something not feasible with current barcode technology.

Radio frequency identification (RFID) is an automatic identification method, based on remotely retrieving information via radio waves from miniature electronic circuits called RFID tags. Philips has now realised the first plastic-electronics-based tag that is capable of transmitting multi-bit digital identification codes at 13.56 MHz — the dominant industry-standard radio frequency for RFID tag applications. As an additional demonstrator for the technology, scientists at Philips Research have also developed a 64-bit code generator, showing the practicality of building plastic electronic circuits with the complexity required for item-level tagging.

"The realisation of plastic RFID tags that operate at 13.56 MHz is a precursor for wide-scale market acceptance in the coming years," says Dr Leo Warmerdam, senior director at Philips Research. "To speed up commercialisation of our technology we will explore co-development options with third parties."

## ONLINE SECURITY PICK

**MESSAGELABS** has announced that SmartSalary, Australia's second-largest and fastest-growing salary packaging provider, has selected the MessageLabs suite of anti-spam, anti-virus and image control products to protect its 100 email users from spam and email-borne viruses.

SmartSalary is one of the country's fastest-growing businesses and has increased its client base from 2000 customers in 2001 to 55,000 customers in the 2006 — a 2750% growth in just five years. This aggressive growth puts it within the top 25 fastest-growing small-to-medium-sized firms by the Business Review Weekly in its Fast 100 Index.

The growth experienced by the company is attributed primarily to its strong client focus and the positive customer referrals that flow from this focus. Anthony Collins, the firm's infrastructure manager, explained the bulk of this client communication is via email.

Collins said, "Our business is run by one hundred staff who make 30,000 salary payments every day.

We communicate to clients via email, so spam and viruses have the potential to seriously harm our reputation or force business down time. We can't afford to have these types of problems when we are dealing with people's pay — productivity is of prime importance."

MessageLabs managed messaging security services offer a safeguard against all threats by stopping malicious content at the internet level. This means that threats are stopped before they reach the corporate gateway so that organisations can enjoy clean inboxes and decongested internal networks.

Collins continued, "In our business, effective outsourcing enables organisations to accrue the benefits of salary packaging, without having to bear the attendant administrative burden. The same benefits are true when it comes to our security needs and the model offered by MessageLabs. As SmartSalary continues to grow year on year, we need an outsourced solution that is completely scalable, transparent and trustworthy."

An innovative concept is being released to reduce queue times by more than 30% in food chains across Australia. O'LESS self-service food order stations are being touted to start a new wave in the way consumers order their food items from their favourite chains.

Instead of placing the order with a person behind the counter, customers can now use an easy-to-follow touch screen monitor. All the food options and combinations are shown on screen allowing the customer to select an option as fast as they could say it to an attendant over the counter. The order station even allows alterations to the order in various ways such as removing tomato from a hamburger or changing sauces from tomato to barbeque. O'LESS is very easy to use for people of all ages and also has a friendly voice prompt to guide the customer.

Customers either pay at the order station or at the counter, depending on the workflow decided by the store. Additionally, O'LESS can be programmed to integrate with an existing POS system or a new POS system can be provided with the rollout of the O'LESS stations. The order is electronically sent to the kitchen and once the order is ready the customer is notified on an LCD monitor. O'LESS has been developed by Whitech Software Solutions, the software company behind digital photo kiosks as can be found in stores such as Rabbit Photo. O'LESS self-service order stations will be suitable for many different business models in the food and beverage industry including fast food, noodle bars, coffee lounges and salad and juice bars.

the latest in fraud prevention...  
available any place,  
any time.



SAVE MONEY

ELIMINATE THEFT

POS INTEGRATION

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When it comes to preventing theft at the till and minimising stock shrinkage, the only solution is BQT's POS Fraud Preventor.

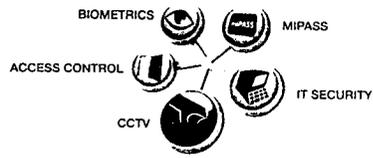
The POS Fraud Preventor is a loss prevention system that integrates your existing point of sale system with real time video surveillance footage. The POS transaction information is overlaid with the video footage and with powerful search capabilities, provides instant correlation for transaction queries.

Watch your bottom line results increase substantially after investing in BQT's POS Fraud Preventor.

**Features**

- Integrates and is managed through existing POS systems
- Instant transaction search function via on-site or remote web access
- POS transaction and video footage overlay
- Supports 32 POS terminals (per DVR)
- Operates your existing CCTV with existing cameras (up to 32 cameras)
- 100 FPS - 8 & 16 channel / 200 FPS - 32 channel

For further information visit [postp.bqtsolutions.com](http://postp.bqtsolutions.com), email [sales@bqtsolutions.com](mailto:sales@bqtsolutions.com) or call 02 8817 2800



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## RETAILERS NOW OUTSOURCING THEIR COMMUNICATIONS

**SUPRÉ** has outsourced the distribution of its e-newsletters to Premiere Global Services and signed up the marketing automation expert to manage its viral marketing outsourcing for Australia and New Zealand.

The move comes following a successful viral marketing campaign implemented with PGS technology, which helped grow the number of members to 80,000. Over the past 12 months, Supré has also outsourced the distribution of its fortnightly newsletters to PGS, using its dedicated marketing automation products.

Cathy van der Meulen, International Brand Manager at Supré, says, "Our customers are young, sassy and computer literate. They spend a lot of time online and we needed to start talking to them in their own language through a medium they are very comfortable

with. Engaging our customers and keeping them loyal to our brand is extremely important, so it is essential our messages help us increase membership, drive foot traffic to our stores, online sales and brand loyalty.

Supré enlisted Premiere Global Services to broadcast and manage all its communication to its members, including promotions, competitions, in-store events, special offers and company news. The application is used and managed by one person with Supré, who, from her desktop, can send, receive, track or tailor information according to requirements.

Dani Hunt, the Supré web designer says, "Using Premiere's application, we can dissect our database according to the location, age, style preferences or any other information we have on our members. This allows us to target the information we send to specific

states, for example. We can inform our South Australian members about special offers available in their area, we can encourage our NSW members to attend an in-store event or we can offer a relevant promotion to members from Victoria. It has saved us a lot of time and effort."

Stephan Gervois, Marketing Director for South Asia, Premiere Global Services, said, "Our technology is perfectly positioned to help Supré talk to its customers through online and viral campaigns — mediums which this demographic is using more and more. As we move into multi-channels of marketing, brands must sit up and listen to what their customers want. Not only are they demanding the latest trends in fashion and lifestyle products, they also insist on hearing about them through multimedia mediums."

## events

August 16-18	September 19-21	Oct 31 - Nov 2	May 1-3 2007
<p><b>WHAT:</b> RFID World 2005  <b>WHEN:</b> 16-18 August 2006  <b>WHERE:</b> Darling Harbour Sydney  <b>WHY:</b> RFID World Australia is an end-user focused event, showcasing all RFID systems and related services. It is where professionals and business strategists from across all industries come to learn best practice, see the latest technologies and meet with the most innovative companies.  <b>WHO:</b> <a href="http://www.terrapinn.com/2005/RFID%5FAU/">http://www.terrapinn.com/2005/RFID%5FAU/</a></p>	<p><b>WHAT:</b> Retail Business Technology  <b>WHEN:</b> September 19-21, 2006  <b>WHERE:</b> Melbourne Exhibition &amp; Convention Centre  <b>WHY:</b> In 2006, Retail Business Technology will be held in conjunction with Shopfit Display &amp; design and National Retail Forum. The event will be held from 19 - 21 September 2006 at the Melbourne Exhibition &amp; Convention Centre. If your products play a part in the \$160 billion of retail sales made every year in Australia, you can't afford to miss the Retail Technology Exhibition 2006 in Melbourne.  <b>WHO:</b> <a href="http://www.retailtechexpo.com.au">www.retailtechexpo.com.au</a>  <a href="http://www.austexhibit.com/contact.htm">http://www.austexhibit.com/contact.htm</a></p>	<p><b>WHAT:</b> Franchising &amp; Licensing Asia 2006 (FLA 2006)  <b>WHEN:</b> 31 October- 2 November 2006  <b>WHERE:</b> Suntec Singapore International Convention &amp; Exhibition Centre  <b>WHY:</b> This is an international trade exhibition earmarked to be one of the most significant channels for introducing new business concepts into Asia and a springboard for budding local and regional companies to expand into the global markets. FLA 2006 is the place to be for potential franchisees or licensees interested in venturing into a new but proven business concept, and business or brand owners seeking expansion regionally or internationally through franchising &amp; licensing.  <b>WHO:</b> <a href="http://www.franchiselicenceasia.com/">http://www.franchiselicenceasia.com/</a></p>	<p><b>WHAT:</b> CeBIT 2007  <b>WHEN:</b> 1-3 May 2007  <b>WHERE:</b> Darling Harbour Sydney  <b>WHY:</b> CeBIT Australia is Australasia's leading Information &amp; Communications Technology (ICT) event for the business marketplace and covers the entire spectrum of technology and the key elements that make up the ICT products and services marketplace. CeBIT Australia is a tradeshow and conference strictly for business. All the exhibitors focus on technology solutions for the corporate market. The visitors will mainly be C-level executives, IT professionals, software developers, business line managers, that want to stay on top of the trends and best practices in integrated business technology solutions.  <b>WHO:</b> <a href="http://www.cebit.com.au/">http://www.cebit.com.au/</a></p>

# OPTICON Leading Edge Barcode Scanners

## OPL 6845

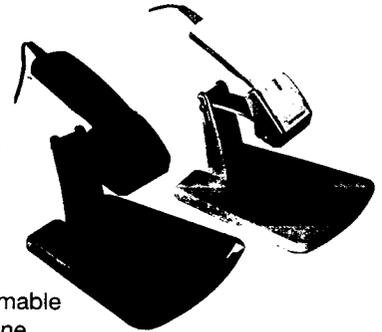
### Laser Scanner & Included autotrigger stand

Opticon's directional station scanner is economic, compact and highly functional. The autotrigger scanning feature in on-stand applications allows for easy hands free operation. The OPL 6845 is the perfect companion to your POS system.



#### Features

- Available in black or beige
- High quality laser scanning engine fully programmable with Universal Menu Book or 'Opticonfigure' online
- Easy connectivity with R5232, Keyboard Wedge, and USB
- Stand automatically enables autotrigger by default for longevity
- Highest quality in laser scanners at a competitive price



## OPT 6125

### CCD Scanner

Opticon's CCD (camera) Scanner combines economy, speed, durability and ease of use.



#### Features

- Available in Black or Beige
- Exceptional quality and an excellent choice for the budget minded
- Combine with Heavy Base Gooseneck or desk stand

## OPM 1736B & OPM 2000 Omni Directionals

### Omni Directional Laser Scanner

Omni Directional scanning provides the ultimate in ease and efficiency in a station scanner. The OPM1736B offers elevation from a stand and the rugged IP54 OPM2000 is an aggressive performer with reading distances up to 37cm! Read some of the most difficult barcodes at any orientation.



- Lightweight suitability for hand scanning
- Unique nodding head design (2000)
- Instant barcode detection
- Range of interfaces available
- Supplied with stand (OPM1736B)
- Do your staff waste time trying to read barcodes? Try an Opticon!



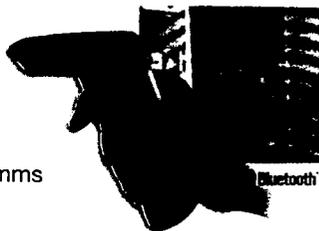
## OPL 7724

### Hand Held Laser Gun with Bluetooth®

The flexibility of a battery powered gun laser scanner now combines with the flexibility of Bluetooth® communication. The OPL 7724 can still scan when out of communication range but automatically transmit back data when in range. Perfect for hardware stores and libraries.

#### Features

- Ergonomic design & lightweight
- Bluetooth® connectivity
- Charging & Charging + Comms Cradles available
- Data memorising capable



## OPL 7736

### Hand Held Laser Gun

Opticon's entry level laser scanner has been designed specifically for high frequency use and intuitive operation. The gun shaped body provides excellent hand fit and the trigger key has a natural easy push activation.

#### Features

- Laser scan engine
- Light weight
- Available in Black or Beige
- Range of interfaces available
- Ergonomic design



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# MORE THAN JUST A CUP OF COFFEE

*In our first Shopfront, we look at a well-known retailer and how they use technology to further their business goals. Retail Technology editor **Branko Miletic** speaks to Gloria Jean's Coffees CEO Mike Devlin. At Gloria Jean's Coffees, Mike is the newly appointed CEO of its Australian operation having joined the company in December 2004, after the acquisition of the international brand rights from Gloria Jean's Coffees USA.*



**RETAIL TECHNOLOGY (RT): WHAT TYPE OF TECHNOLOGIES DOES A COMPANY LIKE GLORIA JEAN'S COFFEES LOOK AT USING?**

**MIKE DEVLIN (MD):** Intranet – support office (head office) only; extranet – online ordering system that is fully integrated with our ERP system that gives us efficiency in managing inventory level and timely delivery to meet our store demand; Online Franchise Suite System (OFS) – comprehensive back of house suite that we have developed and tailored for our unique franchise operations both at store and at head office level and a private network broadband connection – nationally to our stores, provide highly secured and controlled internet and intranet environments that enhance productivity and network security across all stores.

**(RT): IN TERMS OF POS SYSTEMS, WHAT ATTRIBUTES OF A POS SYSTEM DOES GLORIA JEAN'S COFFEES USE TO INCREASE CUSTOMER SERVICE/ SATISFACTION AS WELL AS ADDING TO THE BOTTOM LINE?**

**(MD):** With our POS system we have deployed one of the best-of-breed POS systems that is capable of delivering our marketing and operational strategies to our

customers. We have decided to take our POS terminals to the next level of POS technology for coffee house environments. With its unique customer display functionality our POS system also adheres to our mission of serving personalised service to our customers. In addition, our Online Franchise Suite System (OFS) provides our franchisees with a comprehensive management tool to help manage gross profit – increasing sales and reducing Cost of Goods. The system can deliver detailed analysis of product sales, transaction counts, speed of service, and also provides efficient stock take functionality and managed recipes across all stores. At the same time the system provides a comprehensive rostering functionality for labour cost control and an integrated online ordering system that can help our franchisees forecast and control their store stock level better.

**(RT): IS GLORIA JEAN'S COFFEES ONLY ABOUT SELLING COFFEE OR IS THERE MUCH MORE TO THE BUSINESS MODEL?**

**(MD):** Gloria Jean's Coffees prides itself on being an organisation that is much more than serving quality coffee. Not only do we serve quality coffee blended and roasted in our state of the art roasting facility in Sydney, our coffees

are of a consistently excellent quality but we also have a distinctive culture based on building a unified family ethic.

Gloria Jean's values its tightly knit community and believes customers are deserving of the same sense of belonging. The brand stands for the importance of human connection and shared experiences.

Community is a key organisational value in Gloria Jean's Coffees. We express it as having a 'Belief in people, building and changing lives'.

In 2005 we supported Opportunity International's Tsunami appeal, raising some \$83,000 and on October 8 and 9 we held our second annual fundraising drive 'Cappuccino for a Cause' through our stores for Mercy Ministries, in what is now an annual fund raising appeal.

**(RT): WHEN AND WHERE AND BY WHOM WAS THE COMPANY SET UP?**

**(MD):** Gloria Jean's Coffees is an Australian owned and operated company. Since opening its first Australian coffee house in November 1996, Gloria Jean's Coffees now operates in over 25 countries around the globe. Gloria Jean's Coffees was founded 10 years ago by a partnership between Nabi Saleh and Peter Irvine.

[www.gloriajeanscoffees.com.au](http://www.gloriajeanscoffees.com.au)

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- > Target your best customers
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Where Advantage Begins

# display technology

## THE MEAT IN THE DISPLAY SANDWICH

*Yeahpoint established its business developing products on a Linux platform because it was cost effective. But, as the company grew and attracted bigger clients with sophisticated demands, the limitations of Linux hindered Yeahpoint's progress. When time came time to develop an interactive touch screen display and recipe printer for Meat & Livestock Australia, the company needed a development platform to create devices that would integrate with existing systems and provide more services to clients at a lower cost.*

BY BRANKO MILETIC

**WHEN** Yeahpoint received a brief from Meat & Livestock Australia (MLA) to devise a way to help butchers increase sales and get customers to return to their stores, CEO John Anderson said "he had just the solution".

Anderson said the touch screen display and recipe printer would be perfect for butcher shops. But the device's technology base, Red Hat Linux, had its shortcomings.

"We founded our company developing on a Linux platform because it was cost effective at the time," says Anderson. "But, as our business grew and we attracted the attention of clients like MLA, we discovered that staying with Linux would restrict us to creating isolated units that would simply stand on a counter. They would not be able to be integrated with our clients' other devices."

To counter this situation, the company deployed Microsoft

Windows Embedded for Point of Service (WEPOS) — the operating system designed for point-of-service applications such as point-of-sale terminals, information kiosks and self-checkouts used in the retail and hospitality industries.

WEPOS is claimed to be the first point-of-service operating platform to provide plug-and-play peripheral support that enables retailers to install and integrate current and legacy retail devices quickly into a point-of-service system. This helps lower device life cycle costs and reduce time spent connecting devices.

"WEPOS is a reliable platform focused on being consumer-driven and interactive," says Anderson. "It also allows for local store customisation by provider, retailer and industry partners."

As part of its new service for MLA, the company supplies butchers with LCD or plasma displays, touch screens, recipe

printers and installation. Every month, Yeahpoint also uploads new recipes and content into the devices.

The compact interactive digital unit, which fits neatly on the counter top, displays a number of healthy recipes that customers can print out immediately by simply touching one of the pictures on the screen. With all the necessary ingredients listed with the recipe, dinner for busy shoppers can be organised with a minimum of fuss.

It invites the consumer to touch the screen. When they do, they are presented with different categories of meal, such as casseroles or barbecues. When the consumer selects a category, they are presented with meal alternatives such as goulash, osso bucco (or lamb shanks). They choose a dish and the device prints a recipe with directions on what cuts of meat to buy.

He says what makes this

system work really well for the retailer is that it "influences the customer at the point of product". Furthermore, notes Anderson, the system is designed to uplift category sales — something he says the company "has already proven". "We also provide the retailer with the best consumer information there is — we can illustrate to the retailer what the individual customer is thinking at the time and point of purchase by using our system."

One chain of seven butcher shops in Sydney that uses the solution claims that on a recent weekend there were 7000 printouts for one lamb shank recipe alone and Anderson says some butchers using the system have boosted sales by 25 to 35%.

Anderson says that in some other retail markets such the mature beer sector, this solution was responsible for "a 1200% increase in sales over a 4-month period, whereas with

## MEATY

Long-standing butcher Daryl Pattemore is never one to rest on his laurels. After many years running a successful business in Alexandra Hills, Brisbane, he has decided to introduce digital interactive screens to his store, which he believes will make him a cut above the rest. The new interactive digital unit has now stood on the store's counter top for a little more than 12 months. Customers can quickly and easily select different recipes by touching one of the colourful images on the screen. The computer prints out a recipe and then all that's left to do is buy the ingredients, conveniently listed, to cook up dinner. Pattemore said he believed this novel device helped him keep up with technology and added a new dimension to his store. "There's no question the big shopping centres put enormous pressure on us," he said. "But it just means we have had to lift the bar and better ourselves because of it. We're constantly upgrading to build customer loyalty and that's why we are different." Pattemore said the digital screens added to the many changes he had been making at the store, including employing a full-time chef who makes ready-to-bake-at-home pies and other dishes. He added: "The key is the Yeahpoint screens are adding to what we already do, which is give a higher degree of service. We sell a premium product at this store and we like to back it up with premium service." Pattemore said the new Yeahpoint screens had already met with a favourable response, adding that "it enhances our customer's shopping experience".

a fresh food customer, the bottom-line increase garnered by the Yeahpoint solution was a somewhat more modest 25%.

"In a typical retail environment, retailers have fewer than 10 seconds to get their message to consumers," says Anderson.

"We now have a working model that allows us to develop interactive solutions for our clients so they can deliver messages to consumers with no erosion between the message and the consumer's buying decision.

"This boosts in-store sales and, for the first time, allows our clients to accurately track consumer behaviour in the store. That in turn allows our clients to build better sales and branding plans for their products. And, of course, this means we're providing a better service."

A number of forward-thinking butchers around Australia have installed this new solution and all agree that these digital screens are the way of the future. Anderson says that thanks to Yeahpoint, most of these butchers have reported "an increase in sales somewhere in the vicinity of 25%".

One example is Sam Mangano and Darren Roose, owners of the Brisbane food market Zone Fresh, who after six months of using the Yeahpoint screens were so impressed with the positive reaction from customers that they are now planning to put in more screens.

"We've needed something like this for a long time," Mangano said. "Our sales are up and there's been a lot of excitement and interest in the screens. I'm now thinking about putting in more."

Steven and Helen Carmichael, who operate three major outlets on the Sunshine Coast, Queensland, believe the introduction of the Yeahpoint units to their stores makes shopping much easier for people on the run. "What we are looking for, and the customer is looking for, is convenience," Helen Carmichael said. "Using the interactive screen, we can suggest a recipe, offer the customer the ingredients and there's dinner. All sorted.

"We are looking to value add for our customers," she added. "We already offer exceptional service and quality. Now with the

demand, keeping the butcher in touch with what their customers really want.

Although Anderson admits that Yeahpoint best suits that part of the retail sector that deals with the high information categories like FMCGs (fast moving consumer goods), he also notes that the product is valuable wherever the retailer can value add to their product. In fact, he says across the board, in all sectors of the retail industry, as far as he is concerned, "Yeahpoint is designed to increase sales by an average of 25%".

[www.solomedia.com.au](http://www.solomedia.com.au)



Yeahpoint solution we are giving customers more."

The counter top device not only instantly prints out recipes, which change regularly to maintain interest, but it can tell customers about the specials of the week. These can be tailored to each butcher's individual needs. The units can also track customer

**"THE KEY IS THE YEAHPPOINT SCREENS ARE ADDING TO WHAT WE ALREADY DO, WHICH IS GIVE A HIGHER DEGREE OF SERVICE. WE SELL A PREMIUM PRODUCT AT THIS STORE AND WE LIKE TO BACK IT UP WITH PREMIUM SERVICE." - DARYL PATTEMORE**

# eCommerce

## PROTECTING YOUR EMAIL SYSTEM FROM CYBER-VERMIN

*Make no mistake about it – your email system is just as important for your*

*business as your website or business. You may be sitting at a computer with an*

*Internet connection and your messages may be sitting on servers half-way around the world. Or that may*

*be your computer. You may be sitting at a computer with an Internet connection*

**ACCORDING** to companies such as Microsoft, many of the most common computer viruses and other malicious software are spread through email attachments – the files that are sent along with an email message. If a file attached to an email message contains a virus, it's often launched when you open the file attachment (usually by double-clicking the attachment icon).

Some companies lull themselves into a false sense of security upon installing a firewall. This is a wise step to protect their intranet, but it is not enough: firewalls prevent network access by unauthorised users. But they do not check the content of mail being sent and received by those authorised to use the system, for instance.

More targeted measures are needed to counteract this and other security loopholes in a network.

A recent example of a retail company that was victim to a cyber attack is Bakers Delight. Despite the server level anti-virus protection already in place, the company's network fell victim to the Bugbear worm. So to prevent this from reoccurring, the company installed MailGuard's outsourced anti-spam and anti-virus solution to protect Bakers Delight's 225 plus email users before potentially contaminated emails were able to reach their inboxes.

In spite of deploying server-level antivirus protection, in late 2003 Bakers Delight's head office fell victim to the Bugbear worm – a mass-mailing worm that

quickly spreads via email and shared network resources while attempting to disable various antivirus and firewall programs.

Bakers Delight is Australasia's largest and oldest bakery franchise, established in 1980 as a single bakery in the Melbourne suburb of Hawthorn. As a franchise bakery, Bakers Delight sells 13.3% of all bread retailed in Australia and 8.5% of all bread sold in New Zealand.

The company has 225 email users dispersed throughout its head office and regional offices, servicing the needs of its 600 plus franchisees. Today, Bakers Delight uses MailGuard's outsourced services to manage and filter all users' incoming and outgoing email.

In late 2003, the severe impact of the Bugbear worm

on Bakers Delight, despite the efforts of its in-house IT department, led information services manager Peter Carrodus to seriously consider outsourcing the organisation's email filtering processes.

"As an IT department we're small. We're a multi-skilled group of people and we all have to lend a hand in many different technical areas. Frankly, this is not a particularly good model for security," Carrodus admits.

"With virus scares monthly and spam on the increase, I now have complete peace of mind that every single user is comprehensively protected from viruses and junk mail 24 hours a day. With MailGuard's security and filtering systems automatically updated every 10 minutes, we have been virus and spam free since adopting the service," said Carrodus.

Viruses are a major email security hazard that retailers simply cannot afford to ignore. Some 12,000 different computer viruses exist to date and some 300 new ones are created each month. Their effects range from negligible to bothersome to destructive.

The extent of the problem is so great that today many



## DID YOU KNOW THAT...

- When you send your email messages, they do not go directly to recipient mailboxes?
- The internet service provider stores copies of all your email messages on its mail servers before it tries to deliver them?
- All the information kept on the servers can be easily used against you?
- When you send an email message to a list of email addresses, the respondents can see each other in the email message header?

companies have even begun to prohibit the use of email attachments, as this is where viruses are often embedded. Unless forewarned, users are generally unaware that they have received a virus until they open the infected attachment. By this time, it is too late: the virus is activated and starts to take over, completely infecting the hard drive and the messaging network.

The danger of viruses transmitted through macros, another common form of virus transmission, is that they allow the user to continue working and sharing documents. This way, the virus spreads faster, infecting more and more users.

Carrodus believes email security is a very specialised area that is costly to have in house. "MailGuard's service-based model delivers comprehensive filtering solutions and, in addition, is actually saving Bakers Delight money in both resources and productivity time," he says.

Carrodus says he is now looking to extend that protection to its 600 franchise bakeries. "Our business relies on email so much because we have so many sites that we have to communicate with, both within our regional

offices and the bakeries," Carrodus says. "Though our bakeries handle things well, at the end of the day, they're in the business of making bread."

While virus protection has been Carrodus's number-one priority, he says MailGuard's spam filtering service has more of an impact on day-to-day activities.

"An incredible amount has been stopped and that has certainly been well received by our user population. From an IT point of view, we think it's great because it's less garbage in our server logs and less traffic we have to receive," said Carrodus.

Carrodus believes that, today, unwanted emails (viruses, worms, spam, pornography, etc) and email usage is a key concern within all organizations, whether there are two or 2000 users.

According to the company, MailGuard's solution has given Bakers Delight the ability to filter certain types of email and flag these for the attention of management. The outsourced solution gives access to comprehensive statistics and reports on customers' email traffic.

## WHAT SECURITY ISSUES CAN EMAIL HAVE?

**Eavesdropping:** The internet is a big place with a lot of people on it. It is very easy for someone who has access to the computers or networks

through which your information is travelling to capture this information and read it. Just like someone in the next room listening in on your phone conversation, people using computers "near" the path your email takes through the internet can potentially read and spy your messages.

**Identity theft:** Someone can steal your password and use that you use to access your email servers. They can read your email and send false email messages as you. Very often, these credentials can be obtained by eavesdropping on SMTP, POP, IMAP or WebMail connections, by reading email messages in which you include this information, or

your IP address, or your company's IP address. They can find out what you address is in the

clear over SMTP.

These are the most common security issues that can happen to you.

It is important to know how to protect your information.

There are many ways to protect your information. One way is to use a secure email service.

Another way is to use a secure webmail service. These services use SSL to encrypt your messages and prevent anyone from intercepting them.

It is also important to use strong passwords and to change them regularly.

Finally, it is important to be aware of phishing attacks. These are attempts to trick you into giving up your personal information.

Remember that the internet is a public place and that anyone can be looking at your messages.

The internet is a great tool, but it is also a security risk. Be aware of the risks and take steps to protect your information.



# SHOPPING ON THE NET - FOR RETAILERS

BRANKO MILETIC REPORTS

Shopping.com has become the world's leading comparison shopping engine. The site is the main driver of the key points of its strategy, its main claim to its global presence. The site was designed as an e-commerce site for retailers rather than like most sites, as an online presence with some retail functionality.

AT the end of the day, says Shaun Cornelius, Shopping.com country manager, "We're all about taking the clutter that's become something that we all see on the web day to day from a product standpoint and breaking that clutter away. Really, when we talk to consumers they use words like: "the experience is overwhelming", "I can't find what I'm looking for", "I'm stressed", "I'm frustrated", and what we do is we bring some proprietary technologies together and a philosophy we call the five-step process — no more than five clicks from the time that you put in the browser to the time that you click onto the 'buy' button so that you can have the most enjoyable, simple shopping experience."

Lorrie M Norrington, the company's visiting president and CEO, says that as an online entity, Shopping.com is all about making life easier for the retailers while providing them with instant and quantifiable results.

"What we've done is that we've used that as a design principle and then we've coupled it with our user testing and we've tried to prove over and over again with our user testing that people are much more satisfied the more quickly they can find what they're looking for," she says.

"One of the things that we've seen become very popular in most of the countries that we're in today is multi-channel marketing but in those multiple channels the retailer's always looking for the highest return on investment and so being able to measure those results and really being able to maximise the return on investment through either managing their feeds to us or managing their marketing programs more effectively is really what they're looking for. So, lots of uncertainty on both sides. What we try to do is we try to bring the consumers together, give them a better way to shop and then for retailers, give them a better way to be able to both have access to those consumers and then convert those consumers into buyers."

Norrington notes: "Our service is free to consumers; retailers only pay us when someone clicks on the buy button. So it's a pay-for-performance lead generation model. So there's no cost up front to the retailer and hopefully you'll get a feel as we take you through this for how much more directed the shopping is. A study was done in 2004 that showed that for every dollar spent on Shopping.com there's a return of \$18.50 versus if you spend a dollar on horizontal

search engines you get a return of about \$4.50.

So we find with the shopping experience there are really three steps and this is, by the way, irrespective of if you're browsing or if you have a highly considered purchase; we find the three steps to be amazingly consistent across cultures and across any kind of shopping occasions. So consumers discover and find and then they consider and compare and then they buy. In addition to that nice little man pushing the cart, we feel we have a unique value proposition and so ... what we've been able to do is really try to understand what the consumer's need is and translate that into technology."

This information is then customised and based on each user's individual search.

And according to Norrington, consumers "really want abundance, they want the entire choice that the web can provide but they don't just want more choice, they want better choice. So relevancy is extremely important."

From a retail perspective, she also says, "There are really three big advantages to Shopping.com. First of all we are able to generate massive amounts of traffic. In the world we have over 40 million unique visitors

a month. It is something that we've been very focused on because our retailers obviously care about lead acquisition and lead generation but almost as important they care about having people actually buy — obviously, leads are great but it's about how they convert to sales. And then lastly, and very importantly for merchants, we have automated tools. We've spent the last seven years building expertise in [things such as] helping merchants to manage their feeds and we can take a wide range of feeds so we're very experienced in dealing with different levels of technical capability on the retailer end but in addition, we have a tool that's called the merchant account centre and the merchant account centre allows you to go in literally on a moment-by-moment basis, real time, and be able to manage your campaigns with Shopping.com."

The issue for the consumer, says Cornelius, "is finding relevant information, as you can understand, so finding the product that they're interested in, from a retailer that offers that product in Australia and the information they need to make a great purchase decision. We're all about driving buyers to retail websites rather than pure clicks or browser traffic because, as you know, retailers are interested in growing their top line sales and that's the important number for them in a profitable way."

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# POWERFUL TOOL OR DOUBLE-EDGED SWORD?

BY PAULA O'CONNELL\*

*There is no other medium that provides the immediate, direct and cost-effective possibilities of email marketing. Yet email does. Yet*

*it is also a double-edged sword. Poorly handled, it can be disastrous for the fragile customer relationship and may even impact on community attitudes to email marketing in general.*

**POWERFUL** though it may be, email can clearly be a double-edged sword. If used well, it has proven abilities to build store traffic, loyalty, repeat business and can even encourage greater customer spending. If mishandled, however, an email campaign can be disastrous for the fragile customer relationship and may even impact on community attitudes to email marketing in general.

For the individual retailer - and for the broader business community - it is absolutely vital to make effective email communication a priority and to take a considered approach.

One of the most common pitfalls, particularly for those new to email marketing, is the temptation to say too much within the one message. With too many ideas, or too wordy an approach, there is a very real risk of confusion. Of course, this is hardly a new theory. In fact, it's the reason short and sharp messages are favoured in other formats. With email, however, the need for clear and concise communication is more critical than ever. If a newsletter or special offer doesn't

make its point immediately, recipients are likely skip over it, or worse, hit the delete key.

Consider how many messages you have probably deleted today from your own inbox. Chances are, at least some of them had long or unclear subject lines. In the worst examples, legitimate customer messages are so badly represented by their subject lines they are simply mistaken for spam.

Even with ISP filters and end user software, spam continues to dominate the average inbox. Australia's anti-spam legislation is helping weed out the good from the bad (In fact, you'll probably find that you won't receive one piece of spam in your inbox that's originated in Australia), but unfortunately there's still plenty generated elsewhere around the world.

The biggest challenge is for legitimate communication to stand out from such garbage. You only have a 'from' address and a subject line to get your reader's attention. These are the only tools you have to work with to get that all important 'open' so you simply can't squander them. Messages with titles such

as "Chance to WIN \$500!" deserve to be deleted, instead of "Special offers from company x" or "Your gift from x company".

In terms of legitimate messages alone, there is a lot of email coming into the average inbox these days, all jostling for the recipient's attention. Companies are compelled to find clever ways to get their messages noticed, but very few are drawing on the most potent resource and the one that sets them apart from competitors - their own existing customer data.

'Personalisation' may seem like little more than a buzz word these days, but the idea behind it is sound. That is, to use customer information to tailor messages so that they are more meaningful to the individual. The great tragedy is that, so far, many email campaigns do little more than insert the recipient's name, before incorporating a standard message that may have very little relevance to individual customer. Rather than reinforcing the relationship, these messages completely fail to demonstrate any consideration for the individual's preferences or requirements.

Worse, any benefits can be completely undone with bad data washing if the email uses an incorrect name, improper case on the name, includes the customer's full name in a casual communication, or vice-versa.

Email marketing campaigns need to be smarter about the content they use. Retailers, in particular, stand to benefit greatly in light of the intense competition to maintain customer loyalty. They need to start using more datapoints and harness what they know about customers in order to remain competitive. Remember, email is both cost-efficient and direct, so customising messages to suit individuals is more than possible. In fact, it's imperative.

Of course, having a robust database from the beginning is the easiest way of tailoring emails, but companies can also ask for the information needed down the line if they don't already have it, by way of member management pages and surveys.

As always, it's important to listening to customer feedback. Some may be passive, derived from click-through analytics, and open behaviours. Or, it may be active feedback such as preference information given through member management pages, registration pages and customer surveys. These are a key opportunity to show respect for the customer's email-based relationship.

One of the guaranteed customer 'turn-offs' are emails that don't take into account the information a customer has already volunteered. If they said they live in New South Wales, why



A POORLY CONSTRUCTED EMAIL CAMPAIGN HAS THE SAME RISKS POSED BY TOO-FREQUENT, UN-TAILORED AND MISDIRECTED MESSAGES. IT'S NOT JUST A MATTER OF FAILING TO GENERATE INTEREST. THESE PITFALLS CAN ACTUALLY HARM A COMPANY'S ABILITY TO COMMUNICATE WITH THE CUSTOMER IN FUTURE. IF A CUSTOMER UNSUBSCRIBES IT CAN BE VERY DIFFICULT TO REACH THEM AGAIN WITHOUT FOLLOW UP WITH TELESALERS OR VIA POST.

send them offers available only in another state? It doesn't make sense, but as every email user knows, this is exactly what happens in many poorly conducted email campaigns.

And it probably happens many times, since another key mistake is to overuse email. It's definitely possible to have of too much of good thing. In a recent UK survey customers described spam as any email "that arrives too often, even from a company I do business with". It is vital to show respect for the customer relationship by communicating to them when appropriate and relevant.

There can also be some risk in the choice email construction. Colour and graphics, along with animation, are useful tools to highlight the message and call to action within the body content. Graphics are also necessary to communicate company brands and promote consistency with other marketing collateral. However, some go overboard with graphics, making the email too image heavy (and taking longer to download or even slowing down their own image server), taking up too much space with fancy headers and using images for the sake of making a message look pretty.

Animation, in particular, can also be tricky. Flash looks great but not everyone has the ability to view it – especially in corporate environments where their ability to run Flash or even load graphics, in some Lotus Notes configurations for instance, is restricted.

Again, it's really a case of knowing the recipients and further more asking them what they want. Let them tell you when they register if they prefer text or html. Then follow through on this information so that customers get what they ask for.

A poorly constructed email campaign has the same risks posed by too-frequent, un-tailored and misdirected messages. It's not just a matter of failing to generate interest. These pitfalls can actually harm a company's ability to communicate with the customer in future. If a customer unsubscribes it can be very difficult to reach them again without follow up with telesales or via post.

Let's take a moment to consider exactly what's at stake. Remember, email offers one-to-one, personalised communication that's highly trackable and has instant, measurable results. It is absolutely critical that companies improve their efforts in order to harness these benefits – they're just too valuable to waste.

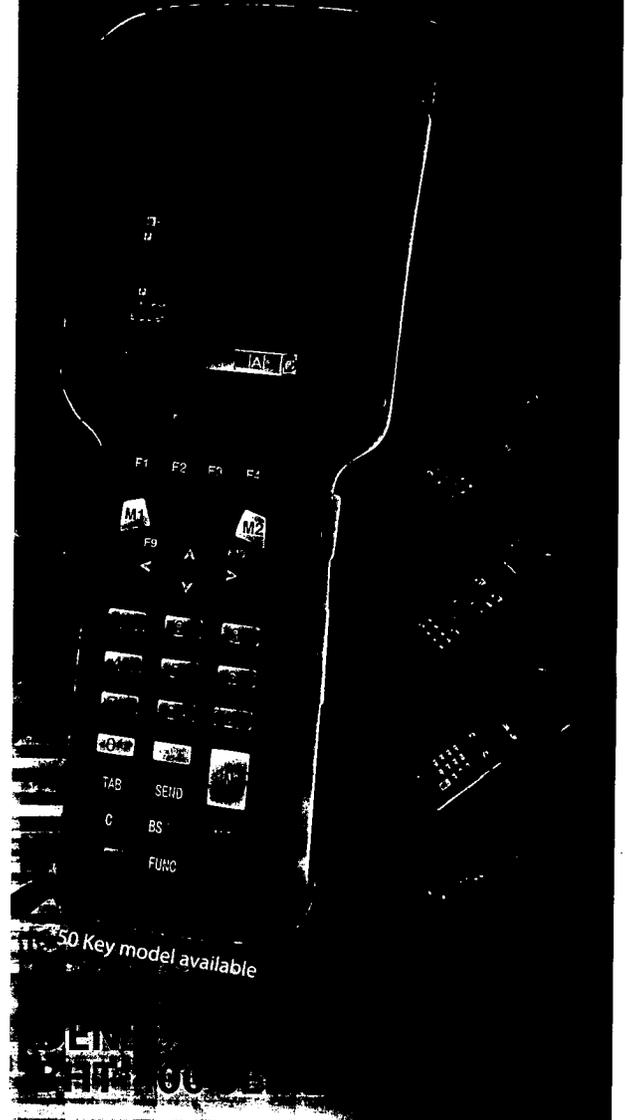
Before clicking 'send' on the next campaign consider, are you using your message as a powerful tool, or taking a haphazard swipe with a double-edged sword?

*\*Paula O'Connell is the managing director of returnity, an Australian email marketing specialist.*

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interview Kurt Hansen

# UP CLOSE AND PERSONAL



**RETAIL TECHNOLOGY (RT): IS THE CONVERGENCE OF MOBILE DEVICES A GOOD/BAD OR NEUTRAL DEVELOPMENT FOR RETAILERS AND WHY?**

**KURT HANSEN (KH):** Convergence of data and voice on mobile devices is the next logical stage of workforce mobilisation in retail. Wireless and mobile computing has become the norm within the industry and the investment in this infrastructure can now be utilised for a wide range of retail productivity solutions, as well as customer facing applications and services. It's now possible to run networks that are segmented for normal data capture activity, voice traffic or customer hotspot

*In our regular one-on-one chat with a leader in retail technology, Retail Technology editor Branko Miletic talks with Kurt Hansen, Managing Director Australia and New Zealand of Symbol Technologies, about the issue of convergence in mobile devices and what this means for Australia's retail sector.*

access. You can even have a network segment for visiting vendors using their own mobile devices, but kept secure from your own internal systems.

**RT: HOW DO THESE DEVICES HELP THE RETAILER'S BOTTOM LINE?**

**KH:** Converged devices increase workforce productivity by allowing staff to perform job functions at the point of activity, which improves customer service by allowing staff to spend more time on the sales floor. Using a converged device, staff can order stock, look up product information, take calls and respond to urgent emails without leaving the sales or warehouse floor. Previously, this all had to be done in the back office. This level of mobility also improves inventory control through improved data accuracy on the back-end POS, merchandising and financial systems and tighter price control. All of these increases in productivity contribute to the bottom line.

**RT: DO THESE DEVICES ALLOW FOR BETTER SERVICE, FLEXIBILITY AND BETTER INVENTORY CONTROL?**

**KH:** Real-time access to stock information on the sales

floor or in the stock room allows retailers to make fact-based and accurate stock re-ordering decisions. This in turn leads to improved stock turns, which have a significant impact on the retailers' bottom line profit.

**RT: WHAT ABOUT SYSTEM SECURITY – HOW DO CONVERGED MOBILE DEVICES IMPACT SECURITY?**

**KH:** Converged devices are only insecure when the networks they run on haven't been designed or implemented correctly. There are a lot of people who say wireless is inherently insecure, but that's simply not true.

Today, industry security standards such as authentication and encryption methodologies can keep unwanted users from accessing your network. From a physical standpoint, switched-based wireless systems replace the risky approach of thick access points in the ceiling by locking this away on a central wireless switch in the network closet. Technology such as wireless intrusion protection facilities can also keep a watch over your network, protecting you from random or aggressive intruders.

**RT: IN YOUR EXPERIENCE, WHICH RETAIL SECTOR HAS THE GREATEST UPTAKE**

**OF CONVERGED MOBILE DEVICES AND WHY IS THIS THE CASE?**

**KH:** Supermarket retailers have always led the way when it comes to the adoption of enterprise mobility solutions. Across the globe, these same supermarket retailers are now taking the next big leap to adopt the newer features and functions that are available, such as converged devices.

**RT: HOW DO CONVERGED MOBILE DEVICES AFFECT IN-HOUSE LEGACY ERP AND CRM SYSTEMS?**

**KH:** These devices are taking in-house applications out of the enterprise and into the hands of the road warrior. We refer to this as the extension of the "edge". In other words, moving away from fixed-wire PC and point-of-sale solutions and extending access to data in ERP or CRM systems all the way out to the end user, wherever they may be. This even includes regional managers who access this data via wireless WAN devices using the GSM/GPRS networks available.

**RT: WHAT SECTOR HAS THE LOWEST UPTAKE OF CONVERGED MOBILE DEVICES IN YOUR EXPERIENCE?**

## Interview

*“Converged devices increase associate workforce productivity by allowing staff to perform job functions at the point of activity, which improves customer service by allowing staff to spend more time on the sales floor. Using a converged device, staff can order stock, look up product information, take calls and respond to urgent emails without leaving the sales or warehouse floor.”*

**KH:** Furniture retailers have lagged behind the rest of the industry when it comes to the adoption of automated data capture facilities.

**RT: WHAT IS 'JUST ON THE HORIZON' IN TERMS OF NEW CONVERGED MOBILE DEVICE TECHNOLOGY?**

**KH:** There are several new and emerging technologies which are becoming more mainstream. The much-hyped RFID evolution is maturing very rapidly, and in the short term it will have an increasing effect on supply chain and logistics in the retail industry. There has also been a lot of interest in leveraging existing wireless networks to give users outside the enterprise access to VoIP. And, voice recognition as a data capture technology is also emerging as a means of enhancing productivity, particularly in areas where hands-free data capture is required, such as warehouses and back dock operations.

**RT: ARE THESE DEVICES BEING DEVELOPED IN READINESS FOR THE EVENTUAL ADOPTION OF RFID TECHNOLOGY ACROSS THE RETAIL SECTOR?**

**KH:** Absolutely, we will see RFID embedded in many

of the existing devices and infrastructure facilities, thereby becoming an extension of existing technology investments.

**RT: IF YOU WERE A RETAILER, WHICH TYPE OF CONVERGED MOBILE DEVICES WOULD YOU USE IN YOUR STORE AND WHY?**

**KH:** To maximise the investment in enterprise mobility solutions, we'd deploy devices that are 'fit for purpose' in terms of their physical form factor, ruggedness and wireless connectivity requirements. However, they would also need to interoperate seamlessly to maximise connectivity and manageability as well as conserve battery power to extend usage throughout the shift. We'd lay a common application platform which can scale across all devices regardless of their operating system, display size or location. This common platform would be centrally managed to allow for the rapid deployment of system updates or application changes, as well as for usage analysis and quick issue resolution in the case of any user problems.

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# credit cards



## DO YOU COMPLY WITH **CREDIT CARD SECURITY STANDARDS?**

BY CHAD GATES\*

*Credit card fraud is a big problem. Good figures on the actual size of the problem are, however, hard to come by and vary depending on the source. In the US and Canada alone, it is estimated that \$US2.8 billion in retail revenue was lost to online payment fraud (not counting non-internet fraud) in 2005. In the UK, plastic card fraud figures were well over £500 million in 2004*

**I**N Australia, the numbers are sketchier (as the Reserve Bank does not make numbers such as charge back rates public). Credit card usage figures for the 12 months prior to and including January 2006 show that purchases (internet and non internet) using credit and charge cards totalled slightly under \$160 Billion through 12.6 million credit card accounts. Assume any small percentage of that number (say 2%), and the numbers are scary.

According to a survey published by the Australian Institute of Criminology (AIC) in 2004, 32% of online traders have been victims of fraud at some stage. Unfortunately for many retailers, Card Not Present (CNP) fraud costs them dearly, with the retailer being liable for the charges as well as potentially losing shipped merchandise. Fortunately, most card providers are now offering services to protect merchants from internet CNP fraud, such as Visa's Verified by Visa and MasterCard's SecureCode, however these services come at a cost.

Around the year 2000, Visa and MasterCard both instigated their own programs for combating fraud. Visa's Account Information Security (AIS) and MasterCard's Site Data Protection (SDP) systems outlined a numbers of standards which must be followed by those entities that participate in the payments system, including card acquirers (eg, banks) and merchants (eg, retailers). These competing standards were brought together in

December 2004 to form the single Payment Card Industry Data Security Standard (PCIDSS).

So what are the standards and how do they affect retailers? Fortunately, there is a swathe of documentation available from Visa which explains the requirements. For simplicity, I'll attempt to summarise for you here.

Firstly, there is an important feature of the standards to understand; they are all about the protection of cardholder information. If cardholder data is not stored, it cannot be stolen or misused. This is the real focus of the standards. Cardholder data in this context is information which enables credit card transactions to be conducted, such as card numbers, expiry dates, etc. Think of it as the data required to perform a credit card transaction without the actual card being present. This is the data that makes the credit card companies jittery; the data these standards are designed to protect.

There are six categories contained in the standards encompassing 12 core requirements. They are (simply) as follows:

- 01.** Build and maintain a secure network
  - Install and maintain a firewall.
  - Don't use default passwords and default system settings.
- 02.** Protect cardholder data
  - Protect stored data.
  - Cardholder and sensitive information must be encrypted when sent across public networks.

- 03. Vulnerability management program
  - Use and keep up-to-date antivirus software.
  - Make sure systems and applications are secure.
- 04. Strong access control
  - Access to data is on a need to know basis.
  - All computer system users to have a unique ID.
  - Restrict physical access to cardholder data.
- 05. Network testing and monitoring
  - Track and monitor all access to network resources and cardholder data.
  - Regularly test security systems and processes.
- 06. Information security policy
  - Maintain a policy around information security.

Many of these requirements are pure common sense, such as running antivirus software and not using default passwords. The critical requirement is really point two. "Protecting stored data" covers issues such as encryption, password generation, custodians of keys, etc and can be quite invasive. This is the part which is of most concern to technology providers (eg, your accounting or POS provider), who may greet your enquiry with stunned silence.

On the positive side, most retailers do not store complete cardholder data. For example, if you have an EFT machine and use it as the exclusive medium for credit card transactions, then you probably don't store card details at all, plus the EFT machine does the encrypted transmission to the bank for you. Where the standards affect you in this situation is where you may take phone orders and write cardholder information in a book or store it in a database. Once you capture a cardholder's details, you're at risk of a breach.

The potential level of exposure and risk depends on the number of transactions you do. Requirements for small businesses to comply are less rigorous than high-volume businesses, which can be subject to annual audits by third parties appointed by bank. The following table outlines the requirements from Visa:

Average Visa accounts per month	Complete these validation tasks
Less than 10,000	1. Self-assessment questionnaire
Between 10,000 and 50,000	1. Self-assessment questionnaire 2. Quarterly vulnerability scan
Over 50,000	1. Self-assessment questionnaire 2. Quarterly vulnerability scan 3. Onsite review

The vulnerability scan is basically like a 'hack test' on your network to see if there are holes in your firewall, or if there are any exploits advertising themselves on your network. Approved third parties conduct these tests at no cost, however there may be cost in fixing a problem if found. The onsite review is the third-party audit, which is 'negotiable' in terms of cost, depending on the bank and the appointed third party.

Basically, the larger you are, the more rigorous the compliance requirements. Again it's important to note that these standards are voluntary, however note the following quote from the Visa website:

"Visa can enforce the AIS program using financial penalties on all acquirers and may require that specific actions be taken to protect account and transaction information.

Should a compromise occur and your organization has not taken the appropriate steps to ensure that account information was protected, your acquiring bank may be financially penalized."

This means that if there's a breach, your bank will check to see you are meeting the standards. Don't meet the standards and you may be liable for the fraudulent amount as well as potentially losing your merchant facility. Retailers who are effectively 'blacklisted' by their bank for repeated breaches know all too well how difficult and costly re-entering the payment system can be.

So what should you do to reduce or mitigate your exposure? The main thing is to simply not store credit card details. If they must be stored, only store part of the number in one compliant system and another part in a different compliant system (eg, remove the middle six digits).

Take a good look at your computer infrastructure. Ask yourself, "Would I be happy to store my financial details on this system?"

*Take a good look at your computer infrastructure. Ask yourself, "Would I be happy to store my financial details on this system?"*

It is not only a matter of the standards, it is also a matter of your reputation, your civil liability and professional indemnity which may be compromised (not to mention the provisions of the Federal Privacy Act).

Remember, consumers don't bear the cost of a breach on their card. Either the bank pays it, or you pay it. For every suspect transaction, your bank asks you to "prove it's not fraudulent". You have to prove your innocence or you wear the charge. Every breach is essentially a 'fender bender', where each party checks to see who's responsible. If you're not familiar with the fraud liability provisions in your merchant agreement, you should take another look.

Security must be taken seriously, however you will find that for most retail businesses the measures are not a large overhead and are common sense. There are also some technological solutions available to assist businesses avoid the storage of credit card data, such as internet payment gateways and embedded payment interfaces. Fortunately in most cases, transactions are secured by the common EFT terminal.

If nothing else, remember the best defence against fraud is good internal processes, policies and well-trained staff. The credit card culture is one of convenience, which by its very nature is the polar opposite of security. It is important for every participant in the cards system to make security their responsibility so retailers and consumers alike can enjoy the benefits of the system without feeling the sting of the fraudster.

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*The article above should not be taken as advice. Readers should seek their own professional opinions prior to acting on information contained in this article.*

# online retailing

## BEWARE THE SPIDER IN THE WORLD WIDE WEB



*According to John Curran at ANZ bank, 'online retailers are like a spider's web in that it is an inspiration for poets and photographers, and a sinister gravevard for innocent bugs. In the online web is a two-faced creature that would-be online retailers should be wary of.'*

**WHILE** it has revolutionised retailing – cost-efficiently expanding reach to customers anywhere, anytime – it can compromise the very customer relationships it encourages.

We're not suggesting retailers avoid the web, but it's imperative you get educated about potential risk, and take the simple and affordable precautions available. So, what are today's cyberthreats?

### BEWARE THE STICKY TRAP

As any retailer knows, a trusted brand is a successful brand. Hackers understand this all too well. Increasingly motivated by

profit rather than fame, they are using successful brands either to fraudulently gain the confidence – and financial details – of unsuspecting customers; or using the threat of a compromised brand to hold a retailer 'hostage' in a cyber take on extortion.

At best, a compromised site could undermine the operational effectiveness of your web store; at worst, it could shut down the store – not only preventing immediate trade but deterring customers from returning.

Phishing is perhaps a more sinister issue for retailers, because it directly compromises the brand. In one adaptation – lure

phishing – a 'lure' email mimicking a trusted brand is sent to victims (typically the brand's customers) which creatively encourages them to enter confidential account details to a fake site.

The Security Trends Report for the second half of 2005 from Websense Security Labs – which monitors security threats globally around the clock – saw brand hijacking increase from 71 attacks in July 2005 to 121 in December. Apart from financial services organisations, internet service providers and retailers were the next-most-targeted sectors.

More recently, sophisticated and focused 'spear phishing'

attacks are targeting smaller groups in ways which can trick the more savvy consumers. Phishing is also evolving from targeting data used for identity theft, to corporate roadmaps, plans, engineering schematics and diagrams.

Typo (or homograph) attacks, where users mistype a popular domain and are then infected with crimeware at the bogus site, continue to increase.

Cyber extortion attacks – in which money is requested from users to fix problems created by the cyber criminal requesting payment, or release a hijacked site – are also on the up.

Much of this is linked to the evolution of spyware from 'nuisance' to 'malicious'. Websense saw movement beyond applications enabling popup ads, to installing rootkits, keyloggers, redirectors and software intended for use in extortion attempts. Several of these employed operating system exploits to install affiliate software too.

We also saw an increase in questionable activity by companies that claimed to be spyware vendors. These organisations used lures to install applications without user intervention. In some cases, the scam applications actually reported fraudulent information regarding the security of a user's computer. In many cases they also requested money – up to US\$500 per year – in return for repairing these falsified security problems.

We also observed cases of extortionware software being installed with the intention of altering documents.

### TROUBLE WITHIN

However, the primary e-threat to data integrity, customer confidentiality and your brand is employees.

They are not necessarily malicious or ignorant. The 'spiders' in the web have become so sophisticated that it is a veritable flytrap for even technically savvy users. Simply by using the internet as a business tool, employees are making your IT infrastructures vulnerable to MMC, spyware, viruses, trojan horses, and phishing and pharming.

The 2005 Websense Australia survey found that 62% of IT managers believed their employees have clicked through the URL on a phishing attack and 72% said their workstations have been infected by spyware.

As spyware evolves, this is a serious issue. As well as extortionware, keyloggers and screen-scraping programs are usually downloaded unwittingly as spyware. Trojans are downloaded when unsuspecting users are duped by social engineering ploys into downloading them. After downloading, keyloggers, screen scrapers and trojans are executed as part of a rootkit or remote administration tool. Keyloggers record keystrokes and then upload the information to the program's installer using the internet, all without the knowledge of the computer's user.

Other viruses use 'social engineering': renaming themselves as popular downloadable files, then infiltrating corporate networks via increasingly popular employee activities such as swapping software, movies and music via peer-to-peer (P2P) networks. Hackers are increasingly taking advantage of instant messaging (IM) vulnerabilities to spread worms, trojan horses and viruses.

Gateway firewalls and antivirus software are no match for these new, virulent and often blended threats.

The Websense survey found that 96% of Australian IT managers are at least somewhat confident that their company's current antivirus software is able to stop viruses from attacking their company's network, yet 46% said their company's computer systems were hit by web-based viruses last year.

### DON'T BE A FLY ON THE WALL

These threats demand a new level of employer responsibility for data integrity, customer confidentiality and brand protection.

This is no rhetoric: corporate responsibility for protecting the integrity of business records and the confidentiality of customers in a

web-enabled world is embedded in legislation such as the *Corporations Act 2001* (Cth), the *Privacy Act 1988* (Cth) and the *Cybercrime Act 2001* (Cth). This would invariably require a Director to take 'reasonable steps' to ensure that a company operating in an on-line environment has in place adequate e-security policies and practice.

Being a passive fly on the wall is no longer an option. What can you do?

Employee education about potential risk is obviously the first line of defence. This should then be formalised as an internet and email policy which specifically identifies what constitutes 'appropriate use'.

Automating compliance with the policy is the next logical step. Web filtering and web security software is a surprisingly cost-effective solution that automatically enforces compliance with the policy by managing employee use of the internet. It ensures that potentially offensive

or hurtful material from the internet is kept out of the work environment and that client data is kept safely within.

But make sure these measures are taken in cooperation with employees.

One of the objects of the recent *Workplace Surveillance Act 2005* (NSW) is to restrict and regulate the blocking by employers of emails and internet access of employees at work. Unless covert surveillance is authorised by the prescribed authority, the Act requires employers to notify employees that they are under surveillance and the details of that surveillance.

However, because of the power of the web as a business tool and its inherent risks, employees understand that employers have an obligation to protect their employees, brand and customers and typically welcome these measures as justifiable.

So, harness the business beauty of the web, but don't allow employees or consumers to fly blindly into its beguiling traps.

[www.websense.com.au](http://www.websense.com.au)

*Cyber extortion attacks – in which money is requested from users to fix problems created by the cyber criminal requesting payment, or release a hijacked site – are also on the up.*

banking

# KEEPING THE RETAIL DRAGON HAPPY



**ONE** way of keeping one-step ahead of the competition is to continually launch cutting-edge software solutions such as TAFMO, which is the St. George bank version of XPOS.

This version of the system has two components - one is a piece of software that sits on the St George EFTPOS terminal, and the other is a host platform that TAFMO maintains. Once the software is installed on the EFTPOS terminal, the terminal is able to process hundreds of different products. Changes to the product set on the EFTPOS terminal can also be made quickly and easily.

According to Phil Kanizay, head of Merchant Acquiring at St George Bank, the TAFMO system combines EFTPOS and marketing intelligence and allows the bank to offer over 200 products that drive customers into a retailer's store. "New products are delivered every month. Last month flower deliveries, this month airport bus tickets, next month it will be a trade card. Previously these things took years to deliver. Today St George can deliver these within days."

*Retailers are constantly demanding more functionality and value from their banks. If the bank doesn't provide it, the retailer moves banks. One bank, St George is constantly trying to deliver value and keep ahead of the technological changes affecting its merchant customers.*

**Branko Miletic** reports.

Kanizay says the TAFMO system allows merchants to see on-line what they have sold through the system. "Over time this information will expand to tell a retailer more about their business with the bank and to target services that build loyalty with a merchant's customer base." Basically, he says, "it takes what is normally just an EFTPOS terminal and makes it into a profit making tool."

He also says that "over 2000 St George merchants use the TAFMO system.

One such merchant is Ross Mitchell, general manager of the Eaglehawk IGA supermarket near Bendigo in Victoria. "We find the system is great at offering our customers extra services such as phone cards and tollway passes", he says.

Jane Lang Dun, manager of the Port Augusta Foodland outlet says, "It pays for itself and

allows us to offer our customers more services."

When asked how the TAFMO system helps St. George, Kanizay replies, "the bank delivers extra value to its merchants which makes them happier. We also gain new customers who want to offer a broader range of products and services. On top of that, the data can be mined to a transaction level" As for the retailer, he says the system provides a wealth of information useful to the retail outlet. "The system maintains data on what products are sold using the EFTPOS terminal, from what locations, and what product groups."

And as with XPOS, the TAFMO system is designed to not interfere with existing electronic funds transfer (EFT) or retail point of sale systems. It is a parallel system and say the designers of the system,

at no point does it use, affect or compromise highly secure bank payment technology or mission critical point of sale systems. From the viewpoint of system security, the technology is currently certified with major point of sale vendors and leading EFT terminal brands including Ingenico, Keycorp and Intellect.

According to reports, the TAFMO system is currently also used in Austria and will soon be used in other countries as well.

"It provides many of the products that most retailers want. As time goes by the product set is being modified and added to support more and more retailers. Specific products can also be created for specific market segments", says Kanizay, adding that "TAFMO interfaces with St. George's banking application today and is also enabled on one more bank's terminals."

[www.stgeorge.com.au](http://www.stgeorge.com.au)

## POS PRINTING COMES OF AGE

*Whether it is for eye-catching signage, up-to-date shelf labels, store information or general business administration, printing might seem like a clear cut black-and-white issue, but new colour and multifunction technologies are bringing printing – and printers – to life.*

**PRINTING** is often viewed as a commodity item, a necessity, a dull grey facilitator which has none of the obvious impacts on bottom line that more exciting technologies have. However, choosing the right printing solution can have an impact on the business far beyond a commodity. Increasingly, printing is pervasive across a retail organisation.

"Retailers typically have very distributed sites and as such face unique challenges in moving information around their organisation and printing it at the point of need," says Peter Tamblyn, solution account executive at Lexmark Australia.

Eighty of the top 100 retailers in the US are Lexmark customers and many of Australia's major retailers use Lexmark.

"As a result, we often see retailers printing a lot of important documentation, whether it be signage and shelf labels or store planogram information, at a central head office environment which is then sent by courier to the various stores. This slows down the responsiveness of their business to changing local market forces. It also creates a lot of wasted output because retailers are forced to take a one-size-fits-all approach rather than cater to regional market factors," he adds.

Tamblyn believes that if retailers provide individual stores the capability to print on demand their main concerns are centred on how to control what is printed at the store level.

"In particular, they want to know how they can maintain control of the costs, adhere to Australian Competition and Consumer Commission (ACCC) guidelines and maintain corporate look and feel across the enterprise," he says.

"They also want to know how they can enhance the in-store customer experience to capitalise on impulse buying decisions and encourage more cross-selling and up-selling opportunities to drive revenues and deliver a competitive advantage."

A properly constructed output strategy is paramount, and will deliver not just substantial hard dollar savings by providing appropriate devices with the right functionality where they are needed but also, the means by which an organisation can impact workflow and increase the speed of business, says Tamblyn.

From an IT support perspective, the ability to easily and remotely manage the devices is critical to reducing costs and achieving a fast return on investment.

Tamblyn says retailers should be looking for devices that are robust and that can handle a wide range of media

types, particularly labels of all types. Devices deployed in retail environments should aid in the business process and should not be simply viewed as a paper output device.

"Think strategically about your printing - don't simply take a commodity approach as it can be extremely costly. A strategic approach to output aligned with the organisation's business objectives can result in significant cost reductions, streamlined processes, enhanced customer experiences and increased revenues," he says.

### IN-HOUSE OR OUTSOURCED?

According to Justin Kieseker, national sales manager at Oki, the trend for small to medium sized retailers is towards in-house design and printing of professional quality point of purchase (POP) materials. Formerly, he says, retailers would have these marketing materials produced centrally at head office or they were outsourced locally by each store.

"Outsourcing POP printing to outside companies is not only time consuming, but can also be grossly expensive unless done in bulk quantities," says Kieseker.

"The trend towards in-house on-demand printing of POP signage in the retail sector is

eliminating wastage, removing the need for couriers and ensures timely and relevant messaging for the retailer. It also allows the smaller retailer to be more competitive – they now have the ability to produce professional POP signage, something that was well out of their reach previously."

Oki Printing Solutions is ideal for retailers looking to produce POP materials in-store, as it has a wide range of colour printers and claims to be the only vendor to offer a banner print feature.

"Banner printing is big business now – where blackboards and hand written signage was previously used extensively in bars, pubs and shops to publicise special events and promotions, it's now becoming a thing of the past as retailers shift to printing their own professional-looking banners at minimal cost," says Kieseker.

Oki has a broad range of printers, ranging from desktop colour printers that include A4 and A3 capabilities, through to multifunction printers that offer A4, A3 and graphic arts capabilities. The latest Oki model for use in the retail environment is the C9800 which includes powerful colour matching capabilities usually only featured in more expensive printers.

Oki also provides a range of media specifically aimed at the retail sector which includes special papers, stickers, plastic labels and other materials used in a store. Some of the media retailers can now print on includes synthetic weatherproof

## printers

media, cling labels (for refrigerated displays), table tents and a variety of banner sizes up to 1.2 metres in length.

### COLOUR AND MFP EXPLOSION

Offering monochrome, colour and multi function printers (MFPs), Fuji Xerox Printers (FXP) has an expansive offering of printers in the market which can provide retailers with a way to increase their capability to sell their wares.

"Solid ink technology now available in printing and MFP technology provides the easiest of use of all colour printers, and provides print quality for labels, and certificates and vouchers that make the images jump off the page," says Paul Harman, operations manager ANZ for FXP.

"Using a wax resin, solid ink will print on just about any media giving retailers the flexibility to use the most striking media to get attention. When this technology is combined into a MFP it adds the further functionality of a high end scanner to all retailers to scan images to improve the quality of their content," he adds.

Harman says the ability of print manufacturers to produce colour and MFP products of high quality and lower price has changed the market opportunity for customers, allowing more people to be able to do creative and promotion work in-house.

"The SME and retail market has seen an explosion of sales of particularly low end colour and MFP product over the past two years, and the market prediction is that this explosive growth will continue over the coming two years," says Harman.

The WorkCentre C2424 multifunction solid ink printer is designed for a small office or workgroup environment, and claims to offer the fastest first-page-out speed of any device in its class at just six seconds and prints up to 24ppm.

### BACK TO FRONT PRINTING

Epson has a range of printers that suit both front of house marketing needs, reliable direct point of sale (POS) printing, and back office requirements for speed and efficiency.

Epson Australia's director of marketing communications Mike Pleasants says Epson's large format inkjet printers are used by

retailers to produce high quality full colour marketing and display materials.

"From posters A0 size and above, A4 counter stands, original photos and other forms of POS and collateral material, Epson's large format inkjets are ideal for cost effective short print run and one off production," he says.

"Epson also leads the Australian market in POS printers – at check outs and cash registers. These printers can produce 4 colour messages on roll paper to create special offers and drive customer loyalty and return purchase," he adds.

Epson's laser printers can produce colour brochures and display material up to A4 size for those cost effective longer print runs needed for distribution to customers, as well as handle back office copying and faxing jobs.

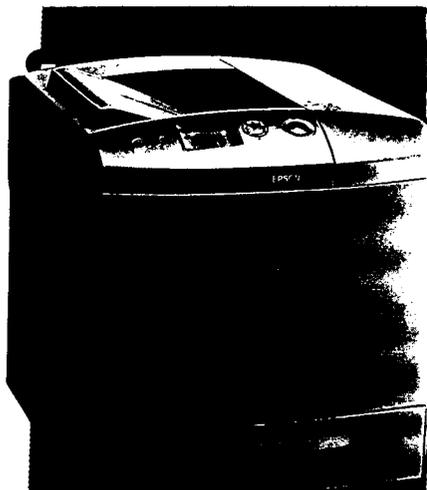
Pleasants points to a number of trends within the retail sector. Firstly, he sees a preference for inkjet printers – large format or up to A3 size – to deliver the image quality and colour range that only inkjets can produce cost effectively over short print runs.

He also sees multifunction colour laser printers replacing single function mono lasers due to a small footprint, good performance, versatility and an affordable price.

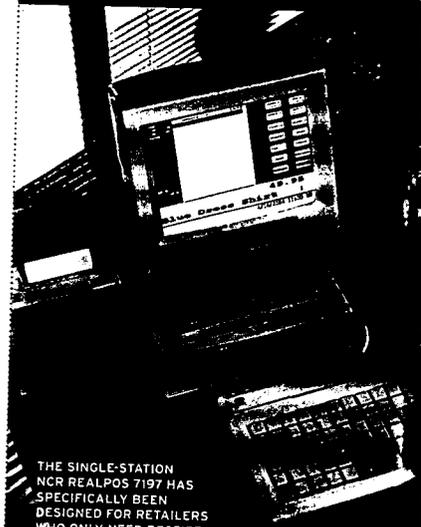
Retailers are also, he says, migration from monochrome printing to colour printing as it can be used for in store POS materials, as well as invoicing and back office work.

"There is an increasing use of versatile four colour POS printers at the cash register to produce special offers to entice customers back to the store and, Pleasants says, there has been the introduction of projectors for in store video material to add sound and movement to the marketing message. Retailers who ignore these trends will be left behind. Retail marketing is about colour, movement and lifestyle," he says.

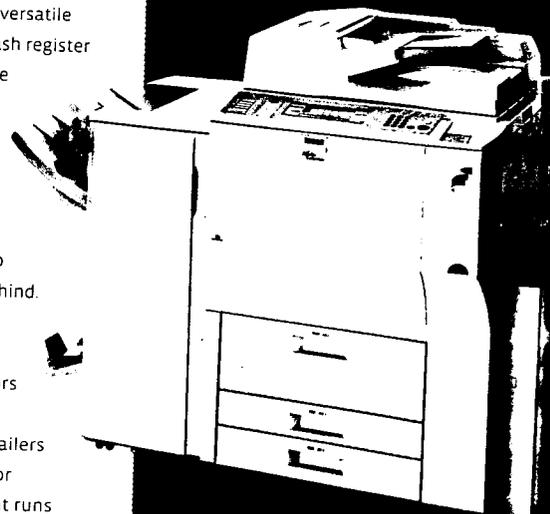
"Epson's printers and projectors cost effectively add this to the marketing mix, even for small retailers who can switch between lasers for long volume colour brochure print runs and outstanding quality one-off poster and display material from Epson inkjet printers.



EPSON ACULASER C2600N IS WHAT EPSON CALLS A "MONOCHROME NOW - COLOUR TOMORROW" LASER PRINTER THAT SWITCHES BETWEEN THE TWO PRINTING MODES IMMEDIATELY WITH NO UPGRADE OR CHANGE-OVER COSTS.



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## printers

And, at the point of sale, capture customer attention with colour receipt printers that make special offers."

Epson AcuLaser C2600N is what Epson calls a "monochrome now - colour tomorrow" laser printer that switches between the two printing modes immediately with no upgrade or changeover costs. It can be used as a single toner monochrome printer and can print higher volumes using four black toner cartridges.

### CONTINUOUS COLOUR

With six laser printers and seven multifunctional devices, Ricoh Australia claims to offer the largest range of office colour laser printers in Australia.

Print speeds vary from ten to 55ppm in colour and 24 to 60ppm in black-and-white. Optional finishing accessories and software solutions means Ricoh has the flexibility to configure a document management solution to suit any retail environment - from small stores to large chains.

According to Sue McGinley, general manager, marketing, at Ricoh Australia, demand for colour laser printing will continue.

"At Ricoh we estimate sales of our colour devices to double this year and the entire colour printer market is forecast to grow by 35 per cent in 2006. We'll certainly see more retailers purchasing colour laser printers or multifunctional devices as they come to realise the benefits of producing stand-out point of sale and promotional materials with efficiency," she says.

"Research indicates colour documents can reduce visual search time by 80 per cent, increase brand identification by 70 per cent and increase individual perception by 60 per cent," says McGinley.

This is particularly true for retailers' direct marketing, she says.

"The walk-in nature of shopfronts and retail environments makes printed POS materials crucial. Regardless of size, retailers need to maintain an on-going dialogue with their customers through brochures, posters, vouchers and other printed materials. Producing that collateral quickly and professionally is also important. That's why you need to get the right colour device for your business needs."

"For the smaller retailers we recommend the Aficio CL4000 A4 colour laser printer because of its low cost and superior output (1200 DPI) quality. Lang & Simmons Realty on the Central Coast uses the CL4000 to produce all its handouts, flyers and window cards. For bigger retailers with large volumes of documents to print we recommend the Aficio 5560 colour laser printer," says McGinley.

### SHORTENING QUEUES

Queuing up at the checkout counter in a retail store or supermarket is one of the biggest frustrations for shoppers as indicated by several surveys done globally by leading industry polling agencies, which is why receipt printing speeds are of utmost importance.

Two thermal printers launched by NCR Corporation, the NCR RealPOS 7167, and the NCR RealPOS 7197 have made a huge impact on the retail sector, in a variety of environments including supermarket, specialty, convenience, department stores, and hospitality.

Both printers have gained popularity in the retail sector because they offer fast, quiet point of sale receipt printing. The fact that the printers have the

smallest footprint in their class have been seen as added value by retailers for who space is always a premium.

Apart from printing receipts for customers, the 7167 has



a high-speed impact slip station to imprint cheques and other forms, while the single-station NCR RealPOS 7197 has specifically been designed for retailers who only need receipt-printing capabilities.

"NCR developed these printers from the ground up to deliver exceptional value," says Con Vass, area sales leader, South Pacific, for NCR's Retail Solutions Division.

"While providing a high-quality, two-colour record of transactions in a fraction of a second, both are designed with features to reduce total cost of ownership to retailers. Their small footprint - including the NCR RealPOS 7167 two-station - helps make the best use of valuable counter space or checkout lane space."

In order to keep the checkout lines moving and reducing

shopper frustration, both printers deliver receipts at a speed of 50 lines per second and come with receipt paper low sensors, these signaling paper low prompts enable the cashier to plan the change at a logical break point in customer queuing, and the simple drop-in paper loading, makes it quick and easy to do, a feature introduced by NCR back in 1993.

The dual-station NCR RealPOS 7167 comes with a flat slip table, designed to be easier and faster to use than printers with a curved slip table, and offers a forms indicator light, to alert the cashier when the cheque or form is aligned correctly.

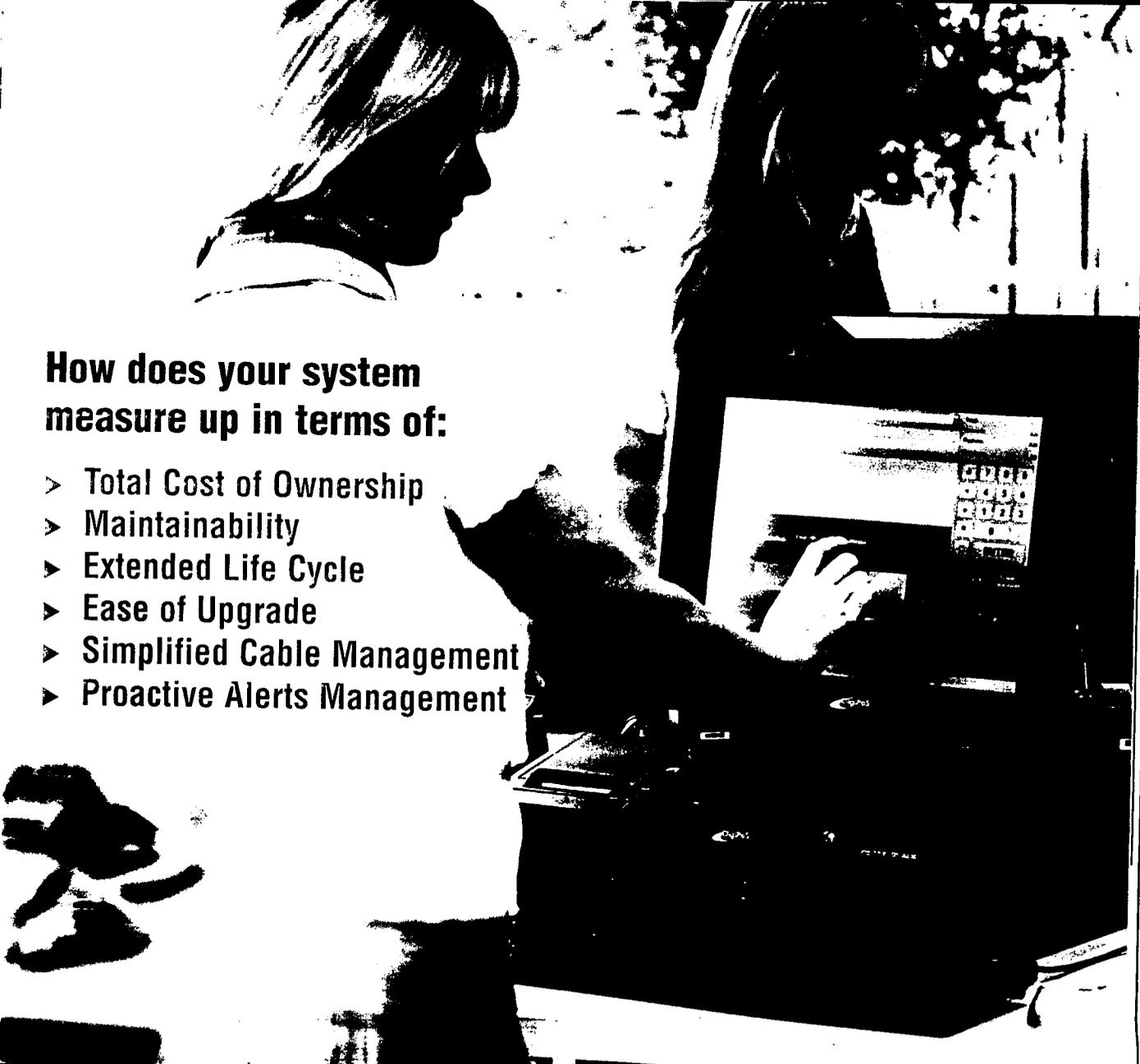
The combination of these two features result in a higher first pass success rate and fewer paper jams which helps to improve operational efficiency and speed the checkout process. The optional "flip" module allows printing on both sides of a cheque, which is another time saver.

Both printers are designed with features to reduce retailers' total cost of ownership and offer several investment-protection features: for example, with auto-sensing RS-232 and USB interfaces, retailers can easily switch from legacy to current generation communications without the need to change expensive communications cards. Just swap cables.

In addition, the command set is compatible with earlier NCR models and this reduces the need for re-programming the POS terminal when switching to the new printers. Both printers also offer single-button programming that guides operators through firmware configuration as well as local and remote diagnostics, making it easier and more accessible than awkward dip switches.

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Pretty Girl Fashion Group ultimately chose the DigiPoS Retail Blade solution for its retail specific design, reliability, continuity of supply and the significant financial gains they achieved through reduced maintenance costs.



**COMPANY SNAPSHOT**

The DigiPoS Systems Group, established in 1994, has subsidiary operations in over sixteen countries and has achieved rapid growth and sustained profitability driven by demand for its products and services.

The business has continued to meet the needs of top retailers such as NEXT, Colorado Group, Harrods, Rebel Sport, Caltex and AAFES, providing innovative solutions, backed up by first class customer service.

The DigiPoS Systems Group has developed an industry reputation for delivering highly reliable point-of-sale hardware that provides exceptional client value. Our "Designed for Retail" solutions are used by chain and independent retailers in every vertical market and have been installed in over 125,000 lanes worldwide.

To learn more about how DigiPoS are changing Retail Point-of-Sale, visit [www.digipos-systems.com.au](http://www.digipos-systems.com.au)

# Pretty Girl Fashion Group Reduces Maintenance Costs with the DigiPoS Retail Blade

**P**retty Girl Fashion Group is the name behind some of Australia's most recognised women's fashion brands including Rockmans, Wombat, BeMe and Table Eight. With over 400 outlets nationally, the Pretty Girl Fashion Group offers a wide range of women's apparel including casual wear, evening wear, work wear, accessories as well as swim wear, seasonally.

The Pretty Girl Fashion Group has been working with DigiPoS Systems for some time on new projects, but when the requirement to upgrade all stores surfaced, it was the core design of the DigiPoS Retail Blade solution which grabbed their attention. The Group was faced with the challenge of reducing their total cost of ownership, whilst delivering a stable and reliable platform suitable for all of their different brands. In addition, Pretty Girl had a very tight time frame during which the rollout needed to be completed.

Pretty Girl Fashion Group ultimately chose the DigiPoS Retail Blade solution for its retail specific design, reliability, continuity of supply and the significant financial gains they achieved through reduced maintenance costs.

The DigiPoS Retail Blade has been specifically designed to meet the unique requirements of retailers. The Pretty Girl Fashion Group have been able to significantly reduce unsightly cabling and have eliminated the need for costly counter modifications with the DigiPoS Retail Blade. The exceptionally low failure rate on the DigiPoS Retail Blade

has also delivered a significant increase in uptime. Utilising another innovative option available with the DigiPoS Retail Blade, the Pretty Girl Fashion Group have been able to implement a localised daily backup solution at minimal expense.

There was a large break between the first and second stages of this project, but a guarantee of continuity of supply from DigiPoS Systems ensured that this didn't cause any problems for the Group. During the second stage of the rollout, Pretty Girl needed to install over 300 lanes in less than 8 weeks. The Pretty Girl Fashion Group called on the expertise of DigiPoS Systems to manage not only the supply, but also the installation of their equipment. DigiPoS Systems also provided additional services including pre-staging and configuration of all equipment and ongoing support services.

With the rollout complete, the Pretty Girl Fashion Group are still enjoying considerable savings. They have experienced a significant reduction in maintenance costs since implementing the DigiPoS Retail Blade solution. Emma Mader, IT Support Services Manager comments: "Since installing the Retail Blade, we have seen a substantial improvement in reliability and increased up time. We are currently saving almost \$20,000 per month on maintenance fees alone."

In today's fast paced retail market, improved reliability and increased uptime is essential. DigiPoS Systems is the first vendor with the confidence to

offer a standard 10 Year Warranty on the Retail Blade Host.

"Since installing the Retail Blade, we have seen a substantial improvement in reliability and increased up time. We are currently saving almost \$20,000 per month on maintenance fees alone."

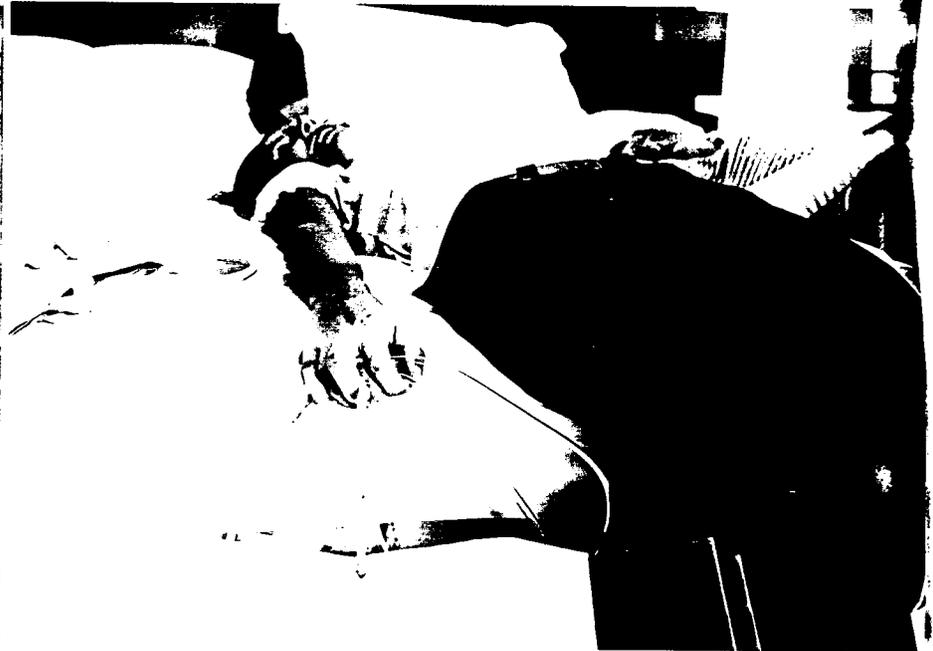
Cameron Arnold, Managing Director of DigiPoS Systems says: "Our research indicates that as little as 15% of the total cost of ownership is associated with the initial purchase price of the solution. As much as 85% is linked to ongoing maintenance and support. The DigiPoS Retail Blade has been developed specifically to address this issue, reducing those on-going costs that plague retailers like Pretty Girl. The Retail Blade is the only system available on the market that truly offers Retailers more control over their maintenance, thus offering a significant reduction of costs, and a better return on their POS investment."

DigiPoS Systems works closely with all customers, including the Pretty Girl Fashion Group, to establish a plan that will not only reduce their total cost of ownership over the life of the system, but also to improve performance in the store. Put simply, allowing the retailer to focus on what they do best.... Servicing their customers. ■

# Satisfied customers,

"It was DigiPoS, with the Retail Blade offering who were repeatedly able to satisfy our inquiries, objections and could demonstrate a track record of performance that any IT supplier in Retail would justifiably be proud of."

-- Peter Rush, PoS Manager,  
Harrods



**D**igiPoS Systems, with their innovative POS solutions and dedication to providing world-class service, continue to gain respect and attention in the Retail industry on a global scale. Last year, they were nominated and announced winner of the prestigious Microsoft Innovation Award (Partner of the year 2005), and just recently, DigiPoS Systems have also received an international Supplier of the Year Award at the European Retail Solutions ceremony held in Birmingham, UK on June 6th. This award was held by a vote by Retail Industry executives, who based their decision on the fact that DigiPoS have overcome IBM as the #1 POS provider in the UK this year. Combine all of this with a recent Hardware Leaderboard study by the magazine Retail Information Systems News, the North American authority on Retail technology, where surveyed Retailers ranked the DigiPoS Retail Blade #1 in product features, hardware innovation, and overall system performance.

DigiPoS continues to win contracts with large, well known retailers around the world. AAFES (US Army and Air Force Exchange Service), Harrods, Salvation Army, Strandbags, Rebel Sport, Colorado Group, Harvey Nichols, and NEXT are among several retailers who saw the benefits that DigiPoS Retail Blade technology bring to the point-of-sale, such as added value, lowered costs, longer system life cycle, simplified maintenance and higher system availability.

**The internationally renowned retailer Harrods, have reported to have improved system uptime by 40% since rolling out their Retail Blades across their stores.**

DigiPoS Systems supplies Retailers with the tools they need to have more control over their POS estate. Every Retail Blade ships with a diagnostic utility that eliminates the hardware - software guess work when an issue arises, allowing retailers to diagnose the problem remotely for quick identification of the issue. They also can supply Retailers with a Retail Blade First Aid Kit, a spare parts programme which allows them to proactively manage any hardware replacement needs in as little as 45 seconds. Even non-technical staff can replace a Blade motherboard, or hard drive in just an instance, and be back up and running before a customer even has a chance to walk out of a store!

DigiPoS is all about giving Retailers options, simplifying their point of service, allowing them to concentrate supplying the best possible service for their customers. Visit [www.retailblade.com](http://www.retailblade.com) and you can download a free copy of the Retail Blade whitepaper to learn more.



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# accounting and payroll

## MORE THAN JUST AESTHETICS

*Life in the fashion lane is a 24x7 commitment for Aesthetics Group, the Australian retailer and wholesaler of European designer fashions, including the prestigious Karen Millen brand. Growing with its designers, the Aesthetics Group is constantly challenged to ensure its administrative systems such as payroll keep pace.*



IN 2004, Aesthetic Group's Director, Shaf Dewani had been observing that the company's outsourced payroll process was under stress. The challenge of keeping pace with the Aesthetic Group's growth, and administering employees in different states – each with a unique tax structure – resulted in an unwieldy and time consuming process.

Additionally, there were few checking mechanisms in place for data integrity, which meant that any mistakes in entering data – an invalid birthday or mistaken tax file number – could create an error in the system that would cause problems down the track.

Dewani, an MBA graduate with extensive experience in brand management and marketing for the fashion industry prior to establishing the Aesthetic Group in 2002, explains, "The focus of Aesthetics Group is very much on luxury-oriented brands and we want to be ahead of the pack. To

do this we realise we need to run a very efficient business – from the front end right through to internal systems.

"In line with this, we were looking to centralise the payroll process and make it more time-efficient and cost-effective, without sacrificing the accuracy of records or the integrity of our data," he says.

When the decision was made to change from fully outsourced payroll management, the company looked at four different payroll providers, including large multinationals before ultimately settling on ePayroll, claimed to be Australia's first genuine on demand payroll solution.

"We evaluated each product and service provider, and ePayroll's hosted, on demand technology came out on top. It is easy to use, efficient and met our criteria of providing accurate records, managing all payroll process, having a secure platform and above all being cost-

effective," Dewani adds.

When the Aesthetics Group chose ePayroll, it was a calculated decision based on the company's need for a product that would allow for the easy expansion of the business in terms of store locations and employee numbers, while minimising the company's exposure to data entry errors.

Dewani says, "The scalability of ePayroll impresses me no end. As we increase our store numbers and the number of retail brands we manage, it is great to know there will be no problem using ePayroll. It's so simple, it takes less than five minutes to set up the ePayroll system in each store.

Moreover, the platform is structured to ensure the accuracy of reports and ongoing data integrity. The ePayroll platform stores all data in a format compatible with the Australian Taxation Office and conducts regular checks and balances to flag potential problems of unacceptable data.

One of the most significant benefits of ePayroll Dewani identifies is its cost effectiveness. He explains, "Because ePayroll works on a "per employee per payment cycle" cost, compared to the other options, it definitely offers the lowest cost for the highest level of service. Also important for us is the fact that ePayroll offers a solution where the costs don't stack up as the business expands."

The use of ePayroll also means Aesthetics Group also doesn't require a dedicated full time payroll staff member. Payroll is managed easily by the Group's Finance and Administration Manager and ePayroll ensures the company's compliance with payroll regulation. Dewani comments, "ePayroll has streamlined the payroll process and therefore reduced the amount of time being spent."

"From the perspective of a retail business," recalls Dewani, "ePayroll is a real

## accounting and payroll



SHAF DEWANI

advantage because it provides a national solution for payroll processing." Aesthetics Group is headquartered in Melbourne with stores throughout Australia. Using ePayroll means the company doesn't have to manually calculate the payroll tax for each state. ePayroll quickly and accurately works out what the deduction is for each state and also the company's total deductible amount.

Dewani adds, "ePayroll means we don't need to have different operations in each state, it takes care of it all for us. This means we don't need to dedicate a resource to researching all the differences between the states."

ePayroll is a fully hosted application accessible 24/7 to authorised users over the internet. The security of the application is maintained by a state of the art data centre with daily back up, power surge protection and constant virus scanning.

Dewani comments, "Security has always been a top priority for Aesthetics Group. ePayroll means that sensitive employee, management and taxation information does not have to be stored on our network and servers. It is also protected with user authentication through login."

Aesthetics Group prides itself on treating its staff in the same manner as its customers. Dewani says, "We make them our number one priority. It is vitally important to ensure all their basic needs are being met. Likewise if they have any questions or queries it is important to respond promptly. I want our employees to know we're always looking out for them."

"One of the reasons we like ePayroll is because it gives us and our staff the information we need when we want it, without having to fumble around with payroll queries. Making sure all the basic needs are met is the least we can do as an employer," adds Dewani.

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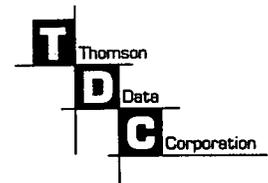
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# Retail Technology Expo 2006

## ALL NEW PRESENTERS AT THE **NATIONAL RETAIL FORUM**

*The 2006 National Retail Forum, which will be held 19-21 September at the Melbourne Exhibition and Convention Centre, will feature more than 25 new local and international speakers, in a bid to bring Australian retailers up to speed with quickly evolving global trends.*

**THE** Australian Centre for Retail Studies, a key provider of retail sector knowledge, information and education, is the Conference Partner for the Forum, and has been collaborating with Forum organisers to select experts across five areas of retail business operation: retail world, retail performance, retail customers, retail design and retail people.

The conference theme is 'Optimising Retail Performance' and topics for discussion include: the secrets behind strategic retailing; how to establish a strong, defensible market position; the future for franchising; international retailing and technology; evolving consumer trends; and strategies for maximising employee performance.

Among the distinguished line-up of presenters is David Jenkin AM, one of Australia's leading retail industry authorities. Jenkin will reveal strategies for retail success, based on his book *What Great Retailers Do — 50 Keys to Make your Shop a Winner*, which was launched in July 2006.

Glenys Shearer, 2005 National Winner of the Australian Government Private & Corporate Sector Award in the Telstra Australian Businesswomen of the Year Awards, will discuss her challenge of engaging a changing workforce comprising 90% women. Shearer will draw on her experience as Commercial Director of the Just Group, which encompasses 780 stores and six major brands including Portmans, Just Jeans, Dotti, Jacqui E, Jay Jays and Peter Alexander.

Dr Elizabeth Gibson, internationally recognised behaviour change and organisational learning expert, will discuss her leading role in the historic change effort that saw US major retailer Best Buy achieve 1400% stock growth in five years.

Carmel Hill, Instructional Design Consultant, API Brands, will impart practical and workable solutions to maximise training success in a retail store environment, based on her role in planning and implementing Priceline's national retail learning initiative.

Chris Botham, franchise owner of book reseller Dymocks Carousel (1999-2006), will document the journey that saw his suburban Perth store win a string of state and national retailing awards including National Franchisee of the Year (2002).

Fred Harrison, CEO of Ritchies Supermarkets, will present on the subject of retail leadership, with particular emphasis on leadership challenges, tailoring leadership styles to reflect different cultures within an organisation, and communication strategies necessary for retail leadership success.

The National Retail Forum is Australia's leading retail industry event and will take place alongside two concurrent exhibitions: Shopfit Display & Design and Retail Business Technology.

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Retail



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Entrance 1

# EXHIBITOR LISTINGS

COMPANY	STAND
2 Clix Pty Ltd	
3M Touch Systems Pty Ltd	
Access Testing	
Acumen Computer Systems	
ADT Security	
AdvanceRetail Technology	
Ant Usa Inc	
Argox Information Ltd	
ASP Microcomputers	
Asset Security Concepts Pty Ltd	
Australian Centre for Retail Studies	
Australian Competition & Consumer Commission	
Australian Media Group Pty Ltd	
Avant Security	
Beonic Pty Ltd	
Bizcaps	
Brackley Industries	
Camvex Video Surveillance Systems	
Charter Resources	
Charters Paper Pty Ltd	
Checkpoint Meto Australia Pty Ltd	
Cherry Australia Pty Ltd	
CIBER Novasoft	
Clear Security Group (VIC)	
Couponstar Pty Limited	
Creative Computing	
Data Capture Systems (Aust) Pty Ltd	
DH Technology	
DigiPoS-Systems Pty Ltd	
Disclinc Pty Ltd	
Easitag Pty Ltd	
Ecomist	
Embedded Technologies	
Enigma Solutions Pty Ltd	
Epson Australia	
ESRI Australia	
Evolution Software Services	
F1 Software Solutions Pty Ltd	

COMPANY	STAND
Forhim Technologies Pty Ltd	
Fujitsu Australia Ltd	
Futura	
Geovision Australia	
Getronics Australia Pty Ltd	
Goodson Imports Pty Ltd	
Gravity Australia	
GS1 Australia	
Gunnebo Security Pty Ltd	
Handheld Products	
HR3 Pty Ltd	
ICG Software Pty Ltd	
In Store Technologies	
Interactcard	
The Intermedia Group	
Internode	
IP Systems Pty Ltd	
It Visions Business Systems Aust	
JEA Technology Pty Ltd	
JEC International Pty Ltd	
Keycorp Ltd	
Kudos Solutions Pty Ltd	
Lamson Concepts	
Leigh Mardon	
Lipman Australia (DioneLtd)	
Lixan International/ProLoc	
MapInfo Australia Pty Ltd	
Merddin Pty Ltd	
Merlin Software Pty Ltd	
Micros-Fidelio Asia Pacific	
Modalinx	
MYOB Australia Pty Ltd	
NCR Australia	
Neoproducts Pty Ltd	
Network Vision Group Pty Ltd	
Octomedia Pty Ltd.	
Omnivision	
Optima Solutions Pty Ltd	
Oracle Corporation Australia Pty Ltd	
POS Partners (Asia Pacific) Pty Ltd	

COMPANY	STAND
Pos Pos (Custom Engineering)	
Professional Advantage (Epicor)	
Professional Advantage Pty Ltd	
Pronto Software Pty Ltd	
QAS Pty Ltd	
Quicken Software	
Retail Theft Control	
SAP Australia	
Sato Australia Pty Ltd	
Scanning Systems Australia Pty Ltd	
Senor Tech Pty Ltd	
Smallbiz	
Smartlock Digital	
Sprocket Kiosks	
Star Micronics Pty Ltd	
SVI Retail	
Symbol Technologies Pty Ltd	
Sym-Pac	
Synetek Systems Pty Ltd	
System 77 Pty Ltd	
Tank Security	
TCS Instruments	
Tech-Rentals Pty Ltd	
Telstra - Business & Government	
Theft Prevention	
Thomson Data Corporation	
Timetarget Pty Ltd	
Tipro Keyboards	
Toshiba TEC Australia Pty Ltd	
Triquesta Australia Pty Ltd	
Triumph Business Systems	
TSV Holdings	
Unisoft	
Vantex Wholesale Distribution	
W.W. Wedderburn Pty Ltd	
Warp Systems	
Workbrain	
WorkPlace Systems International	
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**Dione Secura**  
Modules

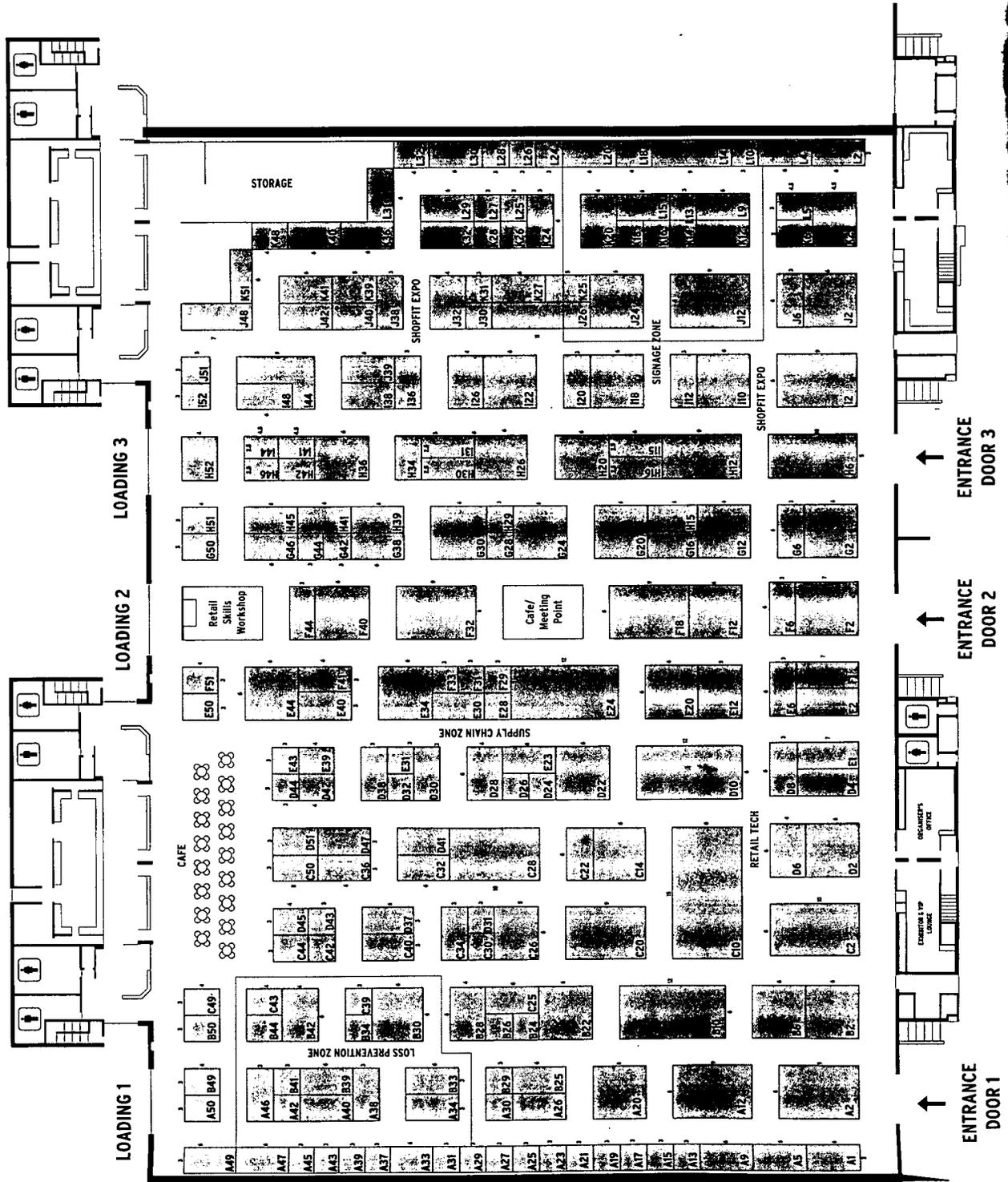
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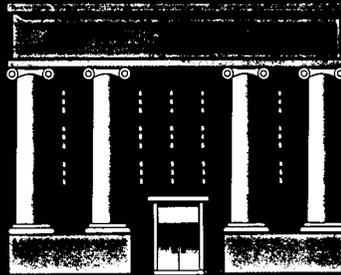
# EXHIBITION FLOOR PLAN



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**Distribution**



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**Accounting**



**Retail POS**

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# COMPANY LISTINGS

## LED DISPLAYS

Computronics Corporation Ltd is releasing a new range of Quality Computronics Electronic LED Displays. Some of the products featured at the exhibition will include Single & Multi Line LED Displays, Animator Pro, Variable Message Displays, Digital Lighting System, RGB displays and Vision Viewers. LED Displays can be used to communicate promotions, new products, upcoming events, critical information, demonstrations/instructions, and business hours. Benefits of LED Displays include the fact that people actually pay attention to them (being accustomed to seeing information at airports, cinemas, highways and train stations), their ability to change messages immediately at no cost, clear visibility despite time of day, and their reliable yet low maintenance nature, with a life span of over 100,000 hours.

**Stand number: J51**

**Available in stores: Now**

**Supplier: Computronics Corporation**

**For stockists call: (02) 9559 4455**

## WINDOW DISPLAY

The Interactive Window Display attracts shoppers to the shop window. It provides the opportunity for shoppers to interact with the information being displayed; allowing them to browse the products the retailer has to offer, increasing the chances of them making a purchase. It can operate when the shop is closed, capturing shopper's attention for later follow up. The Interactive Window Display is simple to install and does not require any alterations to the window itself. It can operate inside retail centres and in shopping strips, and allows retailers to maximise revenue from their window displays.

**Stand number: A15**

**Available in stores: Now**

**Supplier: JEA Technologies**

**For stockists call: (03) 9830 6024**

## WORKER ROSTERING TOOL

Workplace Systems International will launch the WorkPlace ChangePlanner, a strategic rostering tool which allows central or regional resource planners to deliver optimal rosters to suit specific demand periods in the year. The ChangePlanner will provide retailers with new techniques and quicker ways to improve the allocation of their in-store staff, significantly improving service levels and optimising operational budgets.

**Stand number: F6**

**Available in stores: Now**

**Supplier: Workplace Systems International**

**For stockists call: (07) 3340 5336**

## RETAIL PROGRAM

The Strategic Value Optimisation in Retailing (New Strategic Retail Management Development Program) is a new program designed to educate senior and retail managers about how to leverage greater value from their business. This can be achieved through a number of ways, including understanding multichannel retailing, understanding customer value, optimising pricing and promotion, internet retailing, gaining a competitive advantage through fast and flexible supply chains, and utilising emerging technology solutions.

**Stand number: A13**

**Available in stores: Now**

**Supplier: Australian Centre for Retail Studies**

**For stockists call: (03) 9903 2864**

## CARD PRINTER

Interactcard's Dualys Plastic Card Printer is designed for the personalisation of any business' loyalty and membership cards. Generate your complete plastic card requirements at the click of a button. Printing mono colour or full colour cards, single or double sided, the Dualys has many configuration options available for cards which require additional levels of security. The Dualys is the fastest desktop dual sided printer

available on the market and comes with two years warranty and full technical support.

**Stand number: A29**

**Available in stores: Now**

**Supplier: Interactcard**

**For stockists call: (03) 9533 7420**

## ILLUMINATED SIGNS

Daikan's Lumi Letter Series are illuminated signs that use a special luminescent resin which prevents light spots and provides an even light. With a range of 8 colours, for use both indoors and outdoors, and available in a special Lumi Letter Mini, there are a variety of options to meet any retailer's needs.

**Stand number: G30**

**Available in stores: Now**

**Supplier: Daikan**

**For stockists call: +81 6 6551 2020**

## STOCK COUNTERS & SOFTWARE

The Counter Intelligence Communicator brings 'real time' updating at both store counters and head office, so staff Australia wide can see the exact stock quantities available at any store. At the same time, head office can see up-to-the-minute sales, margins and cash position of any or all stores as sales are rung up. Kudos Solutions will raise the bar in September at the RTB 2006 Trade show, as it introduces "Live Feed" functionality to its Counter Intelligence POS, and Counter Intelligence Office, Retail Management Software.

Counter Intelligence is a proven Retail Business Management System that will enable Retailers to plan and implement Selling, Marketing, Purchasing and Stocking Strategies designed to help their business grow.

Providing a fast and efficient method of processing sales, Counter Intelligence POS stands out from its competition by being intuitive, logical and easy to use. Counter Intelligence also includes an Internet Store builder, and Internet Store management system. Unique design features enable

Counter Intelligence to be customised to suit a wide variety of retailers, with specific features for clothing and footwear, tourism, the liquor trade and sporting goods retailers.

**Stand number: D38**

**Available in stores: Now**

**Supplier: Kudos Solutions**

**For stockists call: (07) 5532 8491**

### LOSS PREVENTION SYSTEM

ADT Security brings the latest in shoplifting prevention, by way of Ultra Exit Pedestal. Traffic flow ready, its features include an alarm counter in pedestal base, acrylic inserts (for the plastic version), bumper guard and multiple base choices. With coverage up to 2.4 metres and AM compatibility, it comes with the option for plastic and composite antennas.

**Stand number: C40**

**Available in stores: Now**

**Supplier: ADT Security**

**For stockists call: (02) 9947 7024**

### PORTABLE DISPLAY UNIT

The Dynamic Digital Signage Portable Display Unit is designed for small business and demonstration purposes. With an attractive slim design and utilising a modular technique, the Dynamic Digital Signage Portable Display Unit can be re-worked at a minimal cost for businesses requiring multiple units with logos, corporate colours, different sized screens, all at the discretion of the retailer. The Dynamic Digital Signage Portable Display Unit is designed to be a silent salesperson and a way for businesses to have portable marketing to cover many facets of their business.

**Stand number: K12**

**Available in stores: Now**

**Supplier: AMI Technologies (Australia)**

**For stockists call: (02) 9763 2122**

### SECURITY ANTENNA

The Evolve Antenna is a security antenna able to work with both electromagnetic and radio frequency technology. Electromagnetic technology helps retailers protect the smallest items, while radio frequency technology allows retailers to take advantage of source tagging programs.

**Stand number: B30**

**Available in stores: August**

**Supplier: Checkpoint Systems**

**For stockists call: (03) 9262 8084**

### SAP SERVICE

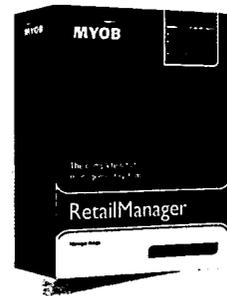
CIBER Novasoft announce the launch of novaRetail, a standardised SAP implementation service offering that significantly reduces the time, cost and risk associated with traditional methods of implementing SAP retail. novaRetail standardises common



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## Retail Technology Expo 2006

retail processed and practices within a pre-configured template, along with comprehensive implementation deliverables, reducing the time required to SAP retail deployment.

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**Stand number: F41**  
**Available in stores: Now**  
**Supplier: CIBER Novasoft**  
**For stockists call: (02) 8920 0887**

### PORTABLE POS

The DigiPos Retail Blade is a unique product for the retail industry. It is a retail hardened POS system that allows the retailer to upgrade or repair the system themselves within minutes, reducing maintenance and service costs. Future upgrade costs are also reduced as retailers need only to replace system components that need upgrading, as opposed to replacing the entire system.

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**Stand number: D22**  
**Available in stores: Now**  
**Supplier: DigiPos**  
**For stockists call: (02) 8338 3333**

### DISPLAY SYSTEM

Display Design's Compasso Clipframes feature an innovative, new profile construction that allow for multiple side-by-side unit installations. Imaging can be changed quickly and easily without interference from the neighbouring frame. They are a cost effective and durable solution for a wide range of information display applications, and are suitable for placement both indoors and outdoors. It comes with a UV stabilised, anti reflex film which protect images from fading, and the rubber sealed anti reflex foil cover protects images from weather conditions.

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**Stand number: L26**  
**Available in stores: Now**  
**Supplier: Display Design**  
**For stockists call: (03) 9427 5000**

### COMMUNICATIONS SYSTEMS

IP Systems Small Business Service is built on the Linksys One platform, delivering complete communications solutions made easy and affordable. Linksys One puts one affordable telephone, data and

communications solution within easy reach of small businesses. A single high-speed connection provides web access, while Linksys One telephones use the same connection to save money on phone calls with premium voice quality – across country and worldwide. The same Linksys One system also delivers affordable applications that help you manage your business everyday with significant cost savings.

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**Stand number: D44**  
**Available in stores: 1 August 2006**  
**Supplier: IP Systems and Linksys One**  
**For stockists call: 1300 660 240**

### RETAIL SECURITY SYSTEM

Optima Solutions will be unveiling two Power Sensors that allow retailers to put stock on display which is powered up and secured via a single cable. This allows a hands-on environment, where products can not only be touched but actually used without compromising security. This is an especially important security and display solution for mobile phones, PDAs and smart phones.

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**Stand number: B49**  
**Available in stores: July 2006**  
**Supplier: Optima Solutions**  
**For stockists call: (02) 9476 8866**

### STRIP LIGHTING

Prime Electronics Strip Lighting with LED's offer an efficient and low power LED strip alternative to retailers. Available in various colours, it emits no heat, burns no filament and has a very long life span.

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**Stand number: L26**  
**Available in stores: Now**  
**Supplier: Prime Electronics**  
**For stockists call: (07) 3252 7466**

### TOUCH MONITORS

The Senor AMON Touch Monitor is an advanced touch monitor which incorporates the all-in-one concept. Designed to be a versatile, compact, flexible and reliable touch monitor, the AMON can be optionally integrated with a number of I/O devices including customer display, magnetic card reader, smart card reader, ibutton, finger print sensor, RFID and keypads. Its unique and intelligent design is suitable for a wide

range of applications, and contains multi-purpose benefits such as a POS monitor, a Dual touch Display and a Trendy Touch Monitor. AMON can be customised to suit any specific requirements.

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**Stand number: C50**  
**Available in stores: Now**  
**Supplier: Senor Tech**  
**For stockists call: (07) 3340 9988**

### INTERACTIVE KIOSKS

Sprocket Kiosks will display their two new interactive kiosks, the D series and the E series interactive kiosks. The D Series is designed for environments where space is limited, and offers the latest in technology and interactive tools through its super slim, wall mount. The 17" screen can be mounted as either portrait or landscape orientation, to meet specific interactive design needs. The E Series is designed to compliment the modern retail environment, and is both robust and compact. Using minimal footprint, the 17" LCD head offers maximum on-screen estate, and is powered by standard PC components.

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**Stand number: B6**  
**Available in stores: Now**  
**Supplier: Sprocket Kiosks**  
**For stockists call: (03) 9537 3799**

### LIGHTING

Slim and modern, the Super Slim Lightbox Cable Mounted is easily assembled and up to four lightboxes can be mounted in a vertical row and can be used either double or single sided. It is designed for restaurants, real estate and any retail outlet, and maintains brightness during day and night. Available in sizes from A4 to A2.

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**Stand number: I31**  
**Available in stores: Now**  
**Supplier: Tec-Know Display and Lighting**  
**For stockists call: (02) 9317 4177**

### MARKETING SOLUTION

Fusion is a multi-channel sales and marketing solution for retailers, and will deliver content for printed publications, in-store kiosks, assisted shopping and online e-commerce. It additionally supports other

retail functions covering remote sales and customer loyalty programs.

**Stand number: E6**

**Available in stores: Now**

**Supplier: Viridian**

**For stockists call: (03) 9819 6598**

### OPEN DISPLAY SECURITY SYSTEM

Alpha IR POD's provide easy and versatile security for open display merchandising of cameras, mobile phones, ipods/MP3 players, PDAs and laptops. Patented IR technology along with perfect placement technology provides the user a versatile and advanced wireless system for displaying merchandise to increase impulse buying whilst providing enhanced security at the same time.

**Stand number: B30**

**Available in stores: Now**

**Supplier: Vitag**

**For stockists call: (03) 9878 0600**

### LOCKING SYSTEM

Scanlock provides an easy-to-use, inexpensive key-lock system which secures most common scan hooks. The lock secures stock on hooks, preventing removal of stock through theft or other means. The trouble-free design allows re-locking without a key, and has the option of additional security through a security plate, which offers additional theft deterrence in high risk environments.

**Stand number: J42**

**Available in stores: Now**

**Supplier: Trion Industries (Australia)**

**For stockists call: (02) 9999 1674**

### VOIP FOR RETAILERS

myVoice is a voice over IP solution that is specifically designed to meet the needs of retailers. myVoice can run over wireless LAN and in-store PDA's used for stock take, store ordering and price verification. This system shows true convergence of voice and data in a retail environment and offers significant cost savings.

**Stand number: E6**

**Available in stores: Now**

**Supplier: Warp Systems**

**For stockists call: (03) 9375 8616**

### DISPLAY SYSTEM

The Interactivity Window can be applied directly to any window/glass to become fully interactive "through-window/glass touch experience" by allowed user using his finger to interact with a rear projected image or LCD screen behind the window. There are no external components required with the Interactivity Window so the installation is completely safe behind the window.

The Interactivity Floor is an interactive video floor projection which reacts to the way people walk on it. A new media for physical spaces, The Interactivity Floor is based on patented vision technology. Turning a mundane floor into an arresting communication tool, the Interactivity Floor creates a fun experience for members of the public. Available in a flexible series of versions that easily adapt to different situations,



## Empowered @ POS

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AdvanceRetail provides real information at the point of service. Right now. Information to serve customers better, work faster and smarter.

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- DIY/hardware
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- Photographic
- Footwear
- Sports goods
- Jewellery stores



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AdvanceRetail Technology Pty Ltd  
Phone: (02) 8876 9176, Fax: (02) 9879 4877  
Email: info@advanceretail.com - www.advanceretail.com

The Interactivity Floor can be hired for special events or permanently installed in a shopping centre to create a revolutionary media channel.

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**Stand Number: F31**

**Supplier: F1 Software**

**Available in stores: Now**

**For stockists call: (03) 9866 8066**

## RETAIL INTELLIGENCE

Retail Point of Sale is retail intelligence at your fingertips, including all the features you need to track sales, inventory, purchase orders, customers and accounting.

Retail Point of Sale is one of the most used software solutions in the retail industry. Designed to make training new staff easy and with the ability to process sales faster, Retail Point of Sale is suited to a variety of retail industries from cafes to convenience stores to nurseries, health and hospitality.

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**Stand Number = C26**

**Supplier: Reckon Limited**

**Available in stores: Now**

**For stockists call: (02) 9577 5000**

## PRINTERS

The TM-H6000 Series is Epson's market leading versatile printer with a high speed thermal receipt printer and impact dot matrix slip printer, which now offers optional functions including endorsement printer and slip image scanner. The latest upgrade to the TM-H6000 Series enables customer ID scanning at the point of sale. This allows identification to be scanned at the Point of Sale as part of the transaction. Data captured can be used at the POS or stored in a database. This will have applications in industries that require identification, such as Proof of Age or Proof of Identity at the transaction point.

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**Stand Number = A2**

**Supplier: Epson Australia**

**Available in stores: Now**

**For stockists call: (02) 02 8899 3666**

## DISPLAY SYSTEM

The new Banner LCD displays allow for static signage to be replaced by dynamic signage, maximising the effectiveness of advertising or product showcasing. The large format LCD's provide a reliable medium for displaying any advertising or promotional message.

The Through Shop Window Interactive Displays provide any business with a dynamic digital medium to capture the shoppers attention and then encourage the shopper to interact with the retailers promotional message. This opens up vast new possibilities for using the shop window to sell products and brands. The payment systems include Note and Coin Validators, Coin Hoppers, Coin Changers, Coin Dispensers, Card Readers, Contactless Card Readers, note and coin counters, and receipt printers. These products are typically used in kiosks, automatic check out stations, or as desk top units connected to a POS system.

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**Stand Number = A90**

**Supplier: JEA Technologies Pty Ltd**

**Available in stores: Now**

**For stockists call: (03) 9830 6024**

## CASH SECURITY SYSTEM

The TANK Security Deposit Safe safeguards your cash on your premises, removing the need for you or your staff to ever visit the bank to deposit cash. Your cash is secured, your staff is safe and the cash total is received by your own bank daily, electronically direct from the safe. The cash total is deposited into your account, to ensure your cash flow works harder for you.

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**Stand Number = A34**

**Supplier: Tank Security**

**Available in stores: Now**

**For stockists call: (03) 9380 4555**

## RETAIL SOFTWARE

ICG Software with an ISO 9001 certification has a retail solution for everything from boutique fashion stores to hyper markets and franchises. ICG Software has been providing POS and Management solutions to the world since 1982 and introduced the first touch screen point of sale system in 1995. ICG Software's retail solutions offer the full management of your business from the sales process to stock control and client loyalty. Multiple store configuration and real time communications of data from ICGRetail5 to the ICGManagers gives ICG users the most powerful tool to operate and manage their business, from one store to a thousand stores.

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**Stand Number = D6**

**Supplier: ICG Software**

**Available in stores: Now**  
**For stockists call: 0420 456 911**

## DATA SOLUTIONS

ASP is a national supplier of data technology solutions to all types of businesses, government and other enterprises. Whether you simply need to purchase or rent cost effective reliable equipment, or solve a complex challenge involving the collection and processing of data, just call. We have the supply, design and programming skills to realise the potential of existing and emerging technologies including Barcode, Magnetic Stripe, Bluetooth, Receipt Printers, Label Printers, Labels, Smartcard, Web, GPRS, iButton, Ethernet and GSM Data Transfer

The company supplies packaged solutions for Time and Attendance, Asset Tracking, Rapid RF Development, Automated Staff Rosters, Barcode Label Printing and GSM Data Transfer.

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**Stand Number = D31**

**Supplier: ASP Microcomputers**

**Available in stores: Now**

**For stockists call: (03) 9578-7600**

## STORE SECURITY

ADT will showcase its Sensormatic Ultra Lane detection system, an aisle-based Electronic Article Surveillance (EAS) solution for supermarkets, convenience stores and hypermarkets intent on stopping store theft and boosting profits as a result.

The Ultra Lane detection system is based on 58 kHz Sensormatic Ultra Max acousto-magnetic (AM) technology. With wider aisle and exit coverage along with smaller tags and labels, plus much better and more reliable detection rates, AM's performance has proven itself superior to older electromagnetic (EM) and radio frequency (RF) technologies. The system's sleek, open antenna design offers maximum shoplifting protection without compromising visibility, store aesthetics, customer checkout interactions, or shopping cart passage. Its wide coverage of also offers configuration flexibility including a dual aisle configuration that is most important in hypermarket retail environments.

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**Stand Number = C40**

**Supplier: ADT Security**

**Available in stores: Now**

**For stockists call: 131 238**

## BUSINESS MANAGEMENT SOLUTION

Epicor POS 8.0 is part of Epicor for Retail, a fully-integrated, end-to-end business solution designed specifically for the needs of mid-market retail enterprises.

Developed in conjunction with Western Australia's Precise Business Solutions, Epicor for Retail provides point-of-sale (POS), warehousing, distribution, financials, customer relationship management (CRM) and business analysis all in one package.

Built on the very latest development technologies from Microsoft, including Visual Studio .NET, .NET Framework, Web Services and XML, Epicor POS 8.0 leverages the database strength, replication services and business intelligence capabilities of the Microsoft platform and enables retailers to maximise data integrity, scalability, performance and flexibility across the point-of-sale system.

Key features include an increased ability for end-user configuration, user interface

personalisation and an expanded role-based security model, all critical for multi-site, high-transaction volume businesses as well as smaller retail groups.

**Stand Number = G16**

**Supplier: Epicor (Aus) Pty Ltd**

**Available in stores: Now**

**For stockists call: (02) 9956 8976**

## POS SOLUTIONS

At this year's Retail Business Technology show, DH will be showcasing products and hardware solutions from world leading vendors such as Motion Computing, Obvios, Epson, Datalogic, CipherLab, Zebra and FEC. The main products highlighted will be POS Terminals, Mobility Products, Digital Media, Kiosks and Printing Solutions.

Visit DH Technology at stand F18 and check out their latest products including Motion Computing Tablet PCs, innovative Cognitive Compact Industrial Label Printers, RichPOS - A new and robust range of integrated POS

Systems from industry leading manufacturer FEC, Digital Media LCD signage, the CipherLab CPT9500 portable data terminal, Datalogic Skorpio Windows CE compact hand-held mobile computer and Obvios kiosk products.

**Stand Number = F18**

**Supplier: DH Technology Pty Ltd**

**Available in stores: Now**

**For stockists call: (02) 9472 7100**

## SELF-CHECKOUT TECHNOLOGY

NCR will launch the NCR FastLane Mini full-function self-checkout technology at the Retail Business Technology show, Australia. Designed to accommodate developing retailer and customer requirements across industries, incorporating feedback from consumers, cashiers and retailers, NCR FastLane Mini is designed to meet the demand for a smaller footprint configuration, with full-function features which handle the acceptance and dispensing of Cash and Coins in addition

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September 19 - 21  
Stand E6



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And don't forget the National Retail Forum which is held in conjunction with the Retail Technology and Shopfit & Design Expos. It continues to be Australasia's leading conference for retailers and their suppliers.

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to Credit/Debit card transactions. Allowing shoppers to scan, bag and pay for their items and get in and out of the store as quickly as possible by avoiding queues at the manned aisles. The NCR FastLane Mini is the smallest full-function self-checkout system on the market. It features an intuitive touch-screen user interface, multimedia graphics, voice and visual prompts and a signature capture pad for completing credit card transactions. It can also be equipped to accept coupons, deactivate electronic surveillance tags and provide ATM-like functionality by dispensing cash back.

**Stand Number: B2**

**Supplier: NCR**

**Available in stores: Now**

**For stockists call: (02) 9964 8242**

### EFTPOS SOFTWARE

Keycorp will announce and display a next generation fully integrated EFTPOS software platform. This platform will support a range of hardware terminal devices including solutions

for multi-lane retail, self-service and pay-at-table, allowing retailers to enjoy the advantages of a fully integrated EFTPOS solution.

Keycorp will also display a new "pay at table" portable integrated payment terminal. Unlike the traditional portable EFTPOS terminal, the new Keycorp system integrates with the store's inventory and back office systems, rather than solely acting as a dedicated payment device.

The compact kiosk allows customers to download their digital photos from a memory stick or other storage device, print them, touch them up or manipulate the images and then pay with a debit or credit card without having to involve store staff. Because it is a self-service system, the kiosk offers retailers a popular customer drawcard that does not divert counter staff from their other duties.

**Stand Number E20**

**Supplier: Keycorp**

**Available in stores: Now**

**For stockists call: (02) 9414 5200**

### BUSINESS INTELLIGENCE TOOL

Thomson Data Corporation (TDC) has released a new Business Intelligence (BI) reporting tool to compliment its Shopkeeper Retail Management Software Suite. With extensive drill down capability the BI module provides flexible reporting across all areas of a multi location retail and wholesale operation. With a simple to read "dashboard" the key areas of a business are available at any time. Predefined reporting suites have been developed to cover retail, inventory, financial and loss prevention. Most reports can be printed, represented graphically or output to Excel for further manipulation. User defined reports can be "book marked" for future use.

Variance factors can be pre set by a user and exceptions will be illustrated in colour for quick and easy identification. Shopkeeper BI has powerful 'What if' functionality to enable future calculation of sales margins, cost reductions etc. Coupled with TDC's "real

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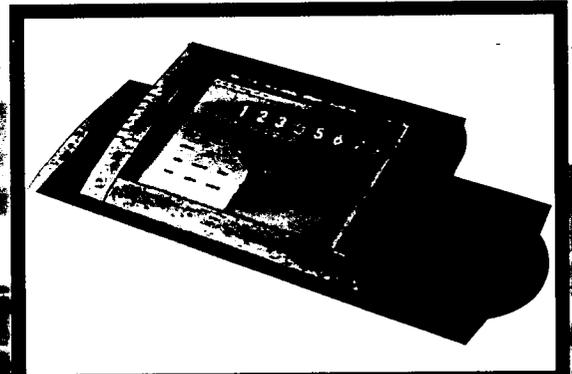
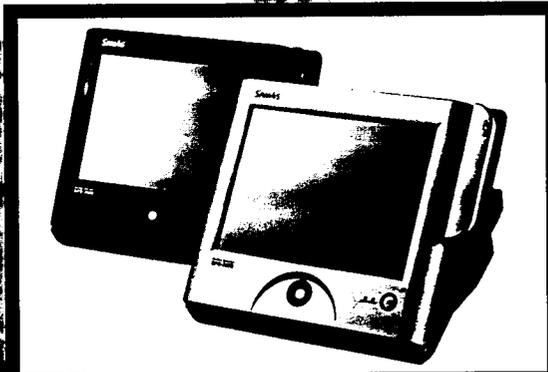
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time" polling, Shopkeeper BI can produce reports based on information that is literally a few seconds old.

**Stand Number: E2**

**Supplier: TDC**

**Available in stores: Now**

**For stockists call: 1300 137 729**

### RF TAGS

Easitag are suppliers of EAS-RF (Electronic Article Surveillance —Radio Frequency) hardware and supporting products (Anti-Theft Detection Systems). Easitag's EAS-RF equipment is the same technology used by The Woolworths Group, The Coles Myer Group, Priceline Pharmacies, selected Telstra stores, Newsagencies, My Chemist and other pharmacies. Easitag has a range of hard tags and soft tags available. Easitag has produced a higher quality label range that has already been accepted internationally as the best performing and highest quality radio frequency label on the market.

**Stand Number: D43**

**Supplier: Easitag**

**Available in stores: Now**

**For stockists call: (07) 3257 1960**

### SECURITY TAGS

Llexan is a designer and manufacturer of reuseable security tags (anti shoplifting tags) to retailers, whose products help reduce the ever increasing problems of shoplifting within the nations retailers. The tags have been known to reduce the loss by as much as 65 per cent. As well as the effect on loss because the Llexan products can also increase a retailers ability to openly merchandise thus increasing sales.

The range has specifically been designed to protect vulnerable merchandise including: DVD's, CD's, Computer software, razor blades, ink cartridges, Liquor, perfumes, eye glasses and sunglasses and lighter items which may have previously been damaged with the traditional EAS hard tag such as lingerie.

**Stand Number: B42**

**Supplier: Llexan**

**Available in stores: Now**

**For stockists call: (07) 3325 4100**

### KEYLESS POS

Acumen Computer Systems will be showcasing their latest evolution named Acumen Elite. A system is designed to offer more integration, intelligence, intuition and initiative than ever before. Keyless POS, integrated security, wireless identification and customer loyalty are just a few of the other new technologies the company will also have on show.

**Stand Number: C34**

**Supplier: Acumen Computer Systems**

**Available in stores: Now**

**For stockists call: (03) 5221 2833**

### POS SYSTEM

Futura assists the retailer to get the right stock to the right store at the right time. The success of these processes will

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increase sales and margins from less stock and costs. Futura will be demonstrating Version 3.10 of its system, which was recently released. This version allows the retailer to customise parts of the screens, creating a system that is tailor made for your needs. Whether very advanced or very basic, Futura version 3.10 allows you to create the system that suits the user.

**Stand Number: B22**

**Supplier: Futura Retail Solutions**

**Available in stores: Now**

**For stockists call: (02) 9410 2244**

### CARD TECHNOLOGY

Leigh Mardon will be showcasing the latest in product, design and technology in the areas of Card Manufacture using creative and/or conceptual designs, Gift Cards, Customer Loyalty Cards, Store ID Cards, Discount cards, Luggage tags, Pre-paid phone and chip cards, Smart cards, Magnetic Stripe Encoding, Bar Codes, Scratch panels, Embossing, Thermal

Imaging, Card Pack fulfillment including attaching of card to letter or advertising mediums, scanning and Imaging services and Mail Aggregation.

**Stand Number: E12**

**Supplier: Leigh Mardon**

**Available in stores: Now**

**For stockists call: (02) 9829 0126**

### RETAIL SOLUTION

IP Systems nServ provides a robust platform for integrated retail networks. It is a Cisco powered private network that extends throughout Australia & New Zealand. Users can pick and choose from the menu of network services providing secure networking, telephone systems, payments solutions, surveillance solutions and multimedia applications.

**Stand Number: D44**

**Supplier: IP Systems**

**Available in stores: Now**

**For stockists call: (02) 8264 3170**

## RETAIL BUSINESS TECHNOLOGY

## SHOPFIT DISPLAY & DESIGN

### VENUES & DATES:

Melbourne Exhibition and Convention Centre  
19-21 September 2006  
10am - 5pm (10am - 4pm on Thursday 21 September)

### WEBSITES:

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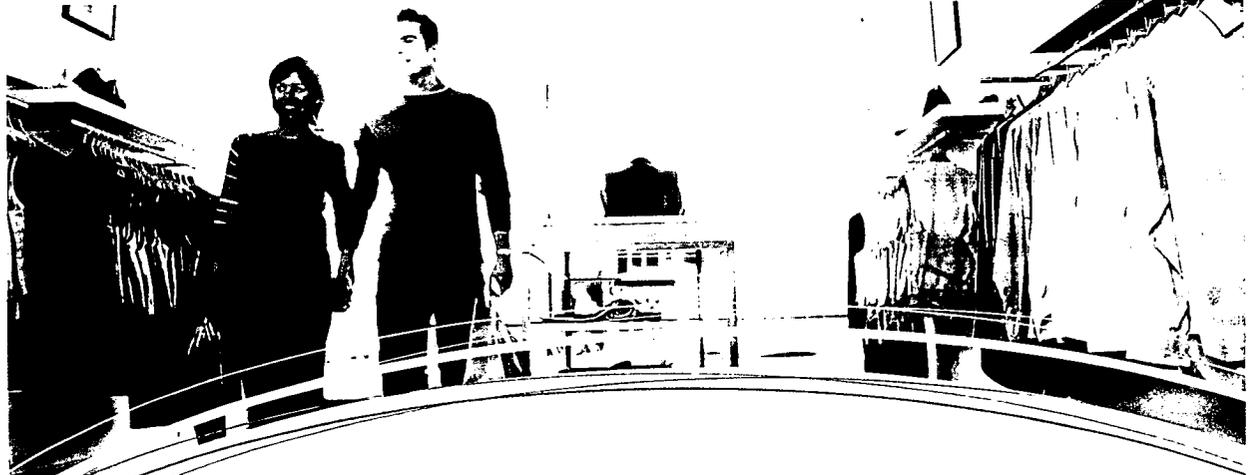
### EVENT ORGANISER:

Diversified Exhibitions Australia

### CONTACT:

+ 61 3 9261 4500

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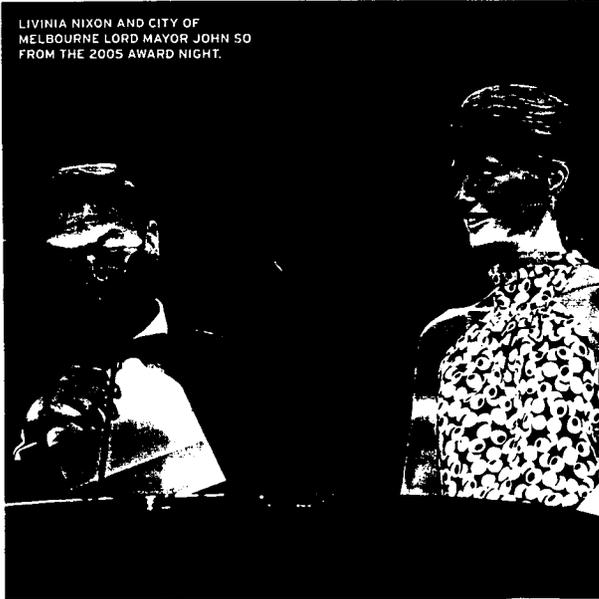
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ARA

# ARA LAUNCHES AWARDS PROGRAM



LIVINIA NIXON AND CITY OF MELBOURNE LORD MAYOR JOHN SO FROM THE 2005 AWARD NIGHT.

**THE** Australian Retailers Association Victoria (ARAV) has launched the 2006 Retail Awards program in conjunction with the Hardware Association Industry Awards.

Recognising that retail is the core of the success and growth of economic expansion across Victoria, these awards are designed to acknowledge the skills of young achievers and future leaders in the retail industry, as well as to celebrate those businesses that pride themselves on delivering exceptional customer excellence and innovation. The award program comprises a number of categories.

The ARAV Young Retailer of the Year will highlight the skills, drive and passion developed while working in a retail environment and is aimed to encourage employers to nominate their young staff members (26 years of age or under) to go in the running for this industry-revered award.

The focus of this award is to acknowledge a retail business for outstanding demonstration of customer excellence, innovation and marketing strategy. This award celebrates and honours top performers from across Victoria's retail sector.

The winners will be announced at the ARAV "Retail in Style" gala awards ceremony on Tuesday 19 September, Crown Palladium Ballroom.

The ARAV Lord Mayors Innovation Award is supported by The City of Melbourne and is designed to seek and identify the creativity and spirit of innovation that sets a retail business above and apart from the CBD retail scene. The winner of this Innovation Award also goes through to compete for the coveted Retailer of the Year award to be announced 19 September at the Crown.

The winner of the Innovation Award will be announced at the ARAV Lord Mayors Innovation Award Luncheon to be held on

Wednesday 16 August at Zinc, Federation Square.

The ARAV awards program is, this year, coupled with the Hardware Association Industry Awards which celebrates outstanding achievers within the retail stream of the hardware industry. The awards process will come to a glittering close with a black tie 'Retail in Style' gala dinner to be held at the Crown Palladium Ballroom on 19 September.

The ARAV is excited to be a partner of the Retail Technology Forum to be held at the Melbourne Convention centre. All attendees will be able to attend the Retail in Style

awards and rub shoulders with Victoria's best and brightest retailers, retail suppliers and of course sponsors and supporters of the gala event. The Retail in Style awards night will also culminate in the grand finale of the Technology forum, and to encourage everyone involved to make this a night not to forget, the ARA and Diversified Exhibitions have partnered for this event and forum to offer all exhibitors a special awards night package. If you are interested in attending the Retail Awards, please refer to our website: [www.ara.com.au](http://www.ara.com.au) or contact Genevieve McCaskill on 03 9321 5000.

[www.ara.com.au](http://www.ara.com.au)

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# talking head

## KNOW THY CUSTOMER

*Marcus May, retail industry director, Fujitsu Australia and New Zealand, says that the value of the shopping experience and intimate knowledge of one's customers play starring roles in the continuing (or otherwise) loyalty of customers in today's Australian retail sector.*

**Branko Miletic** reports.



◆ **THE** loyalty of customers, says Fujitsu's Marcus May, is affected by the service and value that they receive from their retail experience. If their experience dealing with a retailer provides them with the levels of product range, stocking and freshness, customer service, convenience, competitive pricing and an enjoyable store visit, then they are likely to return to that retailer for a similar experience next time they feel the need to shop. The first question is that if you don't know who your customers are, then how do you know whether your activities are successfully providing what your customers want? Perhaps they are very disgruntled and don't feel they have any choice but to shop with you. In that case, the first decent competitor to come along might decimate your sales. The second question is why don't these people want to join your loyalty scheme? Are they just 'cherry pickers' on your advertised

specials, and if so do you really care about them that much?

May says that the history of loyalty programs is very up and down in terms of outcomes. To a large extent this can be directly related to the degree of effort put into those loyalty programs and the commitment from senior retail executives to the underlying concepts. "Customer loyalty should be approached at a senior strategy level, and its implementation should be pervasive throughout the culture of the retailer and across the many retail activities that end up impacting the customer. The best implementations of loyalty programs, that have resulted in substantial increases in basket size, number of customer visits and sales uplift, have been based on an 'end-to-end' approach by the retailer. Merely creating a loyalty card scheme doesn't guarantee results for the retailer. Staff training, store layouts and product ranging, ensuring stock on shelf,

marketing messages, customer convenience and added value for the customer are all intertwined in a good loyalty scheme."

In the end, he says, it is "knowledge of your customers, interaction with them and listening to their needs and desires, and translating all of that into a total shopping experience that is going to result in those customers being happier shopping in your store than in someone else's."

As to the sectors of the retail industry that have shown the best uptake of loyalty programs and other related schemes, May thinks that the niche food sector is certainly a popular choice.

"Around the world, uptake of loyalty schemes has mainly occurred in the specialty, department store, liquor and

food segments. These are all areas where, either by the high value of the goods purchased or the regular volume of the goods purchased, the customer has a substantial annual spend value.

And in terms of the slowest segments to take up loyalty programs, it appears to be those organisations based on franchise models according to May. "Around 30% of the retail market is comprised of retail chains that are actually collections of individually owned franchise sites. In these cases the degree of difficulty in obtaining commitment and common disciplines across the retail chain appears to make it more difficult to implement a good loyalty program. Of course, there are exceptions to this rule," he notes.

However, he says that the best incentives target the 20% of customers who provide 80% of profitability, and provide those customers with both an immediate and a long-term return for shopping at the store. "So the program may, for example, offer a special (lower) price right now on key items in which I as the customer am known to be interested, plus accumulation of points towards a longer-term objective. The incentives, on their own, however, won't necessarily provide the results. As a customer, I won't go back to a retail outlet where the things I want to buy aren't consistently on the shelf, where I have trouble parking, where the queues are frustrating, where the staff are rude or hard to find, or where the after-sales service is absent—irrespective of the incentive—unless it is a very, very good one, of course."

But May also thinks that loyalty programs are often seen as simply a customer card program, when in reality the card program is simply the visible tip of the iceberg. "Underneath," he says, "good loyalty programs consider the full (eventually one-to-one) relationship between the retailer and the customer, and how that can be constructed and managed to provide both parties with great results so that the relationship is a long-term one."

Asked as to whether in his opinion, low prices or incentives or even a combination of both give the best customer retention, May seems to think that the retailer should look at their overall strategy before considering those kinds of operational details. "It's really a question of where the retailer's strategy is directed. If the retailer's strategy is to be known across the market as the lowest price provider then it should devote most of its effort (and resources) towards that objective. It could also be that the strategy is directed at being the lowest price provider, but only providing those low prices to those customers who 'belong' to their loyal customer group."

"However, to be competitive only on price, one must have volume as well. Many retailers are not in the position or in the market segments to generate the sorts of volumes that could sustain a low price strategy over time," he says.

In terms of the future of loyalty programs in Australia, May says that personalisation is one trend that can only grow.

"As the retail market continues to consolidate amongst fewer hands (or the big get bigger if you like) and as overseas retailers continue to contemplate entering our local market, it will be increasingly important for Australian retailers to have competitive differentiation, to retain their own customers against competitive approaches and to entice customers across from their competitors."

Additionally, he says, "the traditional mass means of communicating with the market (via television) are now becoming fragmented. Whereas once an advertising spot on Graham Kennedy's IMT for example would have ensured an audience half the size of Melbourne, today there are more channels, cable, the internet, DVD, and even services to strip the ads out of one's watching experience. The trend towards one-to-one marketing in retail will continue, and loyalty programs are central to that trend."

[www.fujitsu.com.au](http://www.fujitsu.com.au)

*Asked as to whether in his opinion, low prices or incentives or even a combination of both give the best customer retention, May seems to think that the retailer should look at their overall strategy before considering those kinds of operational details.*

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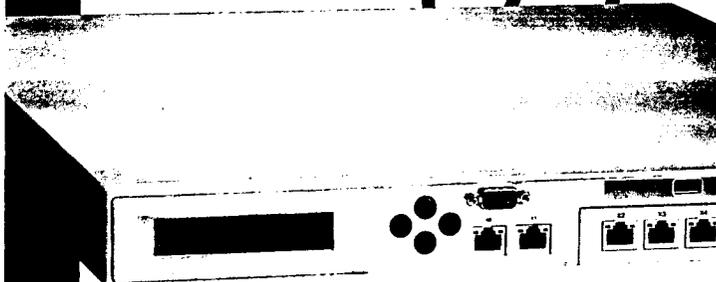
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# buyers guide

## 01



### 01 MOBILE SECURITY

Aventail has announced its Secure Mobile Access Solution for PDAs and Smart Phones and supports all major operating systems, including Blackberry, Palm, Windows Mobile, DoCoMo, and Symbian.

This mobile intelligence increases productivity by making it easy for the user to quickly access the information needed and eliminates the pain of clicking on a link that is inappropriate for a mobile device. The Aventail solution includes two access options: WorkPlace Mobile and Connect Mobile. WorkPlace Mobile is a customised web portal, allowing easy, clientless access to web-based applications from any mobile device. Connect Mobile is a lightweight, web-deployed agent that provides Windows Mobile PDA users with broad access to both web and client/server applications.

[www.aventail.com](http://www.aventail.com)

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### STORAGE SOLUTION

With the release of version 3.0 of the Yellow Machine software, Anthology Solutions has bundled a Business Class Backup solution with a full version of EMC DANTZ Retrospect Professional with a full five-seat licence.

Retrospect Pro business class backup integrates seamlessly with your network. It is transparent to files and applications on the Yellow Machine and does not affect compatibility with networked clients. Retrospect Pro is designed for mobile users who need to undock from the network. Users can disconnect their laptop as needed and Retrospect Pro will resume backup when the laptop is reconnected.

[www.cradletechnologies.com](http://www.cradletechnologies.com)

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## 02



### 02 RETAIL MANAGEMENT SOFTWARE

Warp Systems has released their latest version of the myStore packaged products for retail. Designed to work out of the box in any retail environment, this packaged solution delivers the 4 high value in-store functions all retailers need - in the one application.

Key functions such as Stocktake, Stock Receiving, Stock Transfers and Price Verification are easy to use, easy to integrate and are proven to deliver a strong return on investment.

This latest version of myStore has colour and size attributes included in the data record making it a "custom" fit for fashion and footwear retailers. The package comes complete with all the hardware and software needed to get you underway the moment you open the box.

[www.warp.com.au](http://www.warp.com.au)

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## 03

### 03 PHOTO KIOSK HELP DESK

Whitech Software Solutions has announced an online helpdesk service for customers that need assistance while using Photo.Teller kiosks. This means that help is just a push of a button away for people printing their photos at kiosks, 24 hours a day, seven days a week. The new service is called Kiosk.Help! and can be instantly accessed at the push of a button from any Photo.Teller kiosk in any location including airports, shopping centres, pharmacies and other remote locations. Kiosk.Help! will improve customer service by the availability of instant access to technical support. For the owners of Photo.Teller kiosks this means that the kiosks will always be generating income because a customer can get help the minute they need it.

[www.whitechsoftware.com](http://www.whitechsoftware.com)

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04



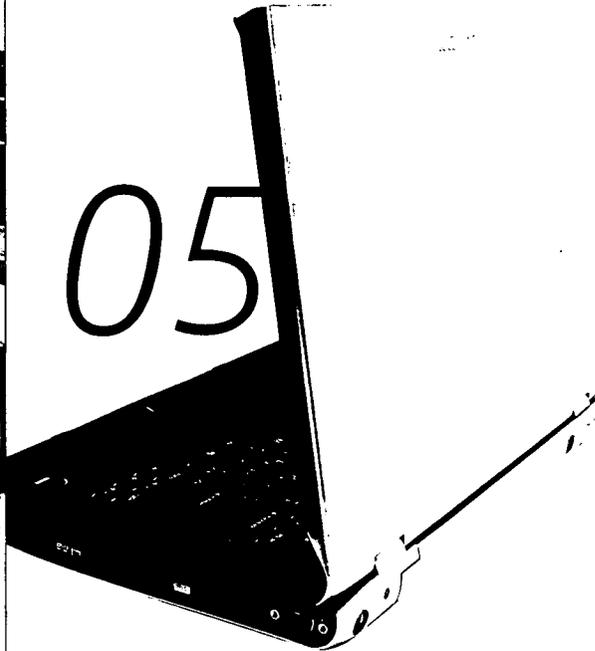
**04 SECURITY CAMERA**

Axis Communications has launched the AXIS 214 Pan/Tilt/Zoom (PTZ) Network Camera, a high performance camera for professional surveillance and remote monitoring. The AXIS 214 PTZ combines a high-quality PTZ colour camera enhanced with the day/night and audio functions. The AXIS 214 PTZ is optimized for professional surveillance with automatic day/night functionality. This provides good colour video in low-light conditions and sharp black-and-white video in extremely dark conditions. The camera's synchronised two-way audio feature enables remote users to listen to and speak with visitors or intruders. The AXIS 214 PTZ incorporates an 18x optical motorized lens and a 12x digital zoom with auto focus, which allows users to zoom in on small or distant objects with high clarity.

[www.axis.com](http://www.axis.com)

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05



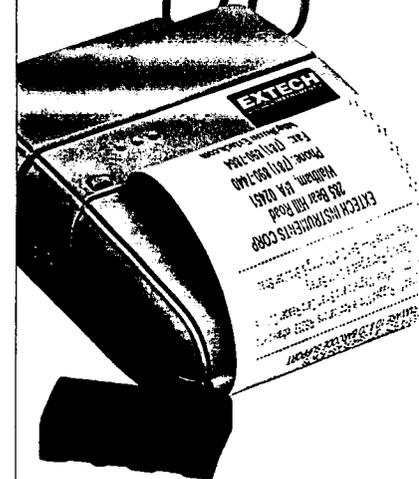
**05 SMALL BUSINESS NOTEBOOK**

Lenovo has unveiled its first dual-core notebook computer, a widescreen, easy-to-use system designed for small business customers with a limited IT budget. Lenovo Care tools help alleviate the need for a dedicated IT help desk by offering a central location for essential PC tasks such as a one-button system recovery to help users diagnose, get help, and recover systems to a previously saved state following catastrophic software failures caused by today's viruses and malware; automatic updates that download and install critical updates for Lenovo software on a user-configured schedule to help keep the system operating at peak performance. Weighing 2.5kgs the new N100 comes in 14.1-inch and 15.4-inch widescreen models, allowing for 20 percent more viewing space in spreadsheet applications or watching DVDs in the optimised format.

[www.lenovo.com/au](http://www.lenovo.com/au)

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06



**06 PORTABLE RECEIPT PRINTER**

Exttech Data Systems has released the portable S4000T 10-cm receipt printer. With its contemporary design and three wireless options, the lightweight S4000T is designed mainly for desk-top and in-vehicle applications. The S4000T comes equipped with an optional rechargeable lithium ion battery capability which makes it an suitable printer for vehicle based applications where the driver also needs to occasionally take the printer from the cab. The battery can be charged through the vehicle system or an available two-bay battery charger makes both internal and external charging possible. A clamshell-style loading system and push-button release for the paper door make changing paper rolls easy and convenient. Built-in detectors monitor temperature, voltage, and paper-out.

[www.exttech.com](http://www.exttech.com)

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# buyers guide



## 07 RETAIL SYSTEMS SOFTWARE

NCR has introduced an enhanced version of NCR Retail Systems Manager (RSM), a software tool that monitors, diagnoses and resolves store technology issues remotely. Featuring a new Enterprise Edition module, RSM is the first solution of its type to extend remote management throughout a retail chain. RSM comprises a set of software components that reside on a server and a store's NCR RealPOS terminals, NCR FastLane self-checkouts or NCR EasyPoint kiosks running on a Microsoft Windows software platform. It provides 24-7 remote monitoring and alerting, remote access, remote diagnostics and remote resolution through a help desk-friendly interface. The NCR offering is the only tool that allows remote management beyond the terminal and operating system, down to the peripheral level.

[www.ncr.com](http://www.ncr.com)

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## 08 DISPLAY SYSTEM

Image Design Technology (IDT) has released the first Imagine 3D-Layered Rear Projection Screens, designed and manufactured by Australian company Novix Systems. The screens provide high quality visual images with high resolution and image depth, along with viewing angles greater than 170 degrees on both horizontal and vertical axis. Imagine screens are flexible and effective, and are set to challenge the need to use expensive LCD or plasma panels, making in-store displays more accessible. They also meet the growing demand for eye-catching displays in entertainment venues such as pubs, clubs and exhibitions along with retail venues such as shopping centres and store fronts. Imagine 3D Layered Rear Projection Screen combine a 3D-layered polyester-based optical film and 6mm PMMA (Polymethylmethacrylate) panel, the first use of this technology in Australia.

[www.novix.com.au](http://www.novix.com.au)

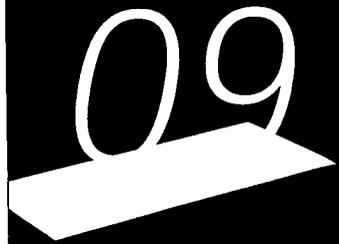
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## VIDEO STORAGE SOLUTION

EMC Corporation has released the EMC Surveillance Analysis and Management Solution (SAMS), a combination of hardware, software and professional services that enable the storage, archiving, fast searching and analysis of petabytes of video and other data from physical security devices such as surveillance cameras and access control systems. SAMS comprises EMC Clariion storage arrays and EMC Centera content addressed storage systems, software and professional services delivered in partnership with select members of the EMC Authorised Services Network (ASN) and leading security integrators. SAMS is appropriate for any organisation seeking to transition its physical security infrastructure to enterprise-class IT standards for improved information management, analysis and overall physical security.

[www.emc.com](http://www.emc.com)

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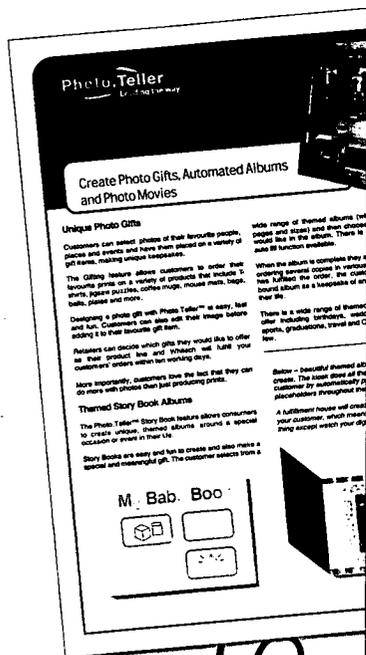
## 09 EMAIL SECURITY SUITE

Marshal has released a fast and scalable email security and management solution, MailMarshal SMTP 2006.

The software combines spam URL black list lookups (SURBL) and spam filtering based on country of origin. Offering more security enhancements than many other solutions, MailMarshal SMTP 2006 is suitable for organisations from small and medium businesses to large enterprises. MailMarshal SMTP 2006 introduces anti-spam technologies to augment and enhance its already impressive spam blocking capabilities. One of these technologies, called CountryCensor, allows customers to apply specialised anti-spam settings to email that originates from different countries. This allows customers to be more accurate and sophisticated in how they manage Spam, or even deny Spam altogether from countries that they do not normally do business with.

[www.marshall.com](http://www.marshall.com)

P74



10

## 10 KIOSK SOFTWARE

The latest Version of Photo.Teller software offers items such as printed gifts (t-shirts, mugs, jigsaw puzzles, canvas prints, key rings, mouse mats) digitally printed and bound photo albums and photo movies. These new high margin services are labour free for the retailers as the orders are sent electronically direct to a fulfilment centre where the goods are created and then sent back to the store in a fast turnaround time.

The kiosks are equipped with customer loyalty features that will generate membership details for customers and will automatically recognise the customer each time they come back to the kiosk, allowing the retailer to offer promotions to specific customers. The kiosks can also capture customer information such as phone number, address and e-mail, allowing retailers to engage in powerful marketing campaigns.

[www.whitechsolutions.com](http://www.whitechsolutions.com)

P87



## 11 BIOMETRIC READER

The BT910 has the ability to read and write data to a miPASS smartcard, thus allowing the storage and encoding of fingerprint templates and card holders information. By using a miPASS card, the card holder's fingerprint details are held on the card, thus eliminating both the need and protection of a central database, along with an unlimited number of users.

The unit reads the stored template and the card holder's data to perform identity verification in one pass, fast and efficiently. When a finger is scanned by the reader following the presentation of a miPASS card, it is compared against the fingerprint template from the card, and with a match, the reader then releases the access control data to the door controller for processing. Lost or stolen cards are unusable without the correct fingerprint data, therefore, access is automatically denied.

[www.bqtsolutions.com](http://www.bqtsolutions.com)

P88



## 12 RETAIL MANAGEMENT SYSTEMS

MYOB RetailBasics - this solution can turn a standard PC into a complete Point of Sale System in under half an hour. RetailBasics' Set Up Assistants (Wizard) can set up a system, so users can process sales fast and 'Cash Ups' and GST reports with just a few clicks.

This solution is designed for new stores that want a solution that's easy to set up and gives their business a professional look. MYOB RetailManager is one of Australia's most popular Point of Sale systems. It comes with 12 months of 7-days-a-week support and software upgrades included.

RetailManager enables fast sales and customer service, manages your inventory from end to end, reports GST, helps manage staff, and can profile customer information.

RetailManager works with most MYOB accounting software to make GST and BAS statements easy.

[www.myob.com](http://www.myob.com)

P89

## DISASTER RECOVERY STORAGE

DataCore has announced a new class of remote site disaster recovery (DR) and storage pool mirroring solutions. These DR solutions are designed to protect terabyte size storage pools serving multiple application servers (eg, Windows, Netware, VMware, Linux, Solaris, AIX, Unix, etc) over LAN, SAN or WAN networks.

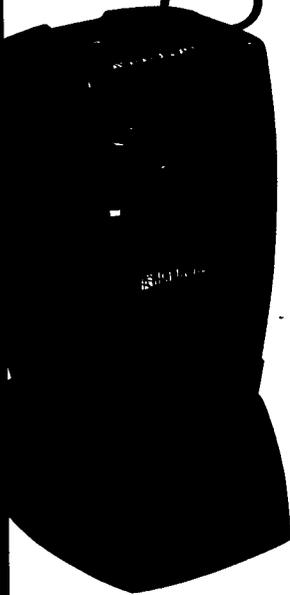
The DR package includes software to manage two separately located SANmelody disk servers, each capable of supporting terabyte storage pools, plus a choice of disaster recovery software either asynchronous LAN/WAN-based replication software for disaster recovery over great distances or simple and fast synchronous LAN or SAN failover mirroring software for storage pools supporting systems stretched across buildings, campuses or cross-town distances.

[www.datacore.com](http://www.datacore.com)

P55

# buyers guide

## 13



### 13 BARCODE SCANNER

The Diamond scanner offers a high-value, cost-effective solution for omni-directional scanning in hands-free applications.

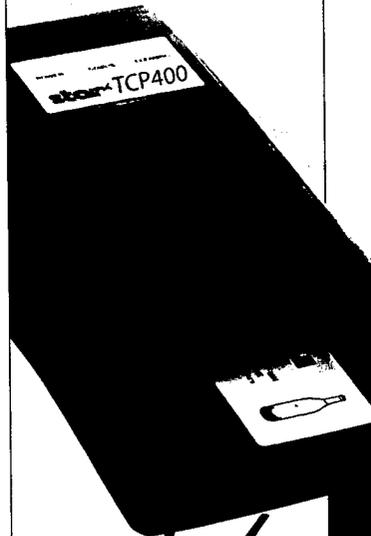
With its small footprint, reading accuracy, scan speed and first pass read rate, the Diamond is designed for check-out locations in retail markets, as well as front-desk operations in post offices and courier services.

Datalogic has incorporated advanced new optics and electronics in the new Diamond to provide improved reading performance of 1200 scans per second.

Furthermore, it is equipped with the Datalogic code reconstruction system to read non-oriented labels placed in various positions on objects, as well as poorly printed or damaged codes. It can read standard linear bar codes in addition to RSS, and can be upgraded in the field to keep it up-to-date with new functions or bar codes.

[www.datalogic.com.au](http://www.datalogic.com.au)

P93



## 14

### 14 POS PRINTING SYSTEM

Star Micronics has developed a new generation of the visual card system. Building on its TCP300 model, this latest version is a 'thermochromic' visual and magnetic card reader/writer that can be used to instantly erase, re-write or print up-to-date information, loyalty points and special promotions on a standard 'credit-card style' 760 micron Leuco card.

The dual pass head can provide clear text at 30 mm/second with a second lower high quality output speed for graphics. Designed to be re-written up to 500 times, the cards can be updated with high quality text and sophisticated graphics including barcodes and photos within just 4 seconds. The card is simply inserted into the front of the unit, updated and automatically ejected.

[www.starmicronics.com.au](http://www.starmicronics.com.au)

P75

## 15



### 15 CUSTOMER MOVIE MAKER

Whitech's Photo.Teller kiosks, Home.Ordering and Net.Order photographic software applications have now moved into an exciting new arena by including a fun feature called Photo Movies. Photo Movies allows the consumer to take their favourite photos and turn them automatically into a movie presentation with special effects and music to view on VCD or DVD. Creating the movie is easy. Customers can either choose the express movie option, which intelligently selects images to create the movie, or they can select their own images to use in the presentation. The customer can select the theme of their presentation from a range of different styles, such as romance, parties and more. The customer can also choose the type of backing music they prefer.

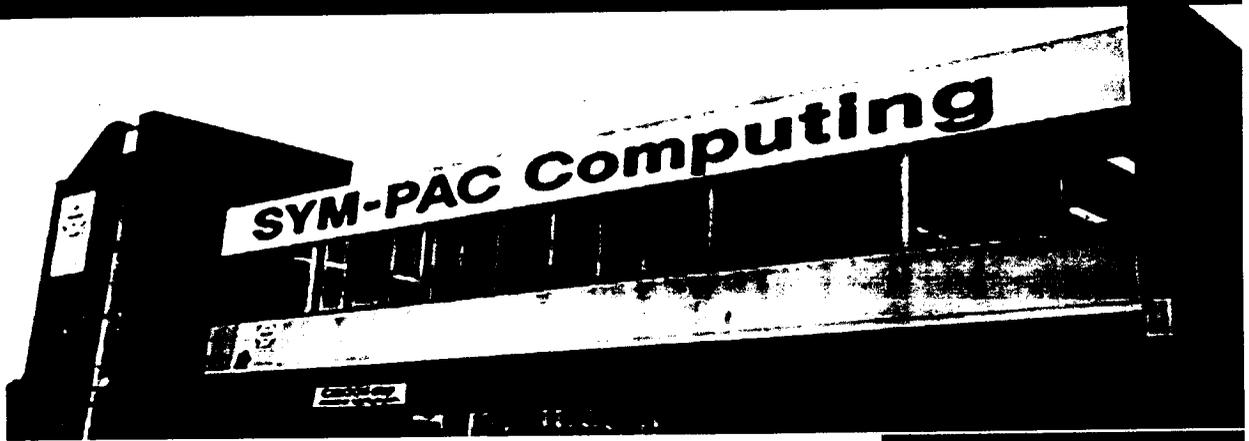
[www.whitechsolutions.com](http://www.whitechsolutions.com)

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# **SYM-PAC** >>The strength you can trust



## **Squeeze more from your retail operations!**

**Streamline Procedures**

**Increase Stock Turns**

**Increase Profits**

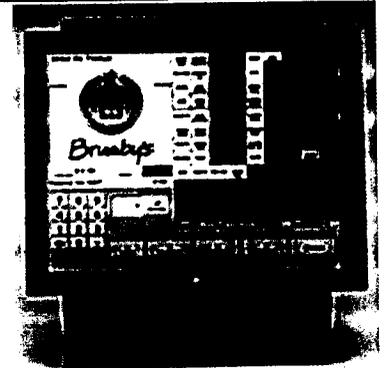
**How? Call SYM-PAC**

**We talk your Language**

**We know Retail**

**We can Help!**

SYM-PAC Computing have been designing and implementing retail solutions for over 15 years. Over 1200 stores across Australia & New Zealand are now using SYM-PAC developed retail management entities, including POS, GL, Head Office and Multi Store systems.



**SYM-PAC**

For more Information contact us: **1800 062 742**

[www.sympac.com.au](http://www.sympac.com.au)

**SOME THINGS ARE BUILT TO LAST**

*"Since we upgraded to the DigiPoS Retail Blade, we have saved nearly \$ 20,000.00 a month on servicing costs."*

*--Emma Mader - IT Support Services Manager  
Pretty Girl Fashion Group.*



**RETAIL BLADE™**

[www.digipos-systems.com.au](http://www.digipos-systems.com.au)

21

This is Exhibit .....A..... referred to in

**APPENDIX 1**

to the Applicant's Reply to Opposer's

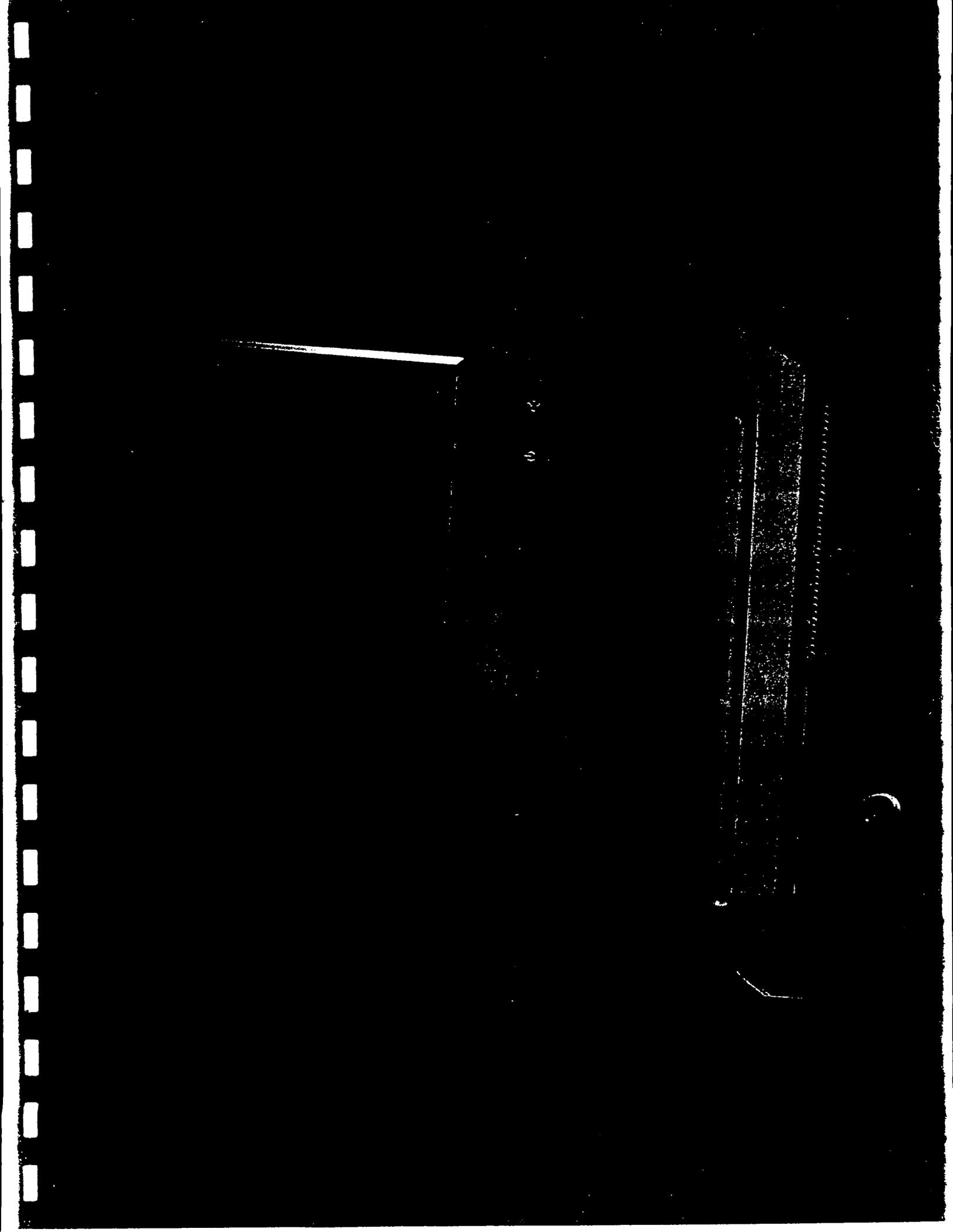
**First Set of Requests for Production of Documents**

Ex.#	<u>21</u>
Exam of	<u>mark leaper</u>
	<u>Digi</u> vs <u>Digi Pos</u>
On	<u>Jan 12/07</u>
TRIUNE REPORTING SERVICE LONDON, ONTARIO	

# DigiPos

SYSTEMS GROUP





# Introduction

"When the company was established in the early 90's, it was apparent that hardware was fast becoming the poor relation to the more exotic world of software development. The lack of focus on truly open Point of Sale products was leading to a 'me too' systems environment which created precious little added value for the Retail channel resellers. It was further apparent that most mainstream PoS manufacturing design was far too constrained, since it failed to exploit best practice synergies that were well established in the broader computing technology sector. This constraint led in turn to PoS designers adopting a closed system strategy that focused on methods to lock in retailers at the hardware level while simultaneously competing with independent vendors in the rapidly emerging software development businesses. My vision was then to develop a global business that was totally committed to providing open PoS systems that preserved the long-term value of retail technology for developers and Retailers alike.

Almost 10 years after setting these goals, the DigiPoS Systems Group now represents an exceptional testament to those beliefs. Today, we continue to see the enduring benefits enjoyed by retailers who are using and evolving our open technology DigiPoS platforms across a diverse range of demanding Retail systems environments. Features such as IP based diagnostics and PoS specific power management, ensure that our systems really are built to last and meet the criteria of 'Retail by design'.

I truly believe that this unprecedented success is a direct reflection of the customer driven demand for innovative solutions and superior service. Exceeding this demand for excellence has always been the goal of our dedicated and experienced international team and our growth has been founded on our ability to offer these benefits to retailers across the globe.

We are continuing to deliver our vision by ensuring that our company, products and services, continue to exceed market expectations. From the outset we have been, and will remain, technology experts operating solely in the store systems business. This strategy ensures that other market sector interests do not dilute our organizational IQ and knowledge base. Our determination to remain a Retail only focused group has now distinguished DSG as one of the leading specialist suppliers in the PoS market worldwide.

Our future goal is to deliver the benefits of emerging technology such as RFID, Biometrics and Wireless PoS by continued investment in leading edge design. This coupled with the solid experience of our team of over 300 staff and more than 1500 specialist resellers, will ensure we continue to provide an environment of confidence and surety in our products and in our business. Our simple aim is to provide our partners with Retail systems that have a low cost of ownership, but without sacrificing quality or functionality.

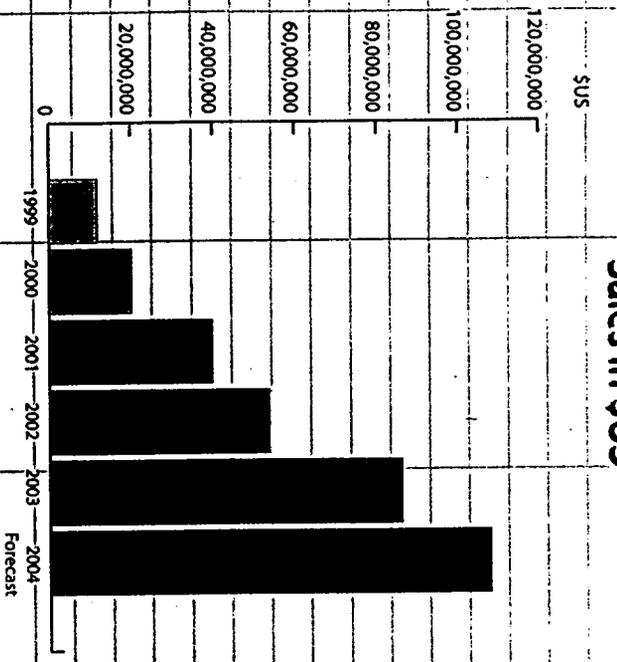
If you are an existing client of our group, I thank you for your loyalty and support, if you are newly introduced to our business, I urge you to engage our specific country management team and challenge them to exceed your own expectations. You will find a wealth of local knowledge of your particular Retail sector and you can rely upon the fact that your business can call upon an international support team that is unrivalled in the Retail market today.



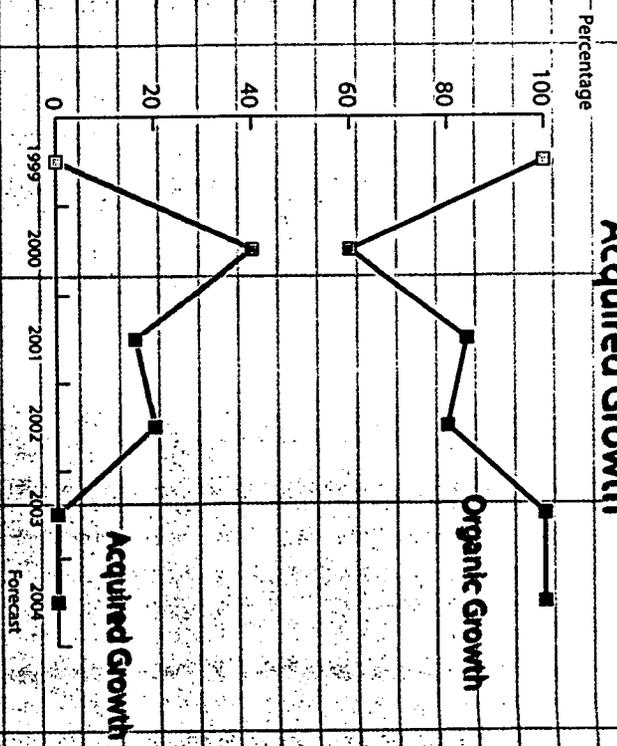
Graham Worsfold  
Founder



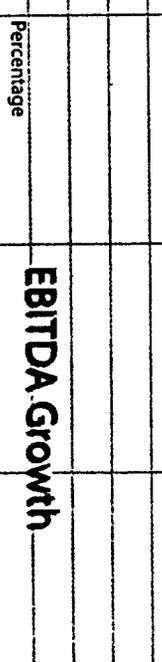
**Sales in \$US**



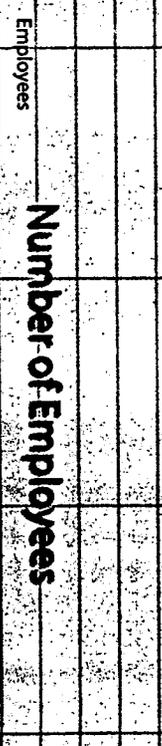
**Organic and Acquired Growth**



**EBITDA Growth**



**Number of Employees**





# Growth and Stability

The growth of the DigiPOS Systems Group has been exceptional by any standards. It is a growth that has seen the organization increase annual shipments in the last five years by 267%. This significant rise in market share is due to the overwhelming success of the DigiPOS Retail systems and the service support group.

The company has now surpassed the shipment volumes of many traditional industry brands as the innovative technology in the DigiPOS range is adopted by Retailers. In 2002 the company was identified by Clarendon Reports – the worldwide authority on the PoS market as the No.2 supplier in terms of shipped units in the UK.

Naturally expansion of this kind demands tight fiscal management – a policy that has been a characteristic feature of the company from its inception. Now, with one of the highest financial ratings awarded from Dun and Bradstreet – the company is positioned to achieve revenues in excess of \$80m in 2003 and in excess of \$100m in 2004. In turn the group will continue to invest in its infrastructure, research and development for the next generation of Retail systems.

# Key Milestones:

Year	Milestone
1994	PC-POS limited commenced operations in Basingstoke
1999	PC-POS line set-up in May 1999
	PC-POS Germany GmbH set-up in June 1999
	PC-POS South Africa acquired in November 1999
	PC-POS Australia acquired in November 1999
2000	PC-POS France acquired in January 2000
	PC-POS Scandinavia acquired in June 2000 as a part of PC-POS Nordic
	Kassan Dietrich acquired in November 2000 as a part of PC-POS GmbH
	PC-POS Taiwan Electronics Corp set-up in November 2000
	1st Retail Support Ltd acquired in December 2000 as a part of PC-POS UK
2001	PC-POS North America line set-up in September 2001
2002	PC-POS (Europe) Ltd set-up in January 2002
	PC-POS (Netherlands) AS set-up in March 2002
2003	Real-time Co. acquired from NSB Retail in April 2003
	Management buy-out of Real-time Co. by the PC-POS Group and the addition of the PC-POS Group





# The Global Solutions Business

The phenomenal growth in demand for DigifPOS technology solutions has led the company to establishing operations across the world including:

- France
- Germany
- Scandinavia
- North America
- South Africa
- Australia
- Taiwan

This has further enhanced the company's ability to service customers internationally by working with a range of international retailers. Both as a manufacturer and distributor, the company provides POS hardware and peripherals and services to the Retail and Hospitality sectors globally providing complete end-to-end IT solutions. Global Retail customers include organizations such as Warner Brothers Cinemas, Clicks of South Africa, Virgin Mobile, Pharmatecknic of Germany, and Vodacom.

The company's geographical presence enables the broadest technology offering and options. Customers are able to benefit from this extensive experience of supplying systems and implementation of projects. Furthermore it means all DigifPOS customers are able to capitalize on relationships with Best of Breed manufacturers from across the world in all aspects of technology. This delivers both the right solution and significant purchasing power.

Each DigifPOS subsidiary has an absolute and total commitment to the Retail IT market driven by the objective of bringing cost effective and leading edge technology to Retailers wherever they are. It is this specialist and unsurpassed offering that enables the business to deliver an end-to-end solution across systems, support and distribution.





# Innovation

At the center of the DigiPOS Systems Group is innovation. It is innovation that has been a hallmark of the business since its inception when the plan to develop technology specifically for Retailers was conceived.

In development, the companies specialist research and development team take into account the requirements of thousands of Retailers – studying carefully the issues faced in the Retail sector – and then designing systems that address the very particular needs these environments and applications have.

It was this form of careful assessment that led to the development and inclusion of Jet Stream Technology into the powerful DigiPOS range – a unique method of ensuring that when handling the fast transaction processing of Retail that the internal system had additional, in built liquid cooling.

It led also to the development of independently powered serial ports, locking access covers and total cable management. These features and those consistently being added, combined with the DigiPOS ergonomic design, now benefit thousands of Retailers across the world.

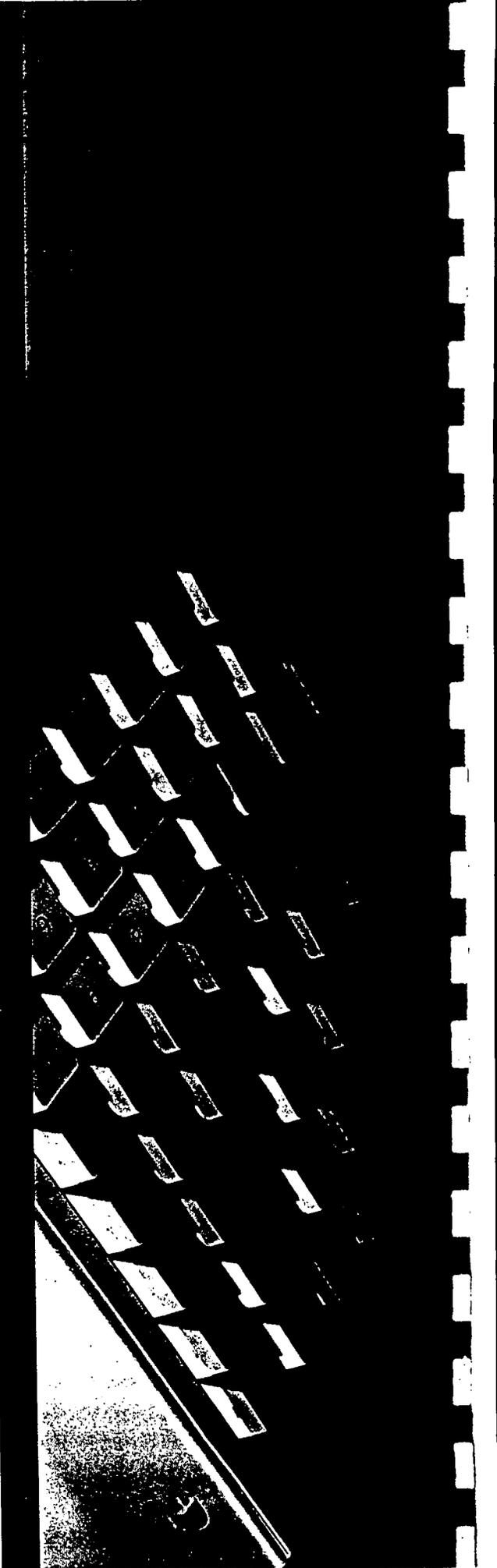
Innovation is central to the development of the complete DigiPOS range including more latterly the design and production of the DigiPOS iBox. This system enables Retailers with existing legacy systems such as IBM to be upgraded to Linux or Windows without sacrificing investment in existing servers, software, peripherals or counter installation. This new high technology, retail specific system limits the capital cost of migrating from IBM 46XX base units to the next generation of feature rich point of sale applications.

With this solid track record DigiPOS are now also releasing the first Retail systems with remote web based diagnostics, the PowerPOS – a solution that will still further reduce the total cost of ownership and allowing asset tracking and performance monitoring via the web. Now systems and peripherals can be remotely interrogated and their exact condition assessed.

These are just some examples of the technological developments that have time and time again seen Retailers select DigiPOS in preference to other suppliers in response to demand for greater value without exposure to the risk of purchasing non Retail specific PC's.



Digipos



# DigiPOS Technology

The DigiPOS range of systems have been designed specifically for Retail taking into account the requirements of Retailers across the world. From design ergonomics through to the high technical specification – a DigiPOS delivers the new standard in Retail Technology.

Providing absolute confidence to any Retailer implementing leading edge solutions the family of products span the PoS spectrum from the powerful Millennium to Thin Client systems. Thousands of DigiPOS systems are now at the center of Retailer IT solutions and networks – specifically designed to fit the needs of their Retail business. Each high performance system is designed to speed up transaction times and help the Retailer efficiently serve the customer.

At the core of the DigiPOS Retail Solution is the system boards and components. Manufactured in purpose built production facilities, DigiPOS systems utilize powerful Intel® technology and industrial specification components to ensure robustness and reliability. This is a reliability that comes as standard in all systems supported by the company's 3 year warranty. The DigiPOS systems flexible specifications mean that all DigiPOS customers receive 'Retail Ready' equipment directly relevant to their own requirements and budget.

DigiPOS systems provide the optimum combination of performance, reliability and affordability. Unusually for this marketplace, such is the level of confidence in the components utilized; DigiPOS Systems provide a full 3 year, unlimited warranty on hardware.





# Global Systems Manager

DigiPos Systems are the specialist Retail solutions organization. The direct result is a company focused on one market, and one market alone – Retail. This has led to continued innovation and investment an example of which is the Global Systems Management solution now being made available to Retailers.

For many years Retailers have faced the issues of extended downtime, engineer call out and problem assessment for PoS at the Retail store level. These are a series of issues that can be expensive, effect the speed and efficiency of the Retail outlet and lead to PoS downtime.

To directly combat these areas DigiPos Systems have now released GSM, the Global Systems Manager – a real time, web based diagnostics service that enables remote interrogation of in-store PoS equipment starting the corrective action process as soon as any functionality issues are identified.

Now, remotely, Service Engineers are able to identify specifically the potential problem areas associated with a PoS unit or peripherals, without the need to dispatch Field Service staff. Often it will be possible for corrective steps to be carried out locally, or should a part be required for example it can be immediately shipped, or the correct part dispatched with an Engineer. The time and cost savings are significant, eliminating the time and expense of wasted Call-Outs and ensuring that PoS units are repaired in the quickest time possible, with minimum disruption.





# The Global Distribution Company

Through the DigIPoS Systems subsidiary PC-POS, the company acts as a distributor for major PoS technology and peripherals manufacturers. Holding the largest stock of PoS products in Europe, the company carefully selects products that deliver the optimum in terms of price and performance.

Manufacturers from across the world turn to PC-POS when seeking to ensure that technology, peripherals and consumables reach the Retail marketplace. This significant reach and purchasing power ensures that P-POS and thus DigIPoS Systems are able to bring the leading edge technology at the most advantageous prices.

## Delivery

PC-POS is committed to holding high levels of stock, sufficient to ensure that the Retail marketplace receives the required technology — when it's needed — fulfilling up to 99% of product within 48hrs of receipt of order. It is this breadth of logistics capability backed up by personal service in the Retail market that has seen the organization treble in size over the past 6 years.

## Commitment to Quality

PC-POS is a fully accredited company holding ISO9002 giving Retailers the confidence that in addition to supplying the industry's leading hardware solutions, the internal processes are there to back them up — including:

- Complete engineering team working to rigid disciplines and standards
- Full checking and cosmetic cleaning of all repaired units prior to dispatch
- The provision of full transit packaging to ensure safe and dispatch and receipt
- The completion of multiple in line Q.A. checks while the unit is with PC-POS
- All commissioned equipment is fully soak tested with particular attention to the customer environment and peripheral equipment.



dione



Metrologic®

EPSON  
Technology for Retail

Microsoft®

## Key Partners

Partners have been an integral part in the growth of the DigIPoS Systems Group. Collaboration on technology development, co-operation over specific projects and refining the services and offering to Retailers have all been enhanced through relationships with organizations across the spectrum.

Partner relations range from training through to peripheral supply and to systems and support – services that ensure Retailers across the globe have the confidence of carefully selected specialist partners that have worked alongside the group. Examples of how these extended relationships operate and assist Retailers are:

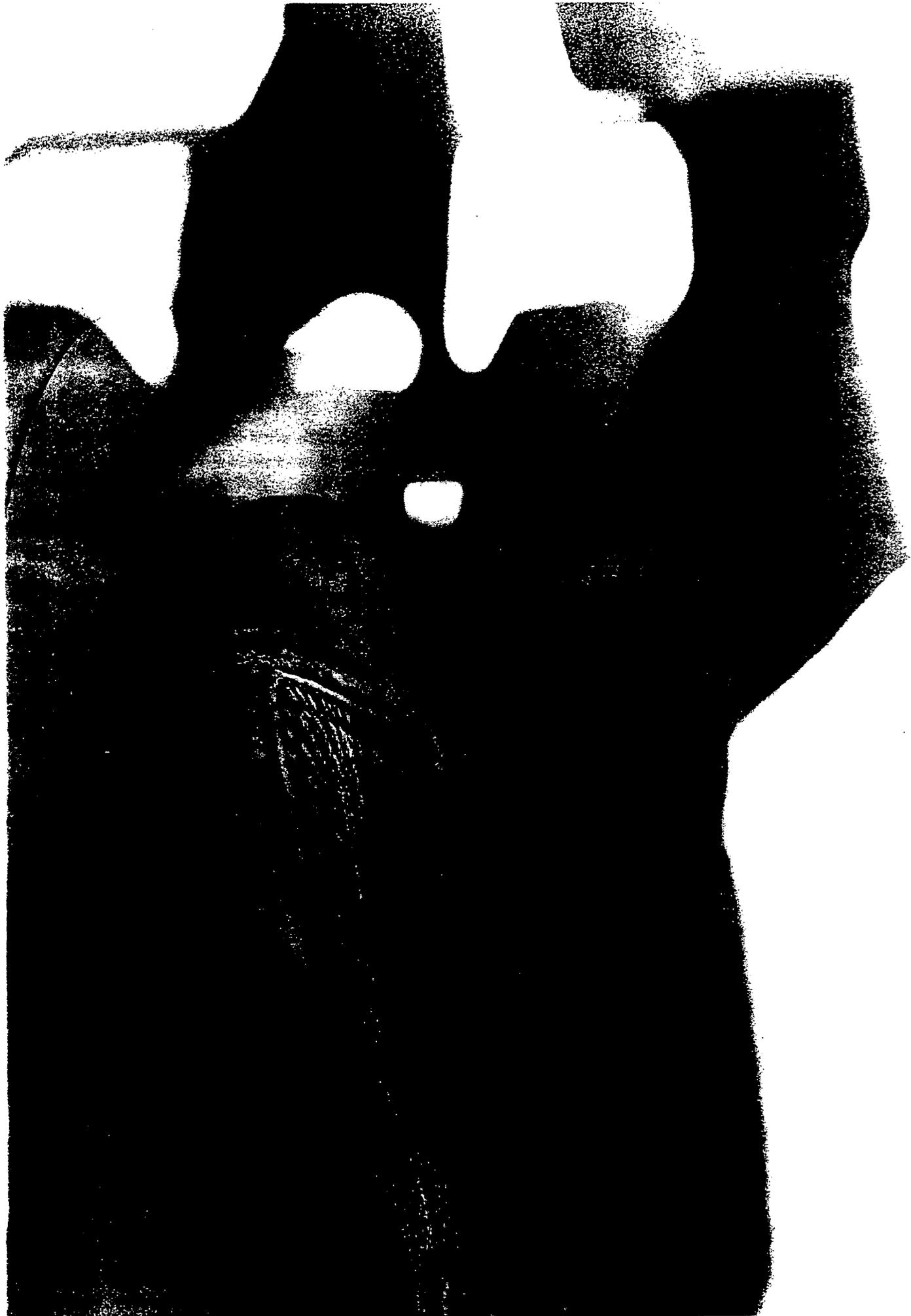
**Software:** In North America, Microsoft trained DigIPoS engineers are engaged in a store program incorporating the installation of Microsoft Windows XPe.

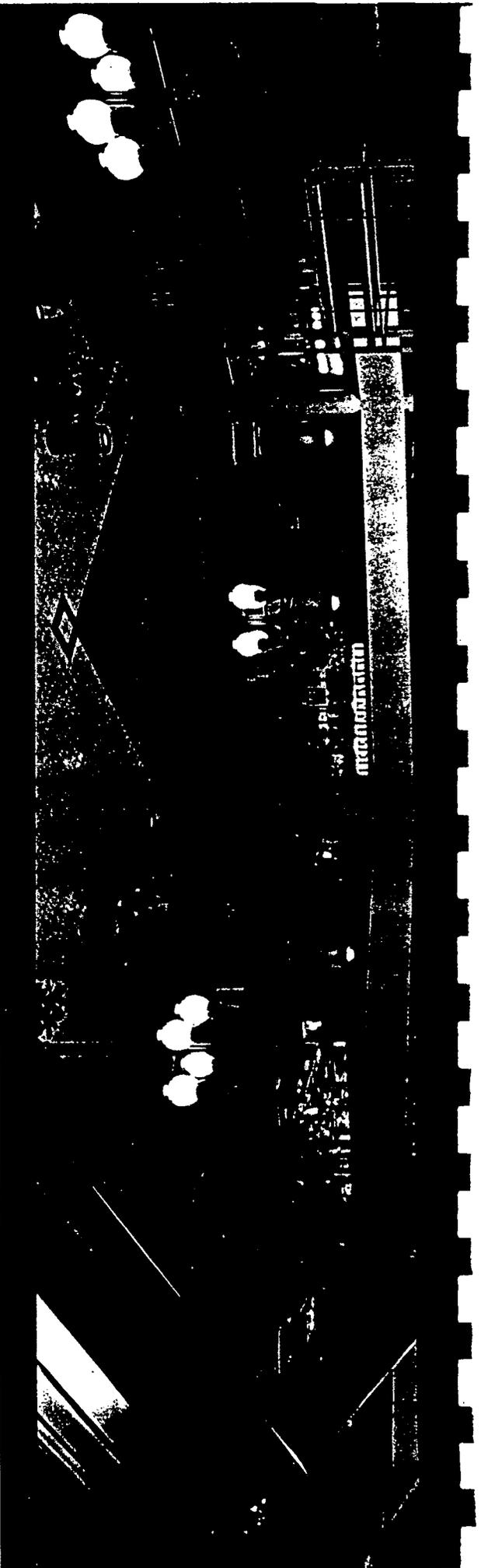
**Peripherals:** As Europe's largest supplier of peripherals to Retailers, the DigIPoS Systems Group can call upon the global supply and technology developed by Epson.

**Chip and PIN:** DigIPoS recognized the need to be at the forefront of distribution and development of this new technology and entered into a Pan-European distribution agreement with Dione: the world's foremost Chip and PIN manufacturer.

**RF Networking:** As new technologies open opportunities for Retailers, DigIPoS continues to be at the forefront – as in the area of wireless communication where DigIPoS Engineers are being trained and accredited with Cisco expertise.

**Point of Sale:** Through a long standing partnership with Metrologic the DigIPoS Systems Group ensures complete supply of the latest array of laser, holographic and vision-based technologies together continuing to provide the broadest choice of technology for Retail.





# Our Customers

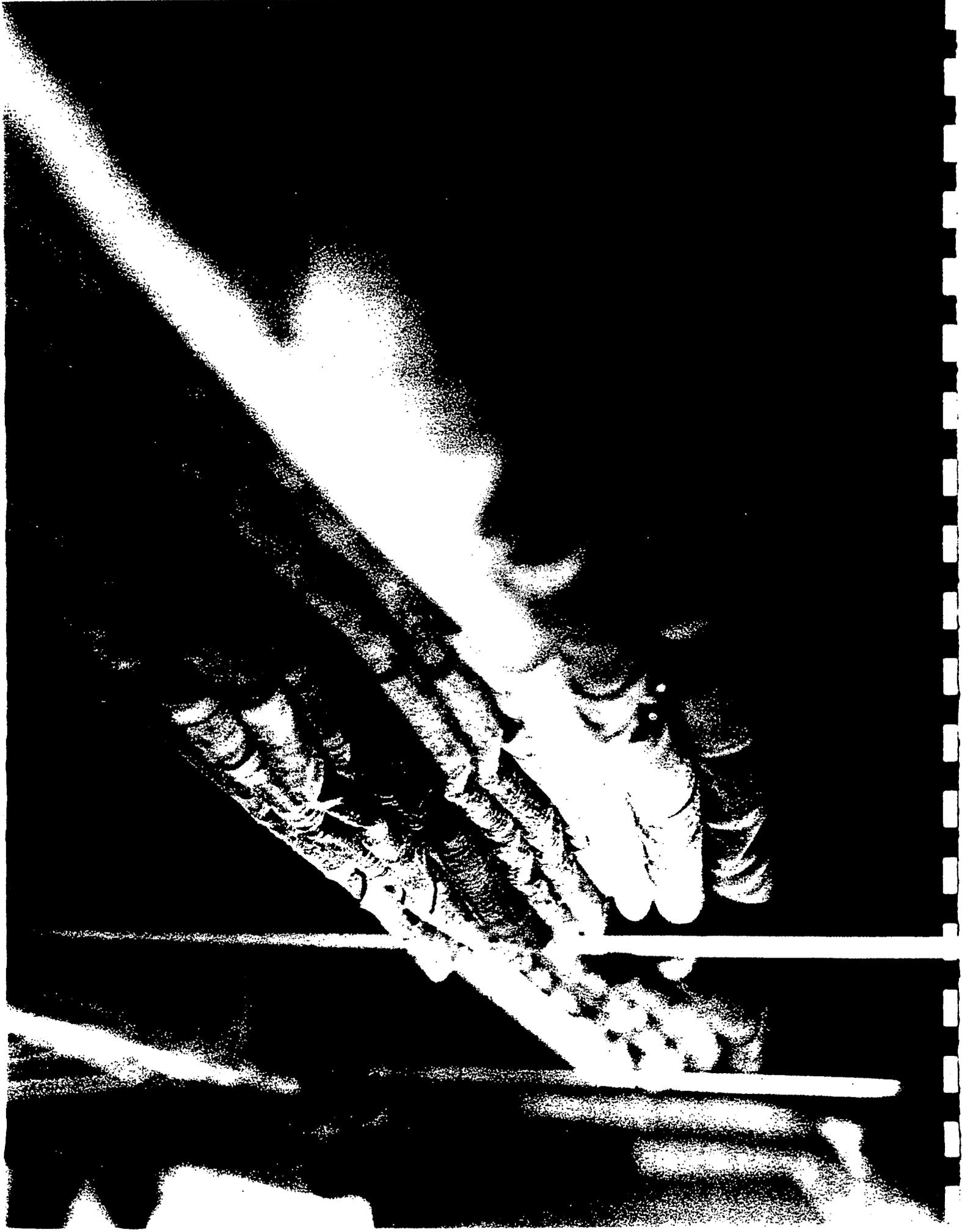
As the demand for the DigIPoS solution has grown over the past 8 years so has the reputation of the business in its delivery of technology solutions for Retail.

Many Retailers have come to see DigIPoS Systems as an integral part of their IT infrastructure. They rely on the group to deliver sector specific technology, outstanding customer service and simultaneously the means to provide field support and maintenance services.

Customers have the confidence that they receive Retail by Design in terms of tailored solutions to meet their own needs. They have the confidence that equipment as it is delivered and installed is Retail-Ready and backed up by the company's 3 year warranty, service and trained support staff.

There are now tens of thousands of systems installed throughout the global operation and it is the customers assessment of our solutions and service that will always be the true measurement of our success.

Our Customers ...>>>



# OASIS

Oasis Stores plc commenced trading in 1991 — and saw trade grow extensively throughout the 1990's. Originally trading as a specialty retailer under the Oasis brand, the organization was launched on the London Stock Exchange in June 1995, having witnessed previous years of stable growth and profitability. Success brought more and more retail outlets, growing to 150 stores and concessions in the UK with a further 40 stores operating franchises across the world.

With a profile of this type two key components for the organization was the technology deployed to ensure management were always in control of the day to day trading situation at store level and that within store both staff and customers received the service they need.

In 1999 Oasis acquired the smaller business of Coast, clearly targeted at the fashion-conscious 18-30 year old woman and the company was faced with the challenge and opportunity of integrating technology solutions. IT Management at Oasis developed a program that was to meet exactly the requirements the organization had, based on the Coalition software application and DigIPoS hardware solution.

## Retail PoS Solution — Real Value

Mike Padfield IT Director at Oasis summarized the process:

"We needed a Retail PoS solution that would be well received and deliver the results across both brands. Running different systems in parallel across two brands was simply not productive and the coalition — DigIPoS solution delivered what we needed — the information and processing we required in a real value hardware technology solution."

IBM previously had systems installed in Oasis — but these were removed in favor of the DigIPoS solution. "The DigIPoS part of the installation was important to us" states Oasis FD, Richard Glanville "... as it represented a real blend of well designed, ergonomic hardware which is of course particularly important in a retail business such as ours, but at the same time delivered the optimum in terms of performance and price — likewise critical to us".



JESSOPS

WORLD CAMERA

JESSOPS

"When the first Jessops store opened in 1935 the aim was to offer the very best in photographic retailing – including a broad product range, competitive prices, expert advice and the highest standards in customer service. 70 years on it is clearly a formula that has worked well for the company, expanding to now over 240 stores providing some 20,000 lines.

As Europe's leading specialist retailer in the field Jessops needed to ensure that customer service extended to all areas within the store, including fast transaction processing, and a highly efficient PoS solution that with other back office systems would also be capable of delivering the information and reporting management within the company relied upon. When the management team recognized the need to upgrade and improve the PoS solution at store level, a rigorous assessment and selection process was initiated in 2002. The group carefully evaluated the PoS marketplace, including the solutions available from the current supplier. However, against the high standards set by the company when final selection was made over 800 DigipoS Millennium systems were ordered in order to meet the

company's immediate objectives and provide technology future proofing. At the same time Jessops were able to take advantage of the inclusive DigipoS Diagnostics software – the means by which systems can be interrogated and assessed remotely, increasing efficiencies and reducing cost.

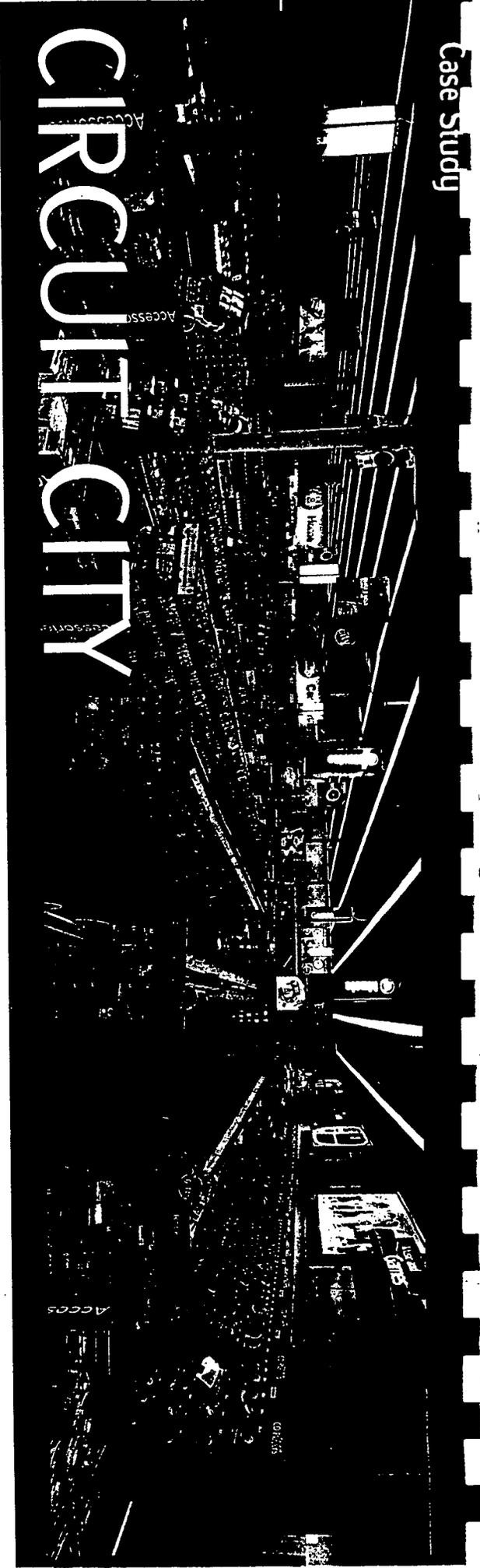
Key considerations were reliability of the hardware, (a three year inclusive warranty from DigipoS formed part of the final solution) as was the specification of the DigipoS systems which had already established a reputation for value having been especially designed for the Retail marketplace. As important was the ability of both DigipoS and their partner in the contract, PCS, to be able to meet the demanding schedule of installation right across the UK. A five month timeframe was agreed and implemented for the installation of over 1,000 systems with LCD's, printers, scanners and cash drawers. The project was completed on time, and to the agreed budget with another successful and growing Retailer able to benefit from the proven DigipoS technology".

*"From the outset, PC-PoS demonstrated a very clear ability to understand our exact requirements - dealing with Circuit City as an individual Retailer with specific needs."*

CIRCUIT CITY

PC-PoS

CV



Circuit City, with more than 41,000 employees is one of the USA's leading retailers of consumer electronics, personal computers, software, movies, music and games. With headquarters in Richmond, Va., Circuit City Stores Inc. is committed to excellence in customer service via knowledgeable, well-trained sales staff.

The company is one of the USA's largest retailers with more than 630 stores. Thousands of customers pass through these outlets every day benefiting from the attractive 'Price Matching', and 'Hassle Free', returns policy that has helped the company become a popular and highly successful group since the first store opened as Wards in 1949. Circuit City had a requirement for a comprehensive PoS solution incorporating PoS units, cable management, diagnostic software and printers in what would become an installation of more than some 22,000 systems. The company selected the powerful DigIPoS system as the hardware solution to ensure that the company remains at the

forefront of technology while delivering fast and efficient service to consumers across the country. The DigIPoS units were identified as the first choice solution for Circuit City only after a rigorous selection process, which saw DigIPoS Systems excel over several other well established, traditional PoS suppliers.

David Nelms, assistant vice president of MIS for Circuit City, said the DigIPoS system provided numerous value added capabilities in addition to a superior hardware solution:

"From the outset, PC-POS demonstrated a tremendous amount of flexibility in working with us to address our specific needs in a cost effective manner. They worked closely with us to ensure seamless integration with a diverse set of peripheral devices, as well as our legacy systems. Also, as important, they worked diligently with us to provide an extremely robust deployment and support infrastructure for the DigIPoS devices".



# WHSmith

BUY 1  
GET 1  
1/2  
PRICE

BUY 1  
GET 1  
1/2  
PRICE

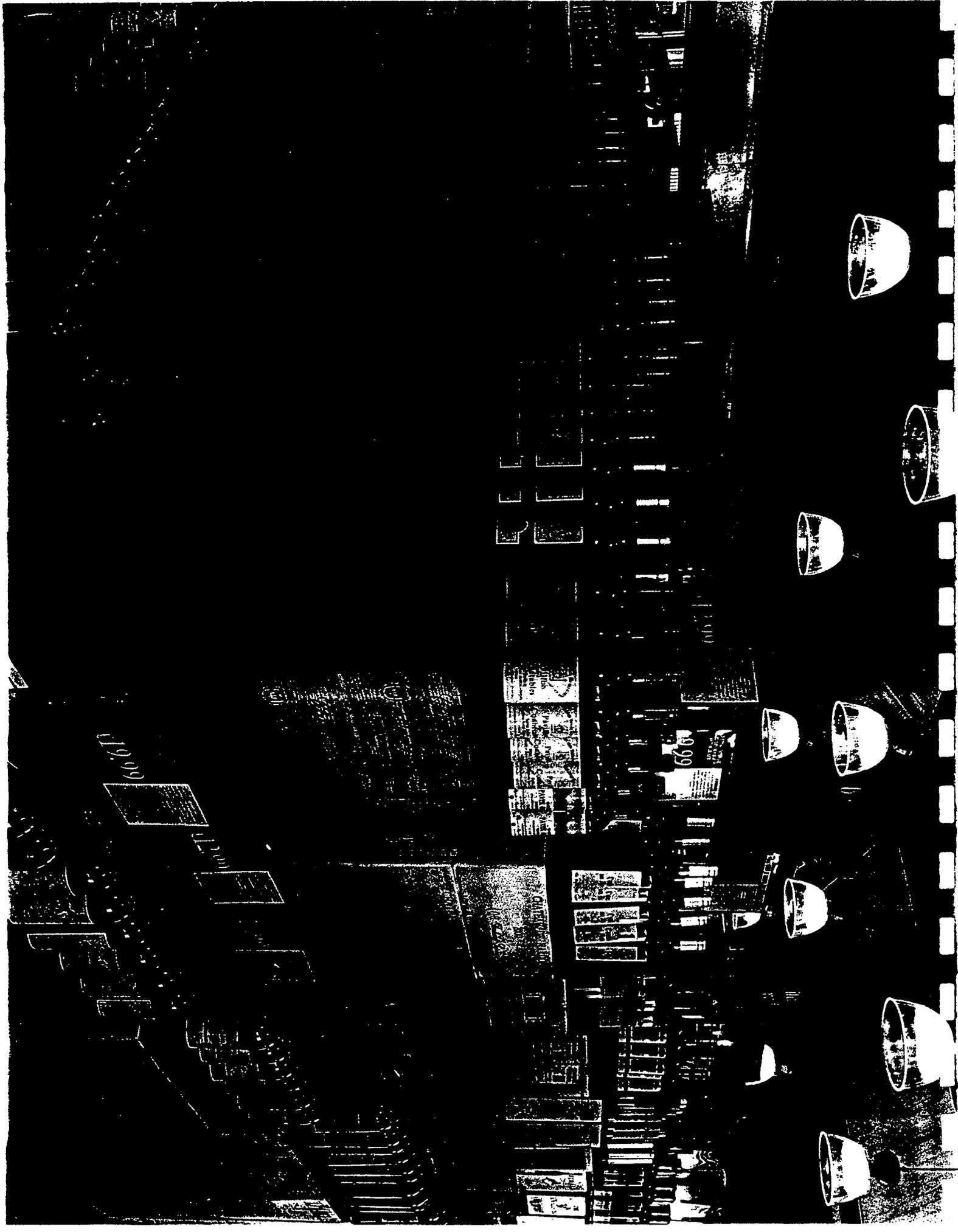
BUY 1  
GET 1  
1/2  
PRICE

As one of the UK's leading Retailers, WHSmith needed the confidence of 100% service and support to maintain an effective technology and service infrastructure throughout their operations. In order to achieve this, the group turned to Vista, the services division of the DigIPoS Systems Group – who have responsibility for in-store cabling, installation and maintenance for thousands of Retailers.

DigiPoS was awarded the contract for data and power installation, fault finding and repair works to WHSmith's POS systems and the head office. Typical projects include rewiring the entire POS data system and associated sales floor power circuits for stores undergoing refurbishment – through to complete installation of data and power to POS Systems for new stores. From 2004 Vista will continue an extensive technology installation program with wireless access equipment to 700 stores over a 2 year program, while replacing POS

units to a further 200 stores.

Vista was also chosen to project manage the installation of Intranet PCs into 250 WHSmith stores, within a five-week period. Steve Buckingham, Engineering manager of WHSmith stated, "We are very impressed with the speed and efficiency of these installations. Everything has gone according to plan and all stores are now fully operational." Vista also completed an installation of power and data cabling into the prestigious WHSmith book store in Paris. Lavinia Bramwell, WHSmith Retail summarized the WHSmith view "what a great job you have done, your technicians were extremely helpful." Phil Pepper, Managing Director of Vista Retail Support stated, "This project has seen us carry out the commissioning of power and data to each store. This is part of an on going relationship that has seen Vista supplying and installing power and data to over 400 WHSmith sites in the last year".





# MAJESTIC WINE

Founded in 1981, Majestic Wine Warehouses began with just two outlets in London. A successful Retailing formula, however, has now seen stores open the length and breadth of the country since that time – culminating in Majestic being selected as Wine Retailer of the Year for 2002 and 2003.

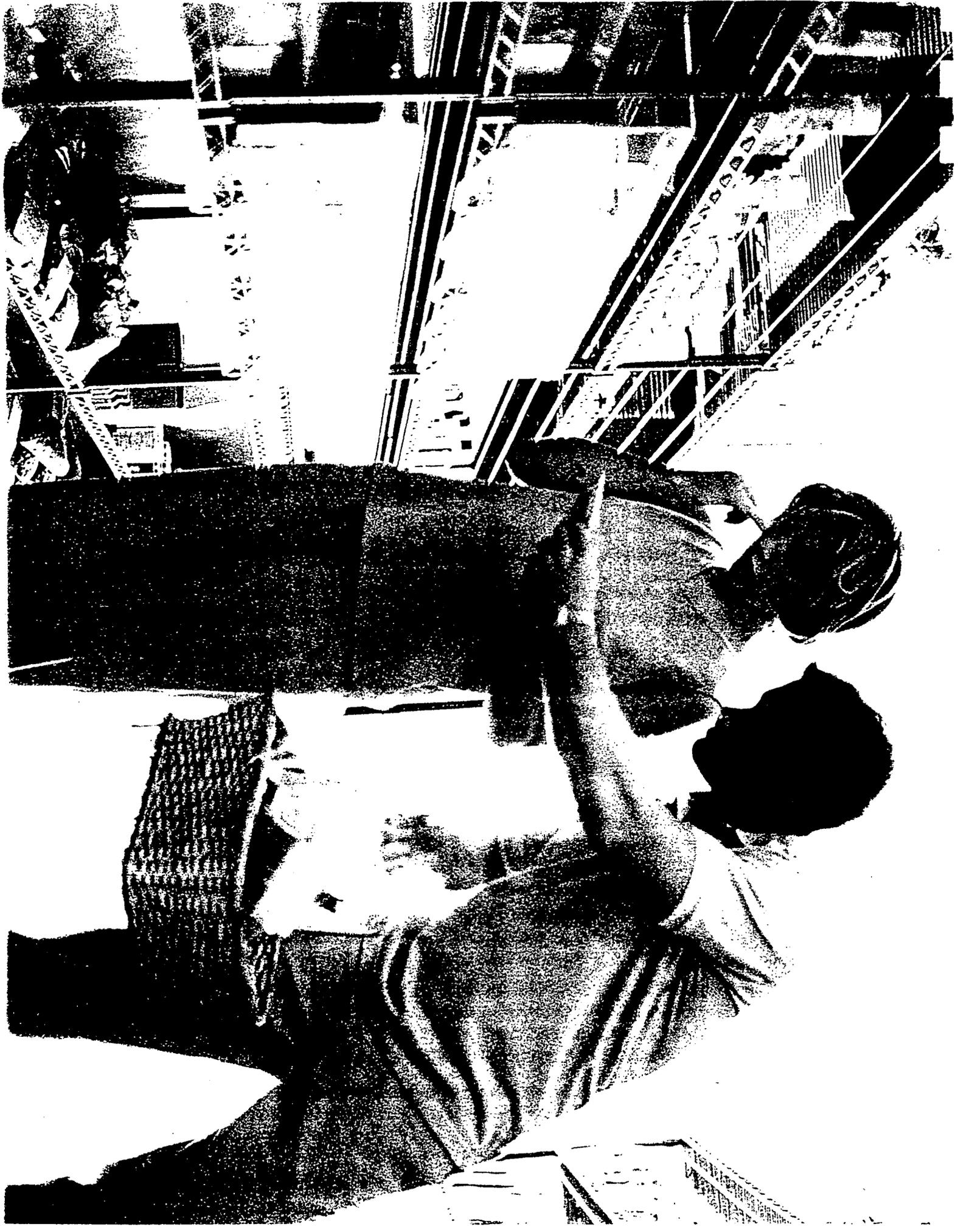
To meet their expanding requirements, Majestic selected DigipOS to provide the POS technology backbone for the business – a contract that was awarded in recognition of the technology expertise and innovation that the DigipOS team was able to provide at the early stage of specifications and discussion. Now, as Majestic has continued to expand, opening some 8-10 outlets annually, the DigipOS POS solution has been adopted as the de-facto standard for the Group.

Jim Bendon, Information Technology Director for Majestic, summarized the relationship and experience of working with DigipOS: “The service and support we have received since day one has

delivered a great deal of confidence in the whole of the DigipOS Group. It's meant that when we open a new outlet we can be sure of our technology and the backup service that's behind it – all elements that have been critical to our continued expansion”.

In 2003, as the requirements for Chip and PIN have become increasingly clearer the two companies have continued to work closely in partnership, to ensure not just the correct strategy for the Wine Retailer – but the detailed practical implementation. Jim Bendon from Majestic again summarized, “The Professional Services team from DigipOS have continued to provide every level of assistance in the assessment of our requirements leading to a very comprehensive solution”.

As Majestic continues its expansion into France and other regions the DigipOS solution will continue to be at the center of both the IT requirement and solution for the Group.





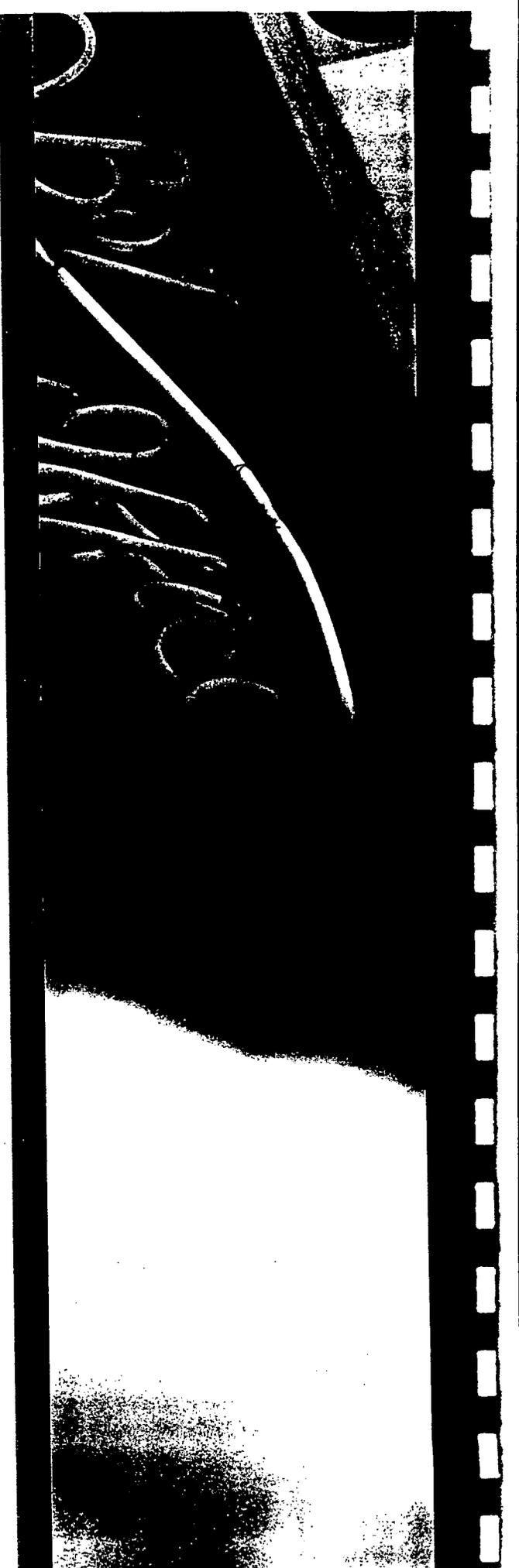
When UK national retailer SPAR recognized the need to make a significant technology investment for their 2,500 outlet group – they identified the need for a Technology Partner that would be capable of providing significant field support – and the right technology platform. SPAR selected the DigiPos Systems Group.

The £6.5 million investment comprised of a new custom-built point of sale network system. SPAR working together with DigiPos Systems Group introduced the new system: SPARPOS a Windows based client/server application running on DigiPos retail hardware.

The solution was developed in conjunction with BCP, a Microsoft Software Solution Partner, who has worked in partnership with SPAR for the last 10 years. They worked to achieve a seamless integration with a back office system operating on an NT Workstation, running in over 1,000 SPAR stores. The SPARPOS aim was to shorten queues and allow store owners to capture valuable data about their customers buying patterns. This, together with the systems ability to maintain records for

stock control, sales reporting, automatic ordering and high speed credit checking, enables the group to monitor each outlets performance and optimize the sales and marketing strategy.

DigiPos committed to an approach, which combined state of the art technology with high levels of staff accessibility, responsiveness and delivery of an attractive proposition for retailers considering joining the SPAR group. The solution installed at over 500 SPAR stores UK-wide over a two year period, saw all in-store systems linked to the SPAR groups head office in Harrow. SPARPOS gives the group an edge by allowing it to collate detailed information on customers, that can be used for joint projects with suppliers. With DigiPos, SPAR is leading the field in implementing flexible IT tools which address the specific needs of small to medium sized retailers. Summarized by Roy Ford of SPAR “The new system is a Rolls-Royce piece of equipment – it will provide an easy upgrade path for existing users and takes scanning traders into the 21st century in one single step”.



# Our Customers

- |                       |                  |                       |                        |
|-----------------------|------------------|-----------------------|------------------------|
| Adams                 | Ecco Shoes       | Londis                | River Island           |
| Aer Rianta            | English Heritage | Mackays               | Roches                 |
| Alddiss               | Estée Lauder     | Madame Tussauds       | Russell & Bromley      |
| Awear                 | Fat Face         | Majestic Wine         | Schuh                  |
| B*Wise                | Fenwick          | Mothercare            | Spar                   |
| Beaverbrooks          | Granada Retail   | Oasis                 | SSG                    |
| Bewise                | Harvey Nichols   | OK Foods              | Ted Baker              |
| Brown Thomas          | Hobbs            | Paul Smith            | The Co-operative Group |
| Canal Walk            | Jessops          | Peacocks              | Virgin Mobile          |
| Caviar House          | Jigsaw           | Pets at Home          | Vision Express         |
| CBS                   | Klix             | Pharmatechnik         | Vodacom                |
| Celtic Football Club  | Kurt Geiger      | Phase 8               | Warner Brothers        |
| Circuit City          | Liberty          | Primark               | WHSmith                |
| DKNV/Fossils/Skechers | Little Chef      | Rangers Football Club | Yates                  |



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Web: www.digipos-systems.com

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This is Exhibit .....<sup>B</sup>..... referred to in

**APPENDIX 1**

to the Applicant's Reply to Opposer's

**First Set of Requests for Production of Documents**

Ex. #	<u>22</u>
Exam of	<u>Mark Heper</u>
	<u>Digi</u> vs <u>DigePos</u>
On	<u>Jan. 12/04</u>
TRIUNE REPORTING SERVICE LONDON, ONTARIO	



23

This is Exhibit .....<sup>c</sup>..... referred to in

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to the Applicant's Reply to Opposer's

**First Set of Requests for Production of Documents**

Ex. #	<u>23</u>
Exam of	<u>Mark Leaper</u>
	<u>Digi</u> vs <u>DigiPos</u>
On	<u>Jan. 12/07</u>
TRIUNE REPORTING SERVICE LONDON, ONTARIO	