Sagent
Whitepaper

A Fork in the Road
For the Restaurant Industry

Restaurants are beyond capacity. Many chains are on the bubble. Who will fall to rising pressures? Reliable technology can be the difference-maker.

Strong Growth, Soft Underbelly

The restaurant industry has grown for a decade straight to over $830 billion in revenues. [i] In fact, 2017 marked a tipping point, when Americans first began to spend more on eating out than at home. [ii]

These achievements notwithstanding, restaurants today are increasingly vulnerable. To put it bluntly, the U.S. has far too many seats. Recent years have brought more closures than openings, and many chains are now on the bubble. [iii] To survive, restaurateurs must outmaneuver the competition amidst rising market pressures.

Rental Costs	Min Wage	Unemployment	Menu Prices
⬆ 5%	⬆ 26 States	⬇ 4%	⬆ 11%

Overall costs are up. New eating trends, such as delivery services, are changing the rules. And demographics are disadvantaging food and drink establishments—Baby Boomers are eating out less, but Millennials haven't yet made up the difference. [iv]

Restaurants' response to date has centered on increasing menu pricing, but signs are that this cost-sensitive industry could be reaching an upper limit—especially if recession concerns cause consumer belt-tightening in the coming months.

Technology to the Rescue

Digital technologies can help restaurants counter existing headwinds by reducing costs, enhancing the customer experience, and maximizing labor productivity. For example, scheduling software alone can trim manager time investment in this task by 80% and labor costs by 3%. [v]

And as digital transformation unfolds, restaurants capture more information about everything from customer loyalty and server performance to inventory status and menu efficiency. This makes data-driven optimization strategies possible and enables tech-integrated operations to eke out extra margin and retain profitability in ways pen-and-paper restaurant management cannot.

With these benefits on offer, it's no wonder that the variety of hardware deployed in the average restaurant is multiplying. Many establishments have an installed base spanning:

- Integrated point-of-sale systems
- Back-office switches and servers
- Kitchen automation devices (controllers, bump bars)
- Guest WiFi access points
- Order tablets for servers
- Tabletop touchscreens
- Mobile inventory and purchase order management systems
- Take-out and self-service stations

> *95% of restauranteurs think technology boosts their efficiency*
>
> *73% of diners believe technology improves the experience*
>
> *– Restaurant Technology Industry Report, Toast[1]*

The Network Maintenance Challenge

The truth about technology, however, is that all systems eventually fail. And with increasing reliance on interconnected and cloud-based solutions, a restaurant's network infrastructure equipment is now critical.

Hardware failures and poorly executed equipment maintenance programs can easily upend key restaurant functions for hours or days. At a time when a single disappointing experience will not only affect one customer's repeat business but also echo through the market as scathing reviews mount, technology reliability is becoming a cornerstone for growth.

> *A reliable reputation is a growth driver when discovering new restaurants.*
> *- 59% rely on friends' recommendations*
> *- 46% look to social media*
>
> *—Truth in Dining Out Survey, Fourth Enterprises[1]*

Unfortunately, the restaurant industry presents a challenging case for IT equipment maintenance. Supporting multiple sites is the bane of even the most technologically savvy corporate enterprise. For chain restaurants, geographic diversity, a plethora of small-footprint locations, and hardware from a wide variety of original equipment manufacturers (OEMs) increases complexity and, with it, maintenance issues. But restaurants have only razor-thin margins from which to fund solutions.

Downtime contributors in the standard support model:

- **Multiple sites increase support complexity**
- **Variety of hardware systems require the management of multiple contracts**
- **Corporate escalation procedures slow response times**
- **No support options for discontinued hardware**

Under the standard support model, restaurants have two main options:

Option 1 - Arm locations with extensive manuals listing troubleshooting instructions and escalation contacts for each vendor.
- Large burden on non-technical staff takes time away from core duties.
- Triage difficulties and confusing escalation process lowers support effectiveness.
- Extended downtime results.

Option 2 - Centralize the help desk at corporate headquarters, with an IT department engaging OEM support, as needed.
- A more employee-friendly process still relies on restaurant-based staff for troubleshooting.
- Requires greater investment by restaurant brand to implement.
- The extra step to HQ adds time to the escalation process and may delay resolution.

Neither of these approaches' answers restaurant managers' true need—to turn over support issues immediately to technology experts for rapid resolution, enabling them to get back to their jobs.

A New Support Model: Third Party Maintenance (TPM)

There is an alternative to glue-together OEM-based tech support. Restaurants can engage a single, OEM-alternative provider. Third party IT maintenance companies can support most or all installed technology, from POS systems to networking infrastructure. The result is an affordable, one-stop shop that simplifies the process for restaurant staff, minimizes interruptions at the location, and accelerates time to resolution.

Sagent recognized early on the many difficulties facing the restaurant industry with rapid technological evolution. In response, we crafted a fully customizable support solution to remove the biggest IT maintenance pain points, and we've quickly risen to become *the* leader in alternative tech support for the restaurant industry. Important for cash-strapped enterprises, we deliver our unified, high-performance maintenance support solution at a cost that is <u>significantly below</u> OEM maintenance contract price.

60% ➡ **96%**
SLA Achievement
vs. Competitors

2.5x Faster
Time To Resolution
Vs. OEM

Conclusion

Restaurants are at a fork in the road. They can continue to do business as usual and slowly fall behind as costs mount and the competition innovates. Or they can integrate digital solutions to drive efficiencies and enhance the customer experience.

Third party maintenance removes key barriers to technology adoption. High-quality support ensures systems never burden restaurant staff ill equipped to serve as the first line of tech response. And with full-service, rapid-response issue resolution, third party maintenance delivers the reliability restaurants need to live up to customer expectations.

For restaurants, digital transformation *will* be the difference maker—and third-party maintenance makes it possible. For more information, contact Matt St. Jean, Matt.St.Jean@Sagent.net

About Sagent

Sagent helps network operators and OEMs (Original Equipment Manufacturers) lower their total cost of ownership by delivering infrastructure support services, including third party maintenance, layered with advanced Insights Business Intelligence powered by Sagent.

Since 2001, we have been working with a global customer base supporting their needs for repair, reuse, replace, restore, resell and reporting services. We have over 1,700 customers, across 80 countries and process an average of 170,000 serialized assets per month.

[i] https://www.zerohedge.com/news/2017-07-26/first-time-americans-spend-more-eating-out-food-home

[ii] https://www.zerohedge.com/news/2017-07-26/first-time-americans-spend-more-eating-out-food-home

[iii] http://www.restfinance.com/Restaurant-Finance-Across-America/January-2019/Still-Too-Many-Restaurants/

[iv] https://www.restaurantdive.com/news/restaurant-prices-post-highest-increase-in-7-years/546030/

[v] https://www.touchbistro.com/blog/5-restaurant-technologies-that-can-help-you-cope-with-rising-minimum-wage/