

Case Study

Guckenheimer Serves Up Payment Convenience to Customers

Company Description

Guckenheimer, headquartered in Redwood Shores, California, is the largest privately owned, domestic food service company operating in the United States. For nearly 40 years, Guckenheimer has delivered organizations a range of food services, from catering to on-site cafeterias, and currently serves two million customers daily.

Operations Data

- Guckenheimer provides food service to some of America's largest, most dynamic corporations, including Countrywide Home Loans, Sun Microsystems, and Texas Instruments. The company has seven regional offices throughout the U.S.
- Guckenheimer has 4,500 employees and 385 operating sites in 26 states.
- Guckenheimer prides itself in what it calls the "Guckenheimer Factor" – delivering quality service, creative food solutions, and safe product delivery. It has adopted the Hazard Analysis Critical Control Point program (a program initially founded by NASA), which is a food handling process that ensures food safety throughout the preparation process. The process uses a series of measurement points to monitor food temperature and prevent cross contamination.
- Guckenheimer has received numerous honors, including the Emerging Growth Company Award from the Association for Corporate Growth, the Mind to Menu Award for creativity, the Restaurant Leadership Award, the prestigious Silver Plate Award by the International Manufacturing Association, as well as multiple supplier performance awards from their clients.

The Problem

In 2004, Texas Instruments approached Guckenheimer about migrating its cash-only payment systems to accept credit and debit payments. TI and its approximately 4,000 daily cafeteria visitors were in need of more speed and convenience at its seven food service facilities. Guckenheimer saw an opportunity to win customers with the convenience and flexibility of accepting other payment options, increase revenue per transaction and reduce loss associated with cash payment systems. There was success from the point of installation, to speed and convenience for the visitor, and it translated through to the bottom line to the tune of a 10 percent sales increase.

So in 2005, when TI approached the food service company to migrate its Plano, Texas-based cafeteria to support contactless payment, Guckenheimer was ready for the next wave of payment possibilities. Furthermore, because of Guckenheimer's corporate commitment to meet the growing needs of its customers, the food service company realized that TI, the cafeteria visitors, and Guckenheimer itself could capture a great opportunity in Plano. Leveraging the success and knowledge gained in the evolution from cash-only to credit and debit for all seven TI cafeteria sites, Guckenheimer recognized that the opportunity to move the Plano site to contactless payment offered them the opportunity to transform an average

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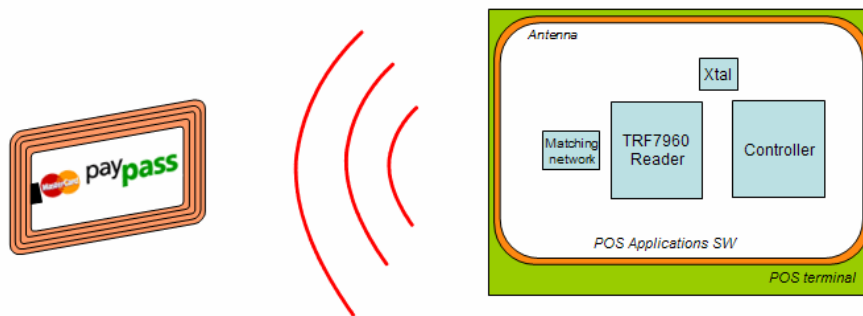
12 second check-out into a 4-6 second “wave and go” experience. Additionally, it was no accident that the Plano-based site was selected for the contactless pilot program. Of all the seven TI sites that Guckenheimer serviced, it happened that TI’s contactless payment technology group was based out of Plano.

The Solution

Working with Texas Instruments and American Express, Guckenheimer’s operations team went to work on implementing the contactless technology. The food service company had already made investments in new cash registers so the initial thought was with a few software modifications, the contactless terminal equipment sponsored by American Express, and the cashier training, the newly optimized Plano cafeteria would be waving and going in no time. However, they encountered a problem. When they first started up the contactless payment transactions, cashiers were running into delays that resulted in the contactless solution taking 22 seconds, whereas the traditional magnetic strip was 12 seconds. With approximately 650 daily visitors at the Plano site - many of whom carry credit cards as a preferred method of payment – this was the cafeteria that happened to be located at the hub of TI’s contactless business unit. Therefore, Guckenheimer and TI were uniquely committed to enjoying benefits that contactless promised.

Components of a Contactless Point of Sale System

- Contactless POS system
 - RFID ISO14443 Reader IC
 - Secure Controller
 - Passive components & Xtal(s)
 - Antenna
 - Housing
 - *The “finished package” goes through certification*



Focused on resolution, Guckenheimer found they needed to expand the software capability of the new registers to be compatible with the card readers. To do this, Vivotech provided a software program that interoperated with the cash register operating system. The wireless connection was also upgraded to a DSL line, or Data Tran, to enable faster communication with the card issuers. But much to the surprise of the operations team, once the additional

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installation was complete and up and running, they found that the contactless transactions were still taking almost double the approval time of the traditional magnetic strip card.

After testing and troubleshooting on the hardware side of the process, TI and Guckenheimer discovered there was a problem with the stringent rules set up inside the return firewall. The contactless transactions were failing to connect back through the return firewall with the bank approval code, resulting in slowing down of the entire process or failing completely.

“One of the learning experiences Guckenheimer has taken away from this process is that there are multiple pass through points between the hardware, software and network which are key to a successful solution,” says Clay Hargrove, Director of Operations for the Southwest Region of Guckenheimer. “We had the benefit of working with TI and had access to the engineers that invented these great technologies we can enjoy today. I advise merchants to closely consider the solution they choose and make sure they select technology that offers a platform that can measure up. It can be the difference between increasing in dollars or just cents.”

By allowing entry through the firewall, it was a TI security engineer that was able to resolve the communication delay and the contactless system soon returned approval authorization in just 4 seconds – that was two seconds faster than what the system was expected to do.

“When I first got here I noticed that the credit card machine took almost a minute to process,” says Samantha Stephens, cashier at TI’s Spring Creek cafeteria. “But the new process is quick. It went from 22 seconds to about 4 or 5. No more long lines of people and no more being stressed out. My customers have only so much time for lunch. And I am getting them through the line quick and in a hurry!”

The new contactless system does not require a signature for purchases under \$15, so customers can just wave their card, pick up their tray, and walk away. With the contactless experience, Guckenheimer has eliminated the queues that the traditional credit cards created, continued to fulfill its commitment to quality food service, and is meeting their business goals of winning more customers, increasing revenue per transaction and enhancing the experience of the overall visit with more speed and convenience.

“The technology is working so well that we are seeing more revenue growth over the previous month with credit card customers on the rise,” says Hargrove. “Additionally, our cashiers have enjoyed the speed and convenience of contactless payments, and we have seen improvement from both our employees and our cafeteria visitor experience. There is a new level of satisfaction enjoyed all around.”

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About Texas Instruments RFID Systems

Texas Instruments is the world's largest integrated manufacturer of radio frequency identification (RFID) transponders and reader systems. Capitalizing on its competencies in high-volume semiconductor manufacturing and microelectronics packaging, TI is a visionary leader and at the forefront of establishing new markets and international standards for RFID applications. For more information, contact RFID Systems at 1-800-962-7343 (North America) or 214-567-7343 (International), or visit the Web site at www.ti-rfid.com.

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