



- *Innovate*
- *Measure*
- *Profit*

Executive Briefing

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www.XpedientSoftware.com



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1. Overview

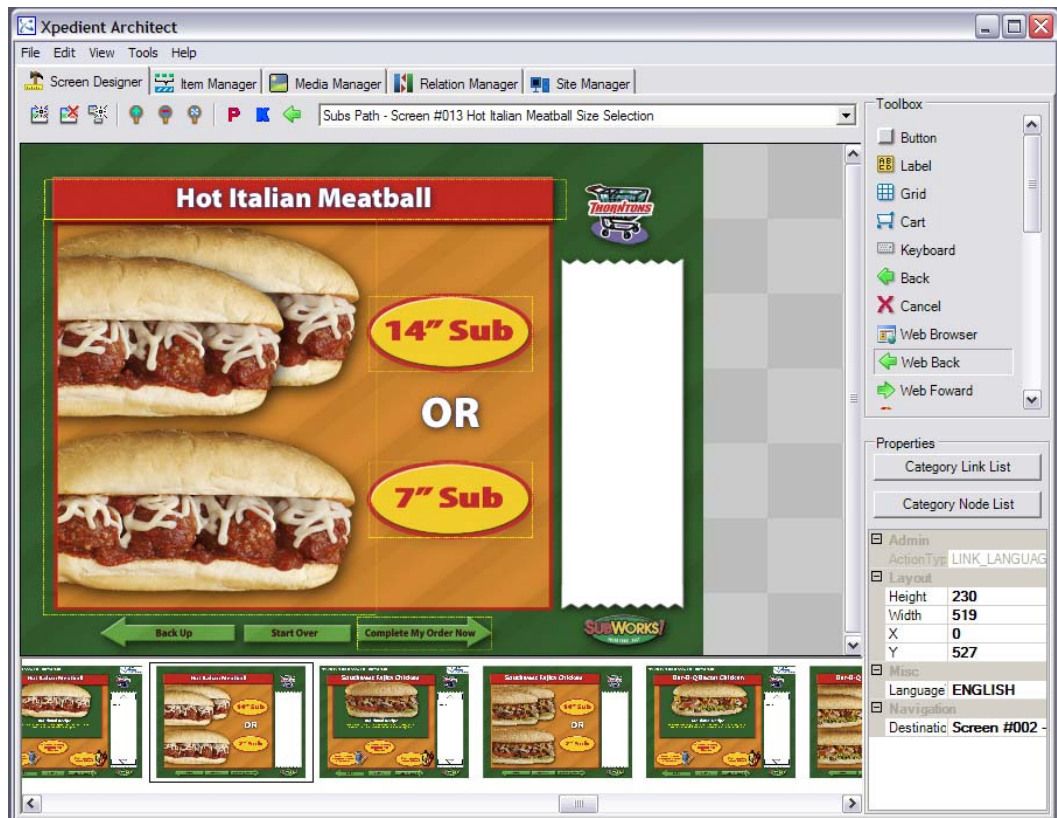
The purpose of this document is to provide an Executive Briefing on the Xpedient® Self-Serve Kiosk Software Solution. The brief includes a value proposition, technology overview, company organization, strategic alliance, and case study.

2. Value Proposition

Xpedient® is an award winning commercial software product designed to allow companies to Innovate, Measure and Profit through self-serve kiosk applications.

Innovate

Intuitive drag and drop objects (like buttons, carts, keyboards, etc.) make creating self-serve screens quick and easy to use. Xpedient® Software was developed with the end user in mind. You don't need to be a software engineer to create, change or deploy screen content. Add impact by importing your own company images, animation, and logos. Create screens that streamline your specific business processes while providing a fun interactive experience for your customers.

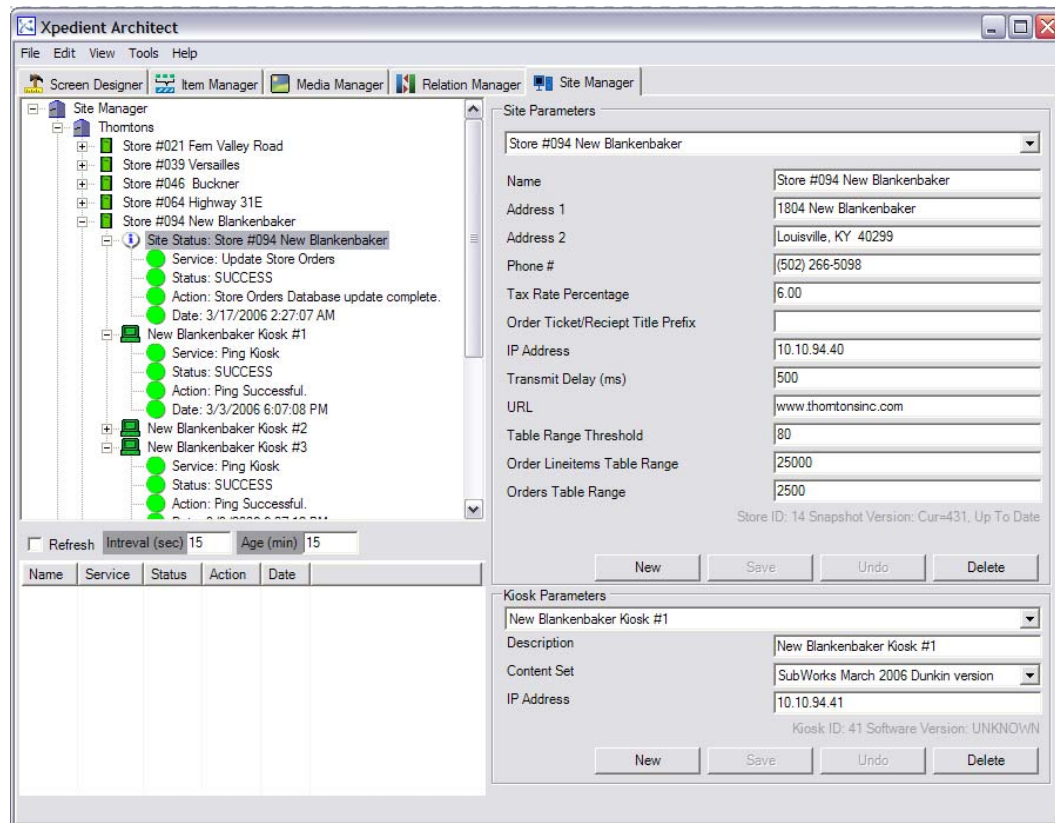


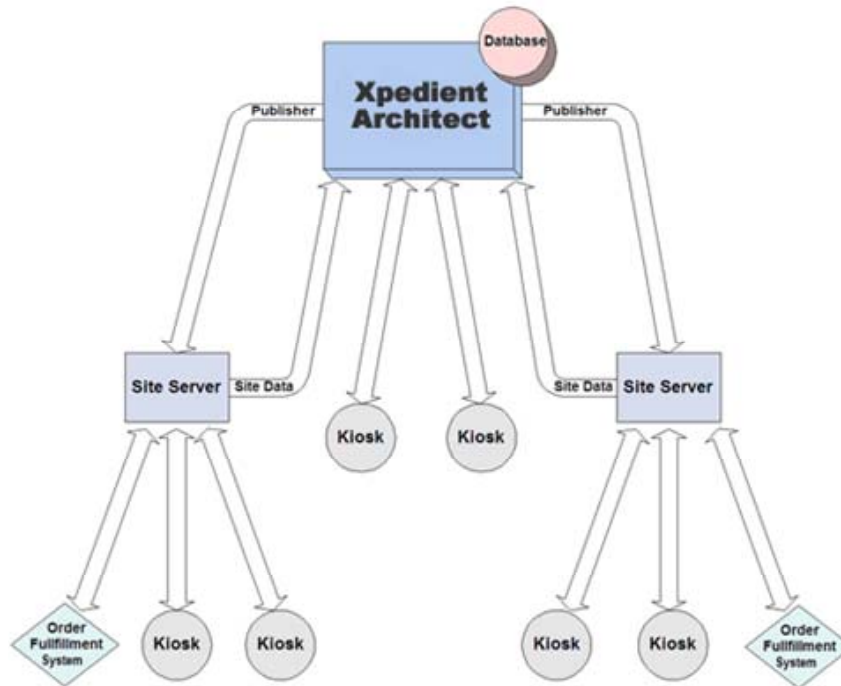
Measure

Xpedient® comes equipped with a powerful and comprehensive back office manager that allows screen content to be managed from a corporate location and remotely deployed to either a single kiosk or an entire enterprise of kiosks.

Measure results so you can effectively manage the process of maximizing the performance of your self-serve kiosk program.

Once new content is ready to deploy, Architect makes user-initiated site updates quick and painless. Designed to account for even the slowest and most degraded network connections, Xpedient®'s custom communication protocol will ensure that data is passed from the central location to each site in a way that will never interfere with critical traffic (credit authorizations, intranet store management applications, etc.). After new content has been transferred to each site, the Xpedient® Site Agent takes over, quickly applying content changes to each kiosk but ensuring that customers are not interrupted in the ordering process and that all orders are processed through the kitchen before the update procedure is initiated.





Remote Monitoring: Each kiosk in an Xpedient® implementation is deployed with a Kiosk Agent whose purpose is to ensure that the kiosk interface software is always on, fully up-to-date, and in complete control of a target machine. The Kiosk Agent provides updates to a user of Xpedient®'s management software, Xpedient® Architect, so that one can instantly determine the status of any individual kiosk in a network, be it on the same site or thousands of miles away.

The primary corporate Microsoft SQL Server database that powers an Xpedient® implementation can be housed on its own database server or, more commonly, integrated with an existing database server already being maintained by a client. This saves times and money, and because of the open nature of the Xpedient® database scheme, linking to nearby data sources is both practical and affordable.

The modular design of the Xpedient® kiosk interface allows seamless integration of peripherals. Several high quality options are presented for each type of commonly used peripheral (printers, bump bars, pagers, credit readers), but in the event that a client selects a peripheral that has not been used with the system before, a new interface module is quickly developed leveraging existing functionality and the versatility of the Microsoft .NET platform.

Sites are autonomous in an Xpedient® network, ensuring that no customer will ever be kept waiting because of a hardware failure on some distant machine. In the event of a failure at a particular site, each kiosk's agent software will sense the problem and lock the kiosk interface, re-initiating kiosk service as soon as the site server again becomes available.



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The Kiosk Agent, a management service deployed on each kiosk, assumes full screen control of kiosk machines at all times, preventing unauthorized access and activities. Xpedient® Architect requires that all users authenticate in order to gain access, ensuring that only authorized individuals can manage an implementation.

Xpedient® Reporting offers performance information at your fingertips. Choose from a set of built-in Crystal-based, intuitive reports that provides easy access to data covering all the important aspects of usage within an implementation. From comparative site order summary statistics to analysis of the most profitable up-sells and promotions, Xpedient® fully covers most reporting needs of the savvy executive.

For those clients who have specific reporting needs, Xpedient® has been developed with an open database structure that utilizes Microsoft SQL Server.

The screenshot shows the Xpedient Architect interface with a report window titled "Executive Summary Report: All Sites". The report parameters are set for the period from Saturday, April 01, 2006, to Wednesday, April 26, 2006. The report content includes the Xpedient Reports logo, the start and end dates, and the generation time (4/26/2006 2:54:12PM).

Overall Sales Summary

Total # Orders	Total Sales	Avg # Orders	Avg Total Sales	Min # Orders
3	\$ 35.08	3	35.08	3

Top 10 Stores

Store Name	Total Sales	Avg Daily Sales	Min Daily Sales
Store #094 New Blankenbaker	35.08	35.08	35.08

Top 10 Kiosks

KIOSK DESCRIPTION	Total Sales	Avg Daily Sales

Current Page No: 1 | Total Page No: 2 | Zoom Factor: 100%

Profit

Provide a consistent professional image and message each and every time the kiosk is used by your customers. Realize increased sales per ticket through appealing up-sell, promotion and combo capability. The Xpedient® Ad Manager provides a powerful ability to target specific ad campaigns to screen activity. Specify ad campaigns to run during specific times of the day, looping or appearing with user specific selections.

Boost profits by converting employee order taking labor into value added order fulfillment capacity. This improved utilization of capacity improves throughput and reduces customer wait time during peak times. Empower the customer to process their own order removing language barriers and improving customer satisfaction by knowing they prepared it their way.





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3. Xpedient LLC Organization

Xpedient LLC

Xpedient LLC operates as a software company providing business solutions through self-serve kiosk applications. Its activities include software development, consulting, implementation, training and support services for the principal products Xpedient® LT, Xpedient® LT Plus, Xpedient® Pro, Xpedient CMM and Xpedient PMM. The Xpedient software platform is a scalable enterprise solution that allows businesses to create, manage and deploy a wide array of self-serve kiosk applications such as food ordering, retail, product locator, human resource, hotel check-in, medical, manufacturing and ticketing applications. The Company is headquartered in Louisville, Kentucky.

The intellectual property was originally developed by IDS Engineering in 2003 and now resides with Xpedient LLC, which was formed in 2005.



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4. Case Study - Subworks

The Goals

Quick Return on Investment
Customer Friendly Order System
Easy, Quick Screen Updates
Up-Sell High Profit Items
Shorten Customer Wait/Queue Line
Kiosk Enterprise Management
Fast Development Cycle
Reliable
Reduce Labor
Customer Notification
On Screen Instructions to Kitchen
Inventory Control
Ability to Install Order Screens Outdoors
Interface Capability To Existing POS
Employee Call To Action Paging
Bi-Lingual

The Results

✔ Achieved break even in only 6 months
✔ Customers enjoy the ease of use
✔ Internal non-technical staff can easily update screens
✔ Customers can be prompted to buy high profit items
✔ Each order is timed and reported to ensure short wait times
✔ All kiosks monitored/managed from Store Support Center 24/7
✔ Kiosk system developed in only 60 days
✔ Redundant software architecture ensures near 100% uptime
✔ Eliminates 12 hours of labor every day
✔ Customer facing screen shows order status with advertising
✔ Assembly instructions w/unit of measure and preparation steps
✔ Bill of material capability for entire food order
✔ Software is hardware independent; can run in any environment
✔ Open database architecture makes interface easy & seamless
✔ System pages kitchen employees when an order is entered
✔ Screens can communicate in any language

A. Background

- Problem business faced?
- Strategic business decision/reasoning behind deployment
- Deployer's objectives, goals, challenges, needs
- How did deployment address/solve this?

Problem business faced?

Thorntons is a convenience store retailer with an ongoing strategy to look for ways to reduce its reliance on declining profits from the sale of commodities such as gasoline, cigarettes, and beer. When big box retailers started selling gas, Thorntons and other c-store retailers experienced significant declines in gasoline margins.

Strategic business decision/reasoning behind deployment

A large part of Thorntons' strategy was based on a high quality food offering. They tried many fast food concepts within their stores such as McDonalds, Taco Bell, and Subway. With these types of implementations, margins are reduced due to franchise fees. Thorntons determined that their best option was to develop a unique, proprietary food brand. That brand has now emerged as SubWorks!



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Deployer's objectives, goals, challenges, needs

SubWorks is a unique food offering consisting of breakfast sandwiches, Subs, and pizzas, all made-to-order as requested by the customer through kiosks.

The primary objective of the implementation:

“Create a proprietary food concept that was unique, offering the highest quality food, prepared as ordered, within three minutes or less for the on-the-go customer.”

Goals:

- *Maintain a 60% + profit margin*
- *Closely manage food cost and item preparation*
- *Minimize the total labor cost needed*
- *Maintain the highest quality food*
- *Deliver all orders in three minutes or less*

Challenges:

Thorntons faced many challenges with the creation of the SubWorks! brand. To meet their goals, they needed an innovative way to control labor costs, meet the “three minute promise,” ensure a consistent food offering, integrate with existing systems, and extreme software flexibility to handle rapid changes for a maturing new brand.

How did deployment address/solve this?

Thorntons chose to implement Xpedient® software, which met all of Thorntons’ needs in the following ways:

Xpedient® has an extremely intuitive, yet robust Enterprise Manager application to control all content management and deployment needs. Thorntons was captivated by the “PowerPoint-Like” interface that allowed out of the box kiosk design and implementation within 30 days of the project start. The flexibility of content management was a key to Thorntons as they anticipated many changes to the menu offer, pricing, promotions, and graphics as the concept (SubWorks!) matured.

Xpedient® also offers a kitchen management application that helped meet Thorntons’ objective of efficient staff and consistent food offering. The kitchen application shows all order details and item quantities to ensure proper assembly. The application also tracks inventory utilization and order fulfillment time to measure against the three minute promise.

The final key to meeting their objectives was the integration of a paging system. Xpedient® allows pagers to be worn by employees and alerts them of incoming orders and they can instantly return to the kitchen. This created real labor efficiency.

B. Design & Implementation

- *Issues faced?*
- *Details on component/input/peripheral devices and selection criteria. How did they help improve the user experience?*
- *How did this kiosk help create differentiation from competition?*
- *Describe the beta and field testing process.*
- *Special considerations?*

Issues Faced?

The biggest issues Thorntons faced were:

1. A mandatory quick implementation (30 day requirement from start to finish);
2. Extreme content flexibility; and
3. Cost effective implementation.

Details on component/input/peripheral devices and selection criteria. How did they help improve the user experience?

The biggest improvement in user experience is certainly the ability to navigate an extremely complex and complete menu with many offers quickly, easily, and in a bi-lingual format for all types of customers.

Thorntons chose the following components: NCR kiosk devices; Dell PC and LCD for the kitchen application; and Long Range systems paging devices.

By allowing Thorntons the freedom to chose any hardware platform, they negotiated a very reasonable price among many suppliers. This allowed Thorntons to deploy three kiosks in each location to minimize wait times for their customers.

The Integration of the paging system also allowed Thorntons to fulfill customer orders with fresh made products, within three minutes of the order being placed.

Thorntons customers are extremely impressed with the kiosk system for the following reasons:

1. They have multiple order points within a store;
2. They can take as much time as they want to place their order;
3. The high quality photos of the food items are easily identifiable;
4. They know the cost of their order, including tax before it is sent to the kitchen;
5. The food order ticket includes a bar code that allows them to pay at the main POS without confusion;
6. They can shop for other items in the store while their food is prepared; and
7. In a single transaction, they can pay for all items they purchase from the store.



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How did this kiosk help create differentiation from competition?

Thorntons was the first to utilize kiosks in this type of retail environment in the markets it serves. The technology, along with the intuitive interface and quick, made-to-order food delivery, created a very unique customer experience.

Describe the beta and field testing process?

Thorntons has an employee store located in its Store Support Center (headquarters) facility that serves employees and tenants of their campus. This created an excellent opportunity for both beta and field testing on a controlled group of customers. All technology was deployed and finalized within this location prior to rollout.

Special Considerations?

Thorntons gave special consideration to its non-english speaking customers and therefore created its menus in both English and Spanish.

C. Marketing

- *Strategies and promotions used to ensure customer engagement?*
- *How does the project integrate with the deploying organization's overall marketing & business strategy?*
- *Number of kiosks deployed*
- *Demographics/geography of deployment. Why?*

Strategies and promotions used to ensure customer engagement?

Thorntons strategically placed the kiosks with one just inside the main entrance, and two mounted on the SubWorks! counter. Thorntons also provided temporary staffing for customer training during the early weeks of implementation. After a few weeks, all orders were required to be placed via the kiosk ensuring customer engagement. Thorntons also utilizes sound on certain screens to engage the current customer and surrounding customers in the store.

How does the project integrate with the deploying organization's overall marketing & business strategy?

With the implementation of Xpedient®, Thorntons eliminated the need for additional labor during the order taking phase and allowed employees to focus on fulfilling orders within the three minute promise. Customers loved the ability to place the order at their pace from any one of three kiosks, and also enjoyed the ability to customize the order with their choice of toppings, breads, dressings, etc., which made SubWorks! unique from any other food offering in the Mid West.

Xpedient® met Thorntons' additional challenge of easily integrating with the existing POS and back-office systems. Xpedient® resides on the already existing Wide Area Network for updates and changes to content. Thorntons also had the ability to choose hardware that was already being used for the Point-of-Sale application. This was important for supply efficiencies, price negotiation, and support services. Because Xpedient® utilizes completely open database



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architecture, interfacing to the existing POS for credit payment, inventory management, and cash reconciliation was simple for Thorntons.

Number of Kiosks deployed

37 have been deployed

Demographics / Geography of deployment. Why?

The deployment has been in existing and new construction of Thorntons' Corner Grocery locations. The typical demographic is an industrial area with a large blue collar customer base.

Currently kiosks are deployed in Kentucky, Indiana, Illinois, and Ohio.

D. Return on Investment

- Define the ROI Measurement. Include financial vs. non-financial measures?
- What was the expected ROI? Was it met? Length of projected return to break-even and profitability? How long did this actually take?
- Impact on the deploying organization's overall business, business strategy and business operations? Please provide as much data as is possible.

Define the ROI Measurement. Include financial vs. non-financial measures?

Thorntons' ROI and Breakeven is based strictly on hard dollars as a result of eliminated employees. The kiosk system is viewed as a substitute for 1/2 of an order point employee during 12 hours each day. The cost savings were easily quantified and available. The average hourly cost of a clerk is \$10.20 based on wages of \$8.00/hr plus \$2.20 for the cost of benefits, vacation, and overhead.

What was the expected ROI? Was it met? Length of projected return to break-even and profitability? How long did this actually take?

Thorntons spends \$15,000 to install 3 kiosks at each site. Each kiosk implementation pays for itself in only 245 days by reducing overall labor cost. $(\$15,000 / (\$10.20 / 2)) = 2,941 \text{ hours @ } 12 \text{ peak hours per day} = 245 \text{ days}$. With such a short payback period, Thorntons is realizing a significant return on its investment. The annual cost savings is \$22,338, which equates to an ROI of 149% based on the \$15,000 investment.

Thorntons acknowledges that there are many soft dollar advantages to their kiosk program including up-sell opportunities, a professional brand image, management of order delivery times, consistency between stores, reduction in sign costs, improved food inventory control and competitive differentiation. If the full value of these advantages were considered, the number of days to breakeven would be even less than 245.

Impact on the deploying organization's overall business, business strategy and business operations? Please provide as much data as is possible.

The ROI on Thorntons' Xpedient® deployment was met right on the 245 day schedule because the goal and measurement process was very clear. Very few unexpected costs were encountered and they were more than offset by the soft dollar advantages. The company is extremely satisfied with the reliability of the Xpedient® kiosk system. In fact, Thorntons feels the kiosk system is the best employee they have ever hired because:

1. It has never missed a day of work;
2. It never calls in late;
3. Doesn't want a raise in pay;
4. Loves to work on Holidays;
5. Doesn't need a ride to work;
6. Has never had a sick child or dead uncle;
7. Will work inside or out;
8. Never filed a workers comp or harassment claim;
9. Its friends don't hang out in the store and expect the "Employee Discount;"
10. It is willing to work in any store on any day of the week;
11. Unlimited supply that doesn't have to be interviewed, hired, added to/removed from payroll;
12. Always up-sells;
13. Never complains;
14. Always dresses in a professional manner;
15. Doesn't offend customers with appearance or attitude;
16. 100% consistent in every store;
17. Loves doing detailed paperwork and reporting; and
18. It is always bright.

Thorntons has changed since it introduced the Xpedient® kiosk program in many ways including:

- Increased emphasis on customer facing technology utilizing kiosk content and bi-lingual audio messages;
- Grew from one to 14 stores with kiosks in 12 months;
- Gaining experience and confidence in their SubWorks! brand, leading to the plans for many more installations in a variety locations other than their existing stores; and
- Is much more focused on electronic screen graphics and images to create a unique environment in their stores.