



Partner

## Upgrade to ISS45 with Special Pricing — — Up to \$1,400 Per Lane User Allowances

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It is the new millennium. It is well after April Fools Day. Our company is called Fujitsu-ICL Systems Inc. (FISI). Regardless of these facts, I must inform you that Bernard has not gone away.

### ONE WEEK AGO:

You may remember Bernard's long association with Stanford Shopping Centre and the remarkable holiday pageants he stages in honor of Retailing. In fact, it's about time for "Easter Pageant" and I was over there the other day, and across from the Oakville Grocery (double-extra-virgin olive oil — 32 bucks a pint — "can you taste the beautiful wheatgrass overlay?" asked the clerk) is Sedona's Market, which has to be the greatest place to buy fruits and vegetables in the galaxy. I was just in to grab an apple, and after sorting through the 23 different varieties, every apple in perfect ripeness and condition (although you can't beat a Gravenstein in season) I took my choice up to the register, and it looked like I'd seen this kind of terminal somewhere before. Sure enough, it was **ISS45**, and I asked the clerk about it. He was a man of few words and short sentences: "Great. Easy to figure out. Does everything. Never ever breaks."

ARS does the **ISS45** around these parts, but I'd just wondered if Bernard had anything to do with it, with this being at Stanford and all. So I called him up.

"Boy, we must do headquarters. You must see my sights. Appear at my cool rooms this afternoon. It will be so *soigné*" he said. "*Un autre* — park on the sidewalk."

I was not so sure exactly how *soigné* it was going to be, but I have long since known not to ask — not to even *think* — of what he may have meant by "my sights." Headquarters for Bernard (that's *Ber-nard*, of course) is the offices of [www.chartreuse.com](http://www.chartreuse.com) but so far I'd managed to avoid actually going there.

The address is South-of-Market, and Bryant street is the sort of place where you will find a coffee shop between a paper supply warehouse and a fire equipment supply. If you look east, Bryant goes up a steep hill and seems to vanish into the underside of the Bay Bridge. This part of town, you're usually safer driving on a sidewalk than parking on one, but after driving in circles for 20 minutes, I threw in the towel and pulled up next to Bernard's DeLorean. [www.chartreuse.com](http://www.chartreuse.com) is on the second floor above a small operation that manufactures lamps out of old plumbing fixtures — it occurred to me that this is probably not a growth industry.

Bernard's door was steel, from floor to ceiling, painted gray, and it didn't budge when I pulled on the industrial-style handle. There was a buzzer though, about the size of a dinner plate and made out of bakelite. It had been painted, along with the walls, every year since the '30s. I pushed it hard, there was sort of a chunking sound, and the door released itself.

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I must tell you, of all the interiors I have been in my life, this one resembled least a place of business, or at least, a place of legitimate business. If the full-length, life-size portrait of Snow Queen on the far wall weren't enough, the windows weren't even square — they all had crazy angles like in a cartoon, and the glass was all lemon yellow. An 8-foot pair of glossy black Rosinante Gabrielle tower speakers inhabited the center of the main room, from whence “Two Against Nature,” — appropriately enough, I suppose— came blasting out at remarkable volume. The carpeting was Chartreuse, but that wasn't actually too surprising since one of Bernard's favorite factoids is that Chartreuse is the only spirit that has ever had a color named after it. But all the furniture — I mean **all** of it — was pink, this '50s shade of electric fiberglass retro-pink, and it was all printed with these little yellow and blue atomic symbols, you know, the little electron pictures buzzing around a nucleus. As for the walls, I have seen a reasonable amount of studded black leather in my life, but I do not recall ever seeing a wall constructed entirely of that material.

And through all this wandered young men and women exhibiting an astonishing variety of tattoo art and body piercing. It did not appear to be a non-smoking area. Three or four of them had linked arms and formed a chorus line, shouting the words along with Steely Dan — “*Spider queen demon and that whole crew / Across the lobby the wicker wing chair flew...*”

“Remember,” I muttered to myself, “half the people in the world are below average...” but then it occurred to me that they all probably held thousands of stock options in [chartreuse.com](http://chartreuse.com) and were rich, and I — I am sorry but quick to point out — am not.

Bernard was excited. “Hey, congratulations on the Albertsons thing,” he screamed over the music. Heard they took another hundred sets of the good stuff a couple weeks ago — dynamite. Now, on to the real-deal 11:00 film: I beamed down History Channel last night,” he continued without pausing for breath, “— I said **History Channel** — and they were doing Modern Marvels — you know, the technology thing — and I'm thinking, that guy — Sam Watterston or whoever — needs to know about S18.”

Bernard was shouting now, but I could barely hear. The chorus line was still at it — “*Two against nature don't you know / Who's gonna grok the shape of things to go...*”

“**S18. I said S18.** Electronics over 25 years old now, still running! A Marvel indeed — ... — but not exactly *Modern*. Needs to be in a museum, so I started thinking about getting an S18 for the Technology Museum, and then I wondered how, and then I thought maybe someone would trade one in, and then I thought maybe a **lot** of people would trade them in if we just gave them a little bit of a deal, and, well, you get it. I mean, you guys somehow did Y2K, but FISI can't support this old stuff forever, right?”

“What? I can't hear you...” [*“Call your doctor, call your shrink / Western science she strictly rinky-dink”*]

“So here's what you've got to do: you need to hit all those independents that still have S18 with a deal, where if they trade it in, they get, say, \$1,400 a lane off of a new **ISS45** system. That's probably what it's going to take to dynamite these guys into the 21<sup>st</sup> Century.

“Bernard,” I yelled in his ear, “I like the idea but I didn't hear you right. You said \$1400 a lane? That's too much money. We can't afford to take that much out of the net price.”

“The what?”

“The **Net Price.**” [*“Two against nature slinging dread / puttin' big heat on skanky things un-dead.”*]

“But it's not just you.” Bernard was also yelling now. Here's my take. You give the Dealers, say, a few hundred bucks off, but then the Dealers have to help too, of course. And of course the nicey-nicey wholesaley daughters and sons of the revolt. They take a chunk off too, and presto, you **be** there. Any questions, Sonny?”

I sighed, eclipsed by his brilliance but even more needing to get out of the intense yellow light and away from the pink furniture. Not to mention the 125 extra decibels. “No Bernard. Sounds good. I wish I’d thought of it.”

“That’s why your tippy-toppy-bossy-men keep me on retainer, my fine friend. Now, to prove my inestimable value, you will need to, shall we say, ‘take the next *step*.’”

“I’ll go tell the world, if that’s what you mean...”

“No, I mean take the next *step*. Here. Step into my office.” About time, I thought. He shut the door and it was a little quieter. Bernard continued:

“So take the next *step* — what is it? What “*step*” might you be ... neglecting? A clue...” and Bernard put one of his feet up on his pink desk. Today, Bernard’s foot happened to be clad in a strange, heeled contrivance with at least 150 eyelets and two orange plastic wings that would have looked strange even to Manolo Blahnik.

My mind was spinning. “‘Step?’ No, I am **not** going to ‘*step*’ out with Bernard. What the hell is he talking about...”

“*Step... ...step... ...step...*” tolled Bernard.

And these quizzes are becoming annoying, I thought to myself. “OK, I give up. ‘*Step*’ me through what you have in mind.”

Bernard’s other weird shoe appeared on the desk. “My son, it’s the primary law of our entire existence on Earth — *when the shoe fits, wear it*. But it has a little corollary, perhaps more important, and that is, my fine FISI fellow, when the shoe fits, boyfriend, ***you gotta get another one just like it***. And what’s kind of/sort of/just like S18, groaning around, fans buzzing, all three dot matrix printers chattering, ugly brownish plastic now stained to perfection, just waiting to be traded in? Four little words: Twenty, One, Twenty, Seven,” and he drew each number in the air as he spoke.

“That’s just three words, Bernard, not four...”

“*Quiet*. Think back instead. Roll that little brain-calendar backward, date-man: one year, two fiscals, three annuals, four 12-month periods, five 52-week operating leases. Don’t you remember about the happening thing exactly five years ago? Victoria’s Nasty little seCRet? The oodles and bunches of 2127s pouring right into those ATT corset-leases? But the 2127 support hose’s been down for years and years, and now all those widows aren’t so merry, are they, Chubby? They need something better. They need something pretty and new. They need something... ..something ... .. something about *size 45*,” he finished with a triumphant grin.

One of the Gen-Y programmers opened the door a crack and the music rushed back in. He was maybe six-six in flats, wearing so many studs and rings and hooks that it occurred to me that perhaps he had been forced to roll around in a tackle box. Over Steely Dan he chanted, sort of rapping, “Mister B. / come-a-lookee / the new UI on ‘de XTPee / serverino is a-done-ski.”

Bernard bolted. “Oh — don’t forget Casio either. CYA — GTG.”

“*Two against nature don’t you know / who’s gonna drop the boom on things to go...*”

To quote Dylan, I left without my hat...

## ONE WEEK LATER:

Fujitsu-ICL Systems Inc. is pleased to announce special allowances to help grocers upgrade to **ISS45** in the coming months.<sup>1</sup> This is one of the richest single promotions we have ever seen, and offers the most dramatic savings on **ISS45** that we have ever offered.

- A pair of special replacement allowances for **S18** systems — one for complete systems, and one for systems not including Orion9500 or 9900 scanners.
- A pair of special replacement allowances for **NCR 2127** systems — one for complete systems, and one for systems not including scanners.
- A pair of special replacement allowances for **Casio SA 2100** systems — one for complete systems, and one for systems not including Orion9500 or 9900 scanners.

Here are the rules:

1. Fujitsu-ICL Systems Inc. will give RETAILpartners a \$700 instant replacement allowance **per lane** on the upgrade of an S18 or 2127 system to the full **ISS45** system (including Orion9500 or the new 9900 scanners and scales). The replacement allowance on Casio SA2100 systems with the 9500 or 9900 scanner/scale will be \$250 per lane.
2. To earn this full-system replacement allowance on S18 or 2127, the RETAILpartner must add \$500 to the FISU allowance amount and therefore offer a total of \$1,200 replacement allowance on the proposal to the end-user. For Casio, the RETAILpartner needs to add \$250 per lane.
3. If the Orion 9500 or 9900 scanners and scales are **not** included in the order, FISU will give RETAILpartners a \$450 replacement allowance per lane on the upgrade of an S18 or 2127 system to the **ISS45** system, and \$150 per lane allowance for the Casio SA2100 system.
4. To earn the partial system allowance for S18 and 2127 systems, the RETAILpartners must add \$300 per lane to the FISU replacement allowance and offer a total of \$750 allowance on the proposal to the end-user. For Casio, the RETAILpartner must add \$150 per lane.
5. To further enhance the proposition to the customer, Fleming, SuperValu and Nash Finch have all agreed to participate by providing additional cash incentives:
  - Fleming will provide an additional **\$200 per lane** allowance to the end user for all deals running through the Fleming program.
  - SuperValu will provide an additional **\$100 per lane** allowance to the end user for all deals running through the SuperValu program.
  - Nash Finch will provide an additional **\$100 per lane** allowance to the end user for all deals running through the Nash Finch program.
6. The FISU share of the allowances will be subtracted from the sales order amount, reducing the invoice total on the Sales Order to the RETAILpartner, and the same amount will be subtracted from the net price charged to the end user. The Dealer portion of the allowances will be subtracted from the net price to the end user. The wholesaler part of the allowance, if applicable, will be subtracted on the wholesaler's invoice to the end user.

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<sup>1</sup> That is, we gonna drop the boom on things to go.

7. The allowance can be processed on all qualifying new orders starting immediately. Systems already booked cannot be modified to include the allowance.
8. **ISS45 Express** is not available with this special offer. FISI will not provide any replacement allowances with **ISS45 Express** system orders.
9. Orders must be booked on or before August 31, 2000.<sup>2</sup>
10. Shipment must be specified for a date on or before September 29, 2000.<sup>3</sup>
11. For deals replacing a system leased through a wholesaler **only**, with the new deal also going through that wholesaler, a three-month extension is granted. For such deals processed through Fleming, the cutoff date for the order is November 30, and shipment must take place by December 31.
12. Where the grocer owns the equipment<sup>4</sup> the Dealer must negotiate this PoS replacement as a trade-in or otherwise capture all existing equipment replaced. This old equipment must be destroyed by the Dealer.
13. All in-lane equipment must be supplied by FISI, including the PoS terminal, all displays, keyboards, printers, cash drawers, etc. FISI will not provide any allowances if these items are not included on the order. Office PC equipment may be purchased from FISI or alternately sourced, except in the case of wholesaler deals, where office PCs, hubs and monitors must also be provided by FISI on the order. **ISS45** software must also be included.
14. In order to qualify for the rebate, Dealers must first qualify the proposal with their FISI representative. In order for the FISI P.O. to be entered with the rebate, each order must be signed off by Larry, Pat or Jim. They will require the following information:
  - Participating Wholesaler, if any
  - Number of Lanes
  - Type of equipment now installed
  - Current ownership of the equipment
  - Customer telephone number for the site
  - Confirmation or evidence of destruction of old PoS may also be required at FISI discretion

A summary of the total amounts is provided below:

Per-Lane End User Benefits	FISI Allowance Per Lane	Dealer Contribution Per Lane	Wholesaler Contribution Fleming (F) SuperValu (S) Nash Finch (N)	Total Per Lane Allowance to End User
S18 or 2127 with Scanner/Scale	700	500	200 (F) 100 (S) 100 (N)	\$1,400 (F) \$1,300 (S) \$1,300 (N)

<sup>2</sup> See wholesaler exception below.

<sup>3</sup> See wholesaler exception below.

<sup>4</sup> In many wholesaler or lease deals, the grocer will not own the equipment when replaced.

Per-Lane End User Benefits	FISI Allowance Per Lane	Dealer Contribution Per Lane	Wholesaler Contribution Fleming (F) SuperValu (S) Nash Finch (N)	Total Per Lane Allowance to End User
S18 or 2127 without Scanner/Scale	450	300	200 (F) 100 (S) 100 (N)	\$950 (F) \$850 (S) \$850 (N)
Casio SA2100 with Orion9500/9900 Scanner/Scale	250	250	200 (F) 100 (S) 100 (N)	\$700 (F) \$600 (S) \$600 (N)
Casio SA2100 without Orion9500/9900 Scanner/Scale	150	150	200 (F) 100 (S) 100 (N)	\$500 (F) \$400 (S) \$400 (N)

QUESTIONS AND ANSWERS

**Let’s say my customer has an 8-lane S18 system with Scanners and Scales, and I’m not doing this with a wholesaler. Does that mean that I will be proposing a total of 8 x \$1,200 or \$9,600 additional discount to this customer, and that FISI will credit me \$5,600 of this?** Yes, that’s exactly right. See the April wholesaler configurers to automate all the calculations.

**And if I run it through the wholesaler?** Instead of \$1,200 a lane, you can put \$1,400 per lane cash allowance on the table with Fleming, or \$1,300 for SuperValu and Nash Finch.

**That’s huge. Why so big an allowance?** Our research indicated that at this point, these are the kind of numbers that it’s going to take to get S18, 2127 and SA2100 users off their old systems and onto **ISS45**.

**Do I also discount normally?** Yes, whatever that means.

**Even in a wholesaler deal?** With the wholesaler deals, the contracted end-user discount levels do not change, but the wholesaler provides their part of the allowance to the end user above and beyond the end-user discount.

**What’s in it for the Wholesalers?** Fleming, SuperValu and Nash Finch are all highly motivated to get the old stuff out of their respective support inventories. Also, of course, their financials will be improved.

**Do I have to use the Wholesaler deals?** No, but the additional allowances and financing plans may make it attractive.

**Can I get the wholesaler to contribute without me or FISI doing an allowance?** It’s all or nothing — FISI, the Dealer, and the wholesaler all contribute together, or none of us contribute.

**What’s the deal on the Fleming 2127 leases?** Because of the way they’re structured, in many cases Fleming may need to deal with a 90-day notice issue with the 2127 user with the system on lease. For Fleming offers, it is therefore **essential** that you work with your local Fleming rep: you will find them very motivated — especially at this time — to work with you to plan the rollover of the upcoming 2127 expirations.

**The 90-day issue on 2127 leases doesn’t leave much time...** That is why FISI will honor this deal an additional three months so long as it is part of a Wholesaler sale.

**Why is FISl doing this?** In order to maximize business. Given that it's now past the Y2K deadline, the remaining S18, 2127 and SA2100 system users must need significant incentives to replace their systems with **ISS45**.

**But I had some deals in the pipeline I was going to do at List Price! If I go back with this deal, it's going to cost me a ton of money.** FISl is making this offer available to help Dealers and wholesalers turn new business you couldn't otherwise get. FISl does not expect that all deals will qualify for this offer — it is purely optional, and can be used at the discretion of the Dealer. You do not need to offer this deal unless you want to.

**I've got a some prospects where I only need an allowance, say, about half the size of what you're offering. Can I just use the FISl allowance and not use the Dealer contribution part?** FISl will only provide the FISl allowance where the Dealer has also provided their full contribution as specified. FISl recognizes that this will "leave money on the table" in some instances, but in order to put a powerful proposition in front of as many S18, 2127 and SA2100 users as possible, the complete allowance from all parties is required.

**What if my customer has a 5-lane store but one of the terminals is in a courtesy booth? Does that count?** So long as it is a PoS terminal (and not a workstation) in the courtesy booth, then it counts.

**What if my customer has a PC workstation? Does that count?** It's only the quantity of Datachecker 2000 or 2001 or NCR 2127 or Casio SA2100 terminals working in the store that counts.

**What if the store needs only Scanners, but no Scales?** If new scanners appear on the order, then the higher rebate will be used as if they had purchased scanners and scales.

**What if the store needs only Scales, but no Scanners?** If new scanners do not appear on the order, then the lower \$450/\$750 rebate will be used as if they had not purchased scanners and scales.

**Can I mix and match? For example, I've got a store where only half the lanes need new scanners and scales. Can I do half at one rebate level and half at the other one?** Sure. Why not? We're flexible here.

**What if my customer has a store with 5 lanes, but they have two old terminals stockpiled. Can I include those?** Terminals that are not currently in standard working use in the store in question cannot be included, nor can terminals be included from other stores. We're flexible, but not *that* flexible.

**Why do I have to put in FISl terminal equipment. I've got some good printers I can use.** If FISl is to provide such large allowances, it is essential that FISl move a sufficient quantity of equipment — across the board — to fund this proposition.

**What if I have a six-lane store — can I get the rebate on any extra terminals above and beyond the six-lane store if I order them at the same time and just put them in stock?** FISl can only rebate for the number of terminals being replaced in the store.

**Why does the Dealer need to offer any discount dollars? Why not just FISl?** Both the Dealer and FISl will benefit from the increased market. In order to drive the maximum sales impact, both FISl and the Dealer need to contribute part of the funding. The wholesaler contribution makes it just that much more powerful.

**But that will drive my margin too low.** Dealers will get more dollars by selling more systems. While the percentage margin rate for the Dealer will be lower than normal on these deals, the Dealer will still have a higher operating profit, and also a new stream of maintenance revenue.

**How do I actually put in an order with this discount? You haven't given me any PINs.** When you are ready to make your proposal, contact your FISl representative and provide the

information. You will receive a written confirmation that your deal has qualified for the special rebate. When your proposal is accepted by the customer, send, FAX or e-mail a copy of the confirmation with your Purchase Order, and it will be processed with the special discount.

***I just did a trade-in last week. Can I get this deal for that order?*** You can only get this allowance for orders not already placed with FISl. Besides, if you already have the deal in hand, you wouldn't want to change it anyway.

***Why does the system go back to the wholesaler if it's on a wholesaler lease?*** The way almost all of these leases are structured, it doesn't make any sense for the end user to buy out the equipment. Therefore, much of the equipment ends up belonging to the holder of the lease paper, not the end user. Therefore, especially on 2127 leases, you may not be able to take the equipment from the store.

***Why do I have to destroy the old PoS System?*** These are old systems and have minimal value. Your competitors, however — not to mention the competitors of other **ISS45** Dealers across the country — will have to deal with competition from low-end resellers trying to push this hardware into stores at negligible prices, damaging your business and that of your fellow **RETAIL** partners. Others may be just broken up for parts, but these parts will come back to haunt us all by the same type of mechanism, as they get reassembled into systems. As such, destruction of the S18, Casio SA2100 and 2127 systems is an essential component of this offer.

***What if I have a buyer or a good use for the old equipment? I don't want to destroy it. After all, I've helped pay for the allowance, right, so shouldn't I get some cash back out of it if I can?*** Your business acumen is, as always, adroit. This is why you are still in business. So I will have to answer this question as persuasively as possible: FISl considered and rejected (for obvious reasons) any plan to take the equipment in trade ourselves to help pay for our contribution, and also rejected as unworkable any other ideas about sharing used-equipment value with the Dealer to help pay for our part of the allowance. Instead, the considerations of used gear flooding the market (see your question above) and the Dealer's additional compensation from the maintenance revenue stream mean the Dealer will have to live within the constraints of the proposition as it has been stated. Keep in mind, proposing this allowance to the end user is voluntary — if a Dealer prefers to keep or sell the old equipment instead of destroying it, that's fine, but such sales will be strictly business as usual and FISl will not be able to participate in the allowances.

***Why do I have to talk to my FISl guy first to get the money? Why can't I just send it in like a usual order?*** FISl is spending major dollars to fund this promotion. The numbers are so high, in fact, that the FISl account reps are required to audit every deal to ensure that they all represent bona-fide replacements of the specific system types allowed (S18, 2127 and SA2100).

***Why can't I sell ISS45 Express with this deal?*** FISl's margins are too slim on **ISS45 Express** to accommodate this promotion.

***Is there a limit to the number of stores FISl will rebate with this promotion?*** You kidding?

***Who is Bernard and why does he dress, you know, like that?*** Are you kidding?

So get going and start puttin' big heat on some of those skanky un-dead things...

To Your Success,

*Tony*

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Tony van Severter  
Director: Supermarket Systems