

## Update Bulletin

### FSA Upgrade — 100% Sale

October 10, 2007

*They* said FSA would arrive January 1, 2008 and nothing would slow it down. *They* said PCI was here to stay. *They* said that electronic payment interchange fees would continue to skyrocket.

#### No-Frills Summary

The FSA Upgrade offer:

- 100% discount on upgrades to ScanMaster V2 from any ScanMaster or ISS45 POS system.
- 100% discount on upgrades to ISS45 V8 from any ISS45 or ScanMaster POS system.
- 100% discount on the FSA option for ScanMaster or ISS45.
- The Pervasive or SQL Workgroup database will be provided at no charge if terminals are purchased.
- RBO and/or PocketOffice can be added for \$995 each.
- Solidcore is ½-price.
- A one-year Connected Payments subscription (any offering) is required, supplying payments software.
- Sale ends 31-Mar-08.

Meanwhile, StoreNext committed that we would support the independent grocer.

*They* kept all their promises — 100%.

And we're keeping *ours* — 100%. StoreNext is offering our customers 100% compliance with 100%-proved plug-and-play software at 100% off list price.

ScanMaster and ISS45 users can now upgrade their POS to the software they need to comply with PCI and FSA debit networks — while stripping tens of thousands of dollars off their electronic payments costs every year.

The offer is simple — sign up for Connected Payments and get 100% complete software upgrade at 100% discount.

- **100%** off ScanMaster V1 to ScanMaster V2 upgrades
- **100%** off the ScanMaster FSA option
- **100%** off the ScanMaster Electronic Couponing option
- **100%** off a ScanMaster workstation
- **100%** off the Pervasive database — when the terminal upgrades come from StoreNext.

Our independent and regional chain grocers with ISS45 get the same offer — **100%** off the V8 upgrade and **100%** off the ISS45 FSA option. Even 100% off the SQL Workgroup database with the hardware upgrade.

**1** requirement: a 1-year subscription to Connected Payments. Connected Payments provides **100%** off the license cost of WinEPS, **100%** off the WinEPS interface and **100%** off signature capture, ECC and all the other up-front software licenses that come with the Connected Payments subscription. And during 2007, the Charter Offer still counts - **100%**.

There are some great add-ons too — like your choice of PocketOffice or RBO for ... what ... \$995? Totally. I mean, 100%. And we've even put Solidcore on sale (in this case for ½ of 100%) so you and your customers can lock out all sorts of software and code threats and keep Internet garbage off their systems and protect their POS terminals.

And there's no fine print — just questions and answers on the next page.

To Your Success,



Anthony van Seester

This document and information are supplied to StoreNext Retail Technologies personnel and third parties to assist them in doing business with StoreNext. They are not to be used or distributed for any other purpose.

StoreNext Retail Technologies LLC endeavors to ensure that the information in this document is correct and fairly stated, but does not accept liability for any error or omission.

## HOW LONG DOES THIS DEAL GO ON?

Sale ends March 31, 2008.

## HOW DO YOU ORDER?

The same way you always do – except the discount on the sale items is 100%. There are no special PINs on this deal, so put the PINs on the order, send in the SKIF, send in the Connected Payments agreement, the RBO order form (get the new one!) and paperwork and so forth.

***Does the Connected Payments paperwork have to be sent in at the same time?*** – Yes. To get the 100% discount, the only requirement is the Connected Payments sign-up. But it *is* a requirement. 100% of the time.

***Where should the orders be sent?*** – Send the Connected Payments Agreement to StoreNext's Connected Services and Connected Payments group in Dallas:

Attn: Duane Litwick  
972-265-4801 (FAX)  
972-265-4813 (V)  
[DLitwick@StoreNext.com](mailto:DLitwick@StoreNext.com)

Send the POS orders to StoreNext Order Entry – and copy them on the Connected Payments Agreement and paperwork so they'll know the discounts are okay.

## QUESTIONS ON THE 100% SALE

- ***You're really serious: the \$2,195 upgrade from V1 to V2 is discounted 100%, meaning free? And the ISS45 V8 upgrade is free too?*** – Yes.
- ***And ScanMaster electric couponing and a free workstation?*** – Yes.
- ***Do you get a free workstation and electronic couponing if you're doing this with ISS45?*** – ISS45 includes a second workstation already (MFS2) and ISS45 doesn't have a specific electronic couponing option. So these two items apply to ScanMaster upgrades only.
- ***What about all the options a store might already have – do they have to buy them all over again?*** – No, they can keep all the options they already have if they are available on the new system too.
- ***Let's say I have a ScanMaster user who wants to go to ISS45 or the other way around. Is there a way they can do this now without paying for new licenses?*** – Yes, the 100% sale works fine for any ISS45 or ScanMaster version to ISS45 V8 or ScanMaster V2.
- ***What do you have to do to get the Pervasive database for free?*** – Many ScanMaster and ISS45 upgrades will be for grocers with very old hardware that cannot practically run the new versions and support the new operating systems. If you buy the upgraded hardware from StoreNext, we'll provide the necessary database at 100% discount.
- ***What hardware do I have to buy to get the free database?*** – To qualify for the 100% discount on Pervasive or SQL Workstation, you have to purchase one TeamPoS 3000 POS terminal package for each lane of the store.
- ***Can I just buy one terminal and that's good enough to get the 100% discount on the database?*** – You have to buy one terminal for each POS lane in the store.
- ***How big a Pervasive Database license will the customer get? How big a store will it cover?*** – StoreNext will provide a Pervasive database to cover the required number of servers, workstations and lanes as indicated by the hardware and SKIF.



- *Do I have to buy complete lanes, including the printers, displays, scanner/scales etc. to get the Pervasive or SQL database?* – No. Just the TeamPoS 3000 terminal package.
- *Any package? Even the XE?* – Any package is fine: XE, XL, USB, Legacy – whatever.
- *Can I use the new MayDay or do I have to buy the terminals at standard pricing?* – MayDay!Exchange is a great way to buy these terminals – go for it.
- *What if the customer doesn't need any terminals. Can they still get the free software upgrade?* – Yes – buying the terminal hardware only affects the 100% database discount. The 100% discount on the software and options applies whether or not the customer buys hardware.

#### RBO AND POCKETOFFICE AND SOLIDCORE ADD-ONS

- *What do you mean about getting PocketOffice for \$995?* – The stores that upgrade are likely to need a new shelf verification system. So we're offering the full PocketOffice – including Q-Buster, Grocery Dashboard, Shelf Audit, Item Management and everything else at a special price of only \$995 for two units. The hand-held hardware is purchased separately, and grocers can choose the Falcon hardware from Datalogic, the Fujitsu iPad or another PocketOffice-certified hand-held.
- *You also mentioned RBO – what parts of RBO do you get for just the \$995?* – Some customers may decide this is the time to go for a full back office, and RBO's integration with ISS45 and ScanMaster makes it the logical choice. Of course, RBO provides an FM verification application as part of the system, so this also covers the shelf verification requirement. You get the full, standard, RBO package.
- *Can the DSD package for RBO be added?* – Yes – under the same pricing as the Free RBO offer on the table now with ScanMaster. If you buy Falcon hand-held hardware from StoreNext, the DSD package is free, otherwise it's at a \$1,295 list price. See the [Free RBO](#) announcement from June 1, 2007.
- *PocketOffice shelf verification and item management is pretty slick and gives a suite of applications. Plus, it's compatible with RBO. What if my customer wants to take advantage of BOTH these offers and get PocketOffice and RBO?* – Sounds like a good plan, and we won't object. If they want both offers, they're \$995 each.
- *What are the dealer discounts on these items?* – The standard PocketOffice and RBO dealer discounts apply.
- *Will there be a maintenance charge for RBO?* – Yes, standard RBO maintenance pricing will apply if they take the RBO option. See the updated RBO Order Form.
- *What's the offer for Solidcore?* – For customers doing the upgrade, Solidcore can be added at ½ price. If the customer needs stand-alone PCs protected, we'll provide that option at ½ price too.
- *What's the normal price?* – Solidcore comes packaged with all new ISS45 and ScanMaster systems starting last December. Existing stores can upgrade for \$495 – and that protects all the system components in the store including workstations and POS, regardless of the quantity.
- *If Solidcore's so great, why hasn't the entire installed base upgraded to it?* – It's mostly been that few dealers have discussed it with the stores, and that's mostly because that's a lot of work for a \$495 sale and a special trip to the store. There's just too little time.
- *What changes this situation now?* – With this major upgrade in the store, dealers will be "touching" the store POS system and payments software anyway. So the dealer may as well sell the Solidcore too and make some extra money while solidifying the store against all



sorts of internal and external risks – not to mention protecting the POS terminals and eliminating the costs and performance hits of the daily downloads.

- ***Who else has Solidcore?*** – No competitor has this available, and it's one of the best exclusive secret weapons you'll ever have on your side. So make the most of Solidcore when you sell – your competition has no answer to this and certainly cannot provide a “virus-proof” system.

## THE CONNECTED PAYMENTS REQUIREMENT

- ***Let me get this straight – customers have to subscribe to Connected Payments, but they don't have to purchase any hardware to get the 100% upgrade deal?*** – Yes, you have it right.
- ***But that doesn't make any sense. The store gets a \$2,195 upgrade plus the \$995 FSA option and all they need to do is sign up for Connected Payments for a year. At \$35 a week that's only about \$1,800. Did your CFO go on vacation?*** – Don't ask. But hurry and get your orders in before he gets back.
- ***Even the special deal for small stores, or the \$15 deal if they already have WinEPS? All those can count?*** – Shhh! *Yes.*
- ***What if they cancel Connected Payments after a year. Can they keep the POS upgrade?*** – Yes, of course.
- ***Even the RBO or the PocketOffice?*** – Yes, those too.
- ***And the FSA option?*** – Yep. Look: your customers are going to be so happy with everything Connected Payments does for them that there's no way they'll jump off.
- ***But let's just say they walk away – do they also get to keep WinEPS and all the payments interfaces and options that came with Connected Payments?*** – Whoa! Now you're talking about a different proposition. Connected Payments subscriptions are how they access all the payments software. If they're not subscribing, they don't have the software.
- ***Does this conflict with the Charter Offer?*** – Not at all. Use the Connected Payments Charter Offer while it lasts and get some great lifetime benefits by being first on the block. Remember – to get the charter offer, the store needs to process transactions in 2007. Just signing up doesn't count.

## FSA

- ***What's the FSA option about?*** – This option enables a grocer to accept the FSA/HRA/HSA debit cards. As of January 1, 2008, the debit networks must reject all debit transactions that don't come from a POS system with these FSA capabilities.
- ***One more step back – what's FSA?*** – Under the Flexible Spending Arrangement (and Health Reimbursement Account, Health Spending Account etc.) employees and their employers can contribute pre-tax earnings to an account they can use to pay for health-related expenses. This includes everything from aspirin to hearing-aid batteries, cold relief, acne medicines, band-aids – you name it. Much more than prescriptions and co-pays. In fact, stores without pharmacies have almost as much to lose as pharmacy/grocery locations. Most plans today provide these benefits in the form of these FSA/HRA/HSA debit cards.
- ***What's POS got to do with it?*** – The POS files have to know which items in the store are eligible for these health debit cards and separate them out in the totals – much like WIC. Then it has to provide this information to the WinEPS system, which has also been



enhanced to handle the transactions and feed them up the network with the special coding required to ensure authorization.

- ***How is it being enforced?*** – If the network system doesn't get the right transaction coding from the store, it will reject the card. So the store must have the FSA software in place.
- ***But aren't people using these cards today even though no one has these enhancements installed? So it looks to me that this is all empty threats by the IRS.*** – I'd be cautious about using the terms "empty threats" and "IRS" that close together. Right now, the FSA networks are accepting the cards regardless of compliance in the store. But as of January 1, that capability will be shut down and only the new transaction types requiring FSA software in the store will be accepted.
- ***What happens to stores that don't have the FSA Feature?*** – They have to tell their customers to save the itemized receipts and file manually for the reimbursement benefits.
- ***Is the FSA option available on all StoreNext POS software?*** – It will be provided on ISS45 V8, ISS45 V7 and ScanMaster V2. It will not be added to ScanMaster V1.
- ***What else is required?*** – Connected Payments. In-store WinEPS will also support FSA with a new 825 release later this year
- ***What releases of ScanMaster and ISS45 will have FSA?*** – The Winter Releases of ScanMaster V2 (2.5.0) and ISS45 V8 (8.1.3.0) will have the FSA option available with first customer availability planned for January 2, 2008. The Fall Release of ISS45 V7 (7.1.2.1) is being delayed to include the FSA feature with planned availability in late November for first customers.

