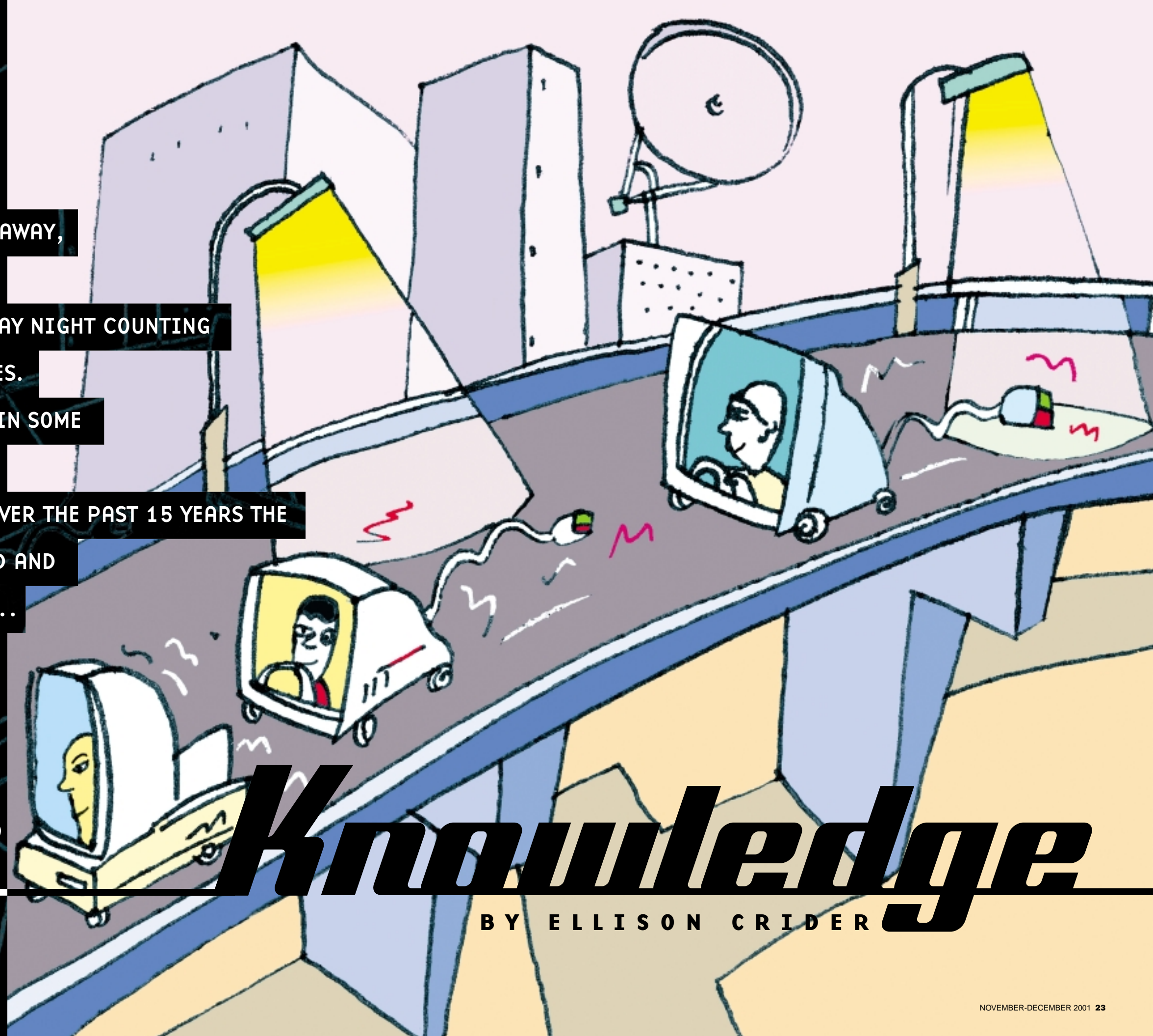


NOT SO LONG AGO AND FAR AWAY,
RTO DEALERS AND STAFF WOULD
SPEND HOURS EVERY SATURDAY NIGHT COUNTING
CARDS, DOING CARD CLOSES.
THE CARD SYSTEM MAY STILL EXIST IN SOME
OUT-OF-THE-WAY
MOM-AND-POP STORES, BUT OVER THE PAST 15 YEARS THE
INDUSTRY HAS WELCOMED AND
EMBRACED COMPUTERIZATION...

Tech Knowledge

BY ELLISON CRIDER



And it's been a happy marriage as there are so many things to count and keep track of in an RTO business. For example, inventory, contracts, customers, products, parts, cash flow, skips, stolens, loaners and units in for repair are all essential measuring devices that determine a store's performance. Computerization has played a critical role in the rapid expansion and success of the industry as it has made stores more efficient, paved the way for bigger stores, more BOR per employee per square foot and, overall, increased the level of efficiency. For most stores, being "computerized" means using one of the off-the-shelf software programs developed specifically to control the inventory, accounts and customer records of rental purchase stores, while some other companies have spent dearly to develop their own programs. Regardless of how a store is computerized, improvements in technology continue to progress at a rapid speed and the cost to acquire and implement technology is coming down. This article will briefly explore some of those new technologies that rental-purchase companies could use to improve their productivity and efficiency.

Bar coding and wireless technology increase efficiency

One of the "new" technologies that has been around for years is the concept of bar-coding merchandise. A bar-coding system is an effective, popular tool with other industries to transmit data to a computer system and permits faster, more accurate data entry, better tracking and reduced inventory costs, yet most furniture manufacturers have yet to apply bar codes to their products.



Even though it has been available for a long time, rental-purchase dealers have been slow to take advantage of bar coding. A wide range of businesses are now experiencing

savings through the use of bar codes, primarily through reductions in working hours spent in gathering and recording data. More and more rental dealers are adopting the concept of bar coding rental products and using it to track inventory efficiently and accurately, some with wireless inventory tracking devices.

Wireless is another prevalent buzzword in the computing world today. There are many ways in which wireless technology can be used in RTO. Among those are wireless data collection, in which a portable reader is used to check inventory instead of printing out and manually marking that printout. Using a portable reader, dealers can scan in the inventory, download it to the computer system and then run a program that instantly reconciles the inventory in the system against the inventory that was downloaded to the reader. After the reconciliation, an exception list prints out telling the user what items are missing, what is in the store that should not be and any other discrepancies. Combined with bar coding technology, the tracking, transferring and checking inventory is quicker and more efficient.

One company that has been using bar coding and wireless tracking devices for more than eight years is Express Rent & Own based in Tacoma, WA.

"We can take and totally reconcile a complete inventory in our stores in four hours," says Ron Hollyoke, the company's owner. "There is no mistake as to what each item we rent is. Serial numbers are taken off the bar code on the merchandise and entered directly into the agreement. There is not much reconciliation of inventory—it is either on an agreement or in the store. You know what happened to it! We also use the bar code label to price the merchandise. I don't understand why more people don't bar code their merchandise."

Wireless networking

Another use of wireless technology is wireless networking. Wireless networking has several benefits. For example, a dealer can have a number of workstations that can be simply picked up and moved anywhere within the location, eliminating a wired connection to the main computer.



On a busy Saturday, a store manager can move a workstation from the back to the front of the store without having to disconnect wires. Another example is the account manager who is issued a portable device such as a Palm Pilot with a wireless cell phone card installed. This account manager can now call the home office PC and verify a customer's account history, access the correct payment amount or even record a payment while in the field. This can lead to easier tracking of field receipts and address a host of other problems that rental-purchase dealers encounter when trying to keep track of account managers and delivery people.

Say goodbye to dot matrix printers.

The bad news for dot matrix printers is that another innovation is slowly beginning to take hold in the rental-purchase business—laser printing of documents, primarily agreements. There are three main advantages of dumping your old dot matrix printers. Legally, a dealer



is protected because every agreement will print computer-calculated numbers without an alignment problem. Also, there is no need to keep an inventory of pre-printed agreements on hand at every location, thus saving on storage and printing costs. Finally, a laser

document projects a very professional image for businesses that use them.

“Laser printing of the entire rental agreement as opposed to making the printer in the store fill in the blanks will avoid the kinds of misalignment problems we see recurring in a number of rental companies,” says APRO General Counsel Ed Winn III. “These alignment problems have resulted in at least one class-action lawsuit that I am aware of and that settled, finally, for several million dollars.”

Laser printing is also being used to print other forms used everyday in the business. Some examples are rental order forms, price tags, pick-up forms, daily cash reports, petty cash receipts and vehicle inspection forms. The main advantage of doing this is to eliminate storage and to have these forms available on demand.

Data warehousing = profit.

Data warehousing is also taking hold in the rental-purchase industry. This is a concept where data from a dealer’s current software program is transmitted to an open database compliant (ODBC) program like Microsoft Access, Excel and Crystal Reports. Inevitably, businesses



will want to look at information in their system in ways not allowed by their current in-house systems. What data warehousing allows these businesses to do is organize data into an easily understandable form such as graphs and charts. Ultimately, dealers who take advantage of these analysis options find hidden profit opportunities not noticed in a store’s daily routine.

Another use for mining data is to provide marketing companies with information on customers and accounts so that they can then take that data and use it for target marketing. Tom Weirich, sales manager for Central File, a direct-mail marketer who caters to the rental industry, uses this data to create preferred customer mailing lists.

“This maximizes the opportunity available to the user to target a specific audience and ensure the best return on marketing dollars spent. The bottom line is achieving maximum results in direct mail marketing,” says Weirich.

And what about the Internet?

No technology update would be complete without some mention of how the Internet figures into the equation. Many rental-purchase companies already have Web sites that promote their companies and the products they offer.

In addition to a company establishing and maintaining a presence on the Web, there are other practical uses for the Internet. For example, Sam’s Furniture of Ft. Worth, TX, allows its customers to make rental payments through its Web site using a credit card or checking account. This system has been in place for just a few months, but Herb Weisblatt, president of Sam’s, says that “a surprising number of customers make their payments using this convenient method and they like it.” Also, a few companies like Aaron’s Rental Purchase are allowing prospective customers to enter order information into its Web site and then have that information transmitted to the nearest location for approval and follow-up.



Some companies are using Internet-based technology to connect their stores together to one central data depository. One such example is Rent Rite Rental Purchase, a 50-store company based in Boca Raton, FL. Rent Rite uses a TCP/IP platform to connect all of its stores to a central home office system. The advantages of this form of communication are real time communication and data sharing. For example, any store can take a payment for any other store and all stores in a geographical area can share inventory, thus allowing for more efficiency throughout the company.

Rent Rite also uses an Intranet in its operation. What is an Intranet? According to www.intrack.com, “An Intranet is the use of Internet technologies within an organization [or company] to achieve better results than the conventional means of data access and transfer. Intranets help in cutting costs and provide easy and fast accessibility of day-to-day information.”

An Intranet can work with the Internet but not vice-versa. It is a good way to get messages out to employees

and other important clients using Internet technology while not opening up a company's communications to the outside world. An Intranet will cut costs while increasing staff productivity. Information is power in today's economy. The benefits of incorporating an Intranet into an organization are far reaching and many have not even been discovered.

What does the future hold?

Like a speeding, unstoppable locomotive, technology continues to develop at a rapid pace. If past experience holds true, the rental-purchase industry will take a while to catch up. It is, however, worth looking at one new technology starting to catch on—mobile computing.

Mobile computing will become more and more prevalent as time goes on. As previously discussed, wireless



technology is growing at a rapid pace. Mobile commerce is any transaction with a monetary value that is conducted via a mobile wireless telecommunications network (i.e. Palm Pilots, mobile phones and pagers). Mobile commerce is most

commonly referred to as mCommerce, Mobile Electronic Commerce or Wireless Electronic Commerce. While the business models for mCommerce were derived in the United States, Europe has adopted a definite lead in usage

and application development.

One aspect of mCommerce is wireless Internet. Wireless Internet, or "wireless.net," is generally thought of as wireless access to the Internet, which also includes the extension of a company's software application or data to mobile devices. The wireless.net concept extends the possible functions of a software program by enhancing customer satisfaction and delivering value-added services to consumers. The following examples are several wireless.net applications:

- ☛ *Business to Consumer (B2C)*: Yahoo, eBay, portals, messaging. This application allows a business to keep customers informed of company news, business information (e.g. sales and discounts) and allows customers to purchase online.
- ☛ *Business to Business (B2B)*: digital marketplace, procurement, supply chain, fee-based subscription services. This application allows businesses to wirelessly communicate with suppliers and distributors.
- ☛ *Business to Worker (B2W)*: enterprise, e-mail, Intranet, operational applications (field services, sales force automation). This application allows for easy distribution of internal company information, electronic distribution of pay stubs and remote training.

Unlike the traditional desktop Internet environment, where users can browse through thousands of pages, the wireless Internet is currently limited to text data for the following reasons:

- ☛ Wireless networks currently lack the bandwidth to effectively transmit graphics-rich images.
- ☛ The small screens of mobile phones and hand-held devices are only sufficient to display text data.
- ☛ Wireless devices have limited computing power.

Doing business in new ways

Regardless of how technology develops, the basics of rental-purchase, rent and collect, will always be the same, but as rental-purchase dealers accept and adopt new technologies to assist in renting products and collecting payments, increased profit opportunities emerge from increased efficiencies. ■

Ellison Crider was hired by Rental and Sales Software Systems (RSSS) in 1990 to market a software program designed to completely control rental-purchase stores and home offices. Crider is currently vice president of marketing for RSSS and can be reached at 800/334-5224, ext. 2119 or by e-mail at ellison@rsss.com.


I am making a difference.

"We're all hurt and saddened by the terrible tragedies. It's important to do something to help out. I'm going to donate some money because I know it will help some lives. I don't mind giving what I can because it's important. This is what I want to do for other people who need my help."

The American Red Cross is profoundly grateful to all financial donors now and always. We could not save lives without you.

Please call 1-800-HELP NOW
To make your financial contribution to the American Red Cross Liberty Disaster Relief Fund for this tragedy and the emerging needs from this event.

www.redcross.org

 **American Red Cross**
Together, we can save a life.