

# New Retail System Improves Operations for Maryland County Agency

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## Overview

### The need

The Montgomery County (Md.) Department of Liquor Control (DLC) needed to upgrade its aging point-of-sale system and build an enterprise-wide IT system that would connect all stores and outlets.

### The solution

Systems Technology Group (STG), an IBM Premier Business Partner, developed and implemented a point-of-sale solution that includes IBM POS systems, IBM X-Series servers and IBM and STG software.

### The benefit

The new solution helps DLC predict the usage and potential problems of all POS hardware and helps stores track sales history and customer buying habits.

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State and local government agencies and departments everywhere are facing the same economic challenges their citizens are dealing with—tightening belts, reducing expenses and looking for ways to operate more efficiently, while keeping their customers satisfied.

In Maryland the Montgomery County Department of Liquor Control (DLC), is not taxpayer-supported, and also contributes significant revenue to the county's General Fund with revenues from its retail and wholesale sales of alcoholic beverages.

Montgomery County is one of 18 jurisdictions across the country that controls sales of alcoholic beverages in local jurisdictions. Montgomery County's department operates facilities in the second largest jurisdiction in the region, covering eight percent of the total population of the Washington D.C. metro area. It shares the retail sales of wine and beer with 950 licensed retailers and owns and operates 24 stores that have exclusive rights to sell spirits in the county. In 2010, those outlets delivered total sales of \$106 million.

Under pressure to reduce operating costs while meeting its financial targets and continuing to satisfy its customers the DLC realized it needed to make some major changes in its sales operations. One important need was to upgrade its aging point-of-sale system in its 24 stores and build an



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—Jhason Abuan, IT manager, Montgomery  
County Department of Liquor Control

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enterprise-wide IT system that would connect all outlets for better management of sales data and make each store more efficient and customer-friendly, while aiming to be more cost-effective in the process.

“This was a big challenge for us,” said Jhason Abuan, IT manager for the DLC. “We had an obsolete, antiquated point-of-sale (POS) system. We had no system support, no maintenance contract, no scale to grow, and no ability to collect and analyze data to help us make key decisions. Most importantly we needed to provide a better experience for our employees and customers and we wanted to work with a company that would grow with us and be there with us and for us for a long time.”

The DLC turned to Systems Technology Group (STG), an IBM Premier Business Partner based in Buffalo, NY. STG, with a long history working with IBM, developed and implemented an end-to-end, multilocation point-of-sale solution that included IBM POS systems and IBM X-Series servers, IBM and STG software and a secure solution for integrating age verification and fraud detection for credit card acceptance. The new system includes software that helps the IT department predict the usage and potential problems of all POS hardware, while helping stores track sales history and customer buying habits to help in satisfying product needs and inventory to keep customers satisfied. Now the DLC has much-needed system support, maintenance and services to keep all operations running smoothly and efficiently.

### **Better Experience for Customers and Employees**

Diane Wurdeman, Retail Operations Manager, who handles the day-to-day management of DLC’s stores, says, “From the beginning we wanted to provide a better experience for our employees and especially for our customers. We wanted to provide a faster transaction, an easier method for searching for products at other stores, and the knowledge that the customer was receiving a fast, safe and secure transaction, particularly credit card transactions. We have been very happy with the state of the art solution we have and the results so far.”

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Solution components:

**Hardware**

- IBM SurePOS™700
- IBM SurePoint™ Displays
- IBM SureMark™ printers
- IBM X-series servers

**Software**

- IBM Director
- IBM Remote Management Agent (RMA)
- Microsoft® Windows® Embedded POSReady 2009
- STG Transaction Analyzer
- STG Orderbook

**Services**

- IBM Global Services-Application Services
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*“We get comments about the ease of use with the touch-screen interface, the faster credit card processing and receipt printing and the fact that the capture of sales data assures accurate inventory and supply across all stores.”*

—Jhason Abuan, IT manager, DLC.

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“The IBM point-of-sale features, such as the signature capture and the large customer screen, which shows the customer every line of their transaction as it happens are wonderful. All features of the system provide a richer, friendlier customer experience.”

The DLC now has almost 70 IBM SurePOS™ systems in its 24 stores throughout the county. “One of the key benefits we have achieved is the security that our registers and POS systems will be running 24/7. We now have the ability to monitor all registers in all stores and can detect and predict any problems before they happen and act on them to avoid any downtimes. That mean better customer service. We now can handle more customers faster and with more reliability. It helps us sleep better at night,” says Abuan.

One of DLC’s priority needs was managing Payment Card Industry (PCI) Compliance, which is an ever-changing and evolving set of standards with the purpose of protecting individuals’ credit card data and is critical to retail operations. The new solution includes encrypting a customer’s credit card information in real-time during a transaction before it reaches the credit card processor.

“PCI compliance is vital to our outlets,” says Abuan. “This solution assures that absolutely no sensitive card data or card security codes are stored in any of the department’s systems. And the benefit to us is a cost-effective solution because it will grow and change automatically as the industry changes. In the first holiday season in operation, we had a 17 percent increase in handling credit card transactions.”

The department’s sales teams at the 24 store operations are also positive about the new solution. “We get comments all the time about the ease of use with the touch-screen interface, the faster credit card processing and receipt printing and the ability to look up inventory levels at other stores to answer customer questions.”

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*“When it came time to choose a vendor, we knew we wanted to work with stable, solid companies and people who would provide the best technology, hardware, software, services and maintenance and partners that would always meet our highest standards.”*

—Jhason Abuan.

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Retail-specific software from IBM, STG and Microsoft, running under IBM's Retail operating system Windows embedded for point-of-service (WEPOS), manages the Montgomery County enterprise. IBM Director and IBM Remote Management (RMA) assure that all units are operating and can predict potential problems before they occur. This reduces machine downtime, keeps checkout lanes moving and customers satisfied.

STG's intelligent software products protect retailers and their customers. Says Gary Kielich, STG's president, "Montgomery County's solution includes STG Transaction Analyzer that allows them to look for potential fraudulent activity by interfacing real-time transactional activity to video and make an intelligent analysis and identify errors or fraud. The STG Orderbook, part of the total retail solution, is an intelligent buying tool that analyzes sales history and customer buying habits. It helps them make purchasing decisions that assure each of the 24 stores has supplies of products they need."

What about the future? Says Abuan, "We signed on with STG and IBM for the long haul. We had an increase in sales between November and December of 2010 more than 13 percent higher over the previous year. We had the two best selling days in our history on the days before Christmas and Thanksgiving. We are pleased with an outstanding first year. Where do we go next? We are already looking at adding new features such as check verification and guarantee, adding gift cards for our customers and generally fine tuning as we expect to grow to 35 stores."

"Being a control jurisdiction is an important and responsible role in our County," says Jhason Abuan. "Besides providing high quality products in cooperation with more than 950 retailers and from our own 24 outlets and while managing our warehouse and financial system, the DLC contributes to our residents' quality of life in other ways. For example, we improve the overall safety of communities through alcohol education

programs, by complying with all regulations and security and assuring enforcement of violations. We contribute significant revenue to the County General Fund that can help pay for important resident services such as schools, police and fire departments. We're a proud member of the community and we take that seriously."

"So when it came time to choose a vendor and a partner to modernize our system and process, we knew we wanted to work with stable, solid companies and people who would not just provide the best technology, hardware, software, services and maintenance but would be our partners and that they would always meet our highest standards."

Says Gary Kielich, president of STG, "We've been an IBM partner for almost 18 years, developing and implementing Retail Store Solutions with customers of all sizes. Montgomery County was one of the more interesting challenges since it requires knowledge and solutions unique to two industries—a local government agency operating a chain of retail stores. But at the end of the day their need and their business problem was the same. They required state-of-the-art technology and products, the best service and support in the industry and we believe we provided it. They were basically starting from scratch. They came to us with more than 300 specific technical and functional requirements. While Jhason and Diane were in the final decision-making stage we invited them to attend a briefing at the IBM Briefing center in Raleigh, NC. It was important for them to meet and hear from the people 'behind the curtain', the product developers, the engineers. I believe that day with those people helped convince them that they were making the right choice of companies."

## For more information

To learn more about Retail Store Solutions please contact your IBM marketing representative or IBM Business Partner, or visit the following website: [ibm.com/products/retail](http://ibm.com/products/retail)

For more information about Montgomery County Department of Liquor Control, visit: [www.Montgomerycountymd.gov/dlc](http://www.Montgomerycountymd.gov/dlc)

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