

Convenience Plus

Hospital c-store/café becomes even more convenient with the use of cashless technology.



The hospital estimates that the kiosk will save \$100,000 per year.

South Bend Memorial Hospital in South Bend, Ind., expects to save \$100,000 per year in labor costs through the use of a self-service kiosk that has eliminated the need for staff in its 300-square-foot convenience store.

The Common Grounds Café, which debuted Feb. 3, offers high-quality prepared foods and beverages 24/7 and handles customer transactions in seconds. The self-checkout unit automatically detects merchandise as it is presented for purchase using Radio Frequency Identification (RFID) tags. Customers can use credit and debit cards, cash, drivers' licenses or even thumbprints for payment.

The decision to consider the system "was all about saving labor," explains Joe Vasta, foodservice director for the 526-bed regional referral hospital. "We were challenged in 2008 as an organization to come up with a budget reduction for 2009. In our department we did our part to try and identify areas where we could realize some efficiencies in our operation."

The store replaced a coffee outlet that was open only eight hours a day and operated at a deficit. By incorporating the self-service technology, Vasta was able to eliminate staffing in that outlet and also a late-night (2 a.m. to 3:30 a.m.) cafeteria shift. Together, the hospital saved four FTEs (2.5 in the café and 1.5 in the cafeteria

during third shift), which, he concedes "really was the motivation."

This year, the hospital estimates it will save about \$85,000 in labor by using this system, says Vasta. "For a full 12 months we figure to save \$100,000," he adds. Another plus: Those working the third shift now have access to food and beverages all night long. "That has never been a profitable situation," Vasta admits, "so for years we have been struggling with what we could do about it."

Gene Stutzenstein, director of sales for Fast Track Convenience in Canton, Mich., which markets the system, says the kiosk system is also in use in Garden City Hospital near Detroit, which is said to be saving approximately \$80,000 a year.

Higher quality: Vasta says what he "loves about the system is that by contracting with caterer JES Vending Services, Inc. in St. Joseph, Mich., to run the café, we are able to offer high-

er-quality food than we could with conventional vending machines. They do a lot of scratch preparation, which came near the quality of what we were serving through the old café, which we were producing in house."

Food is prepared in JES's full-service commissary 25 miles away, and includes packaged sandwiches, wraps, salads, entrées, side dishes,

fresh fruit and beverages. According to JES Principal Ken Simms, "The most expensive thing we have put in the machine is \$3.99. The outlet is grossing between \$300 to \$400 a day. We think that will grow." An area just outside the café seats between 30 and 40.

The hospital's total annual operating budget for foodservice is \$4.5 million. Cafeteria sales are budgeted at about \$1.1 million. Vasta says he's unsure how much higher cafeteria sales will go.

The hospital, at present, receives no part of the café's sales. Its agreement with JES has the contractor keeping all revenue, a necessary condition for the café's first few months since the popularity of the new technology was hard to forecast. Vasta and his staff were happy to be able to provide the service for the hospital's staff and visitors, however, the agreement on revenue sharing may change before long.

"At some point we will renegotiate with the vendor, and if he is making money then we are going to get a piece of the pie," says Vasta. "This was a startup for the vendor, so there really was no way of knowing what his return on investment would be. But it's going very well, and we agreed that we would renegotiate after the first quarter. If there is a margin there then we will come up with a new agreement

that is commission based, or maybe we will lease him the space. But we do expect to actually receive some monetary compensation from it ultimately."

The \$50,000 system "didn't cost me a dime," Vasta explains, since it was JES that purchased it. "What we had to do was construct the space. You've got to have one way in and one way out [for security purposes], so I had to put a wall in." The cost of the renovation to the retail space was \$15,000.

Simms says the biggest single problem was customers' lack of experience in operating the kiosk. Assistance comes in the form of written and audio instructions, as well as a call button with which customers can get live help from JES' office. The unit also can be remotely operated from a desktop, which even prints receipts and coupons. Hospital employees receive training at the manufacturer's facility in Hickory, N.C.

Shoplifting is discouraged through the use of surveillance cameras and a video monitor. Theft is less likely than in other venues since the population is small, and a security gate at the lone exit sounds an alarm if a product's RFID tag has not been deactivated.

There were, Vasta admits, "a couple of technical glitches in the first week because the system is Internet-based. There were a couple of bugs that had to be worked out, but it works. It is very intuitive; if you can slide your card into a gas pump, you can operate the system."

Hospital employees can set up a declining-balance account if they wish, and use their thumbprint as a user ID, eliminating the need for entering a PIN. Vasta says, "It's quick and very slick. The system has been very well received here."

The café's reception has been so warm that Vasta is now looking for other opportunities to incorporate the system throughout the campus. There is, for instance, a medical office building on campus that currently offers no on-site foodservice. "I think a place like that would be a good application," he says.

by Howard Riell