

Gift Card Solution

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Paytronix is the Technology Leader and Innovator.

Develop a gift card program that incorporates the distinct elements of your restaurants and will engage your guests. Paytronix supports your ambitions with flexible solutions that integrate with your POS system to ensure a smooth redemption process. Whether you opt for a creative product-on-a-card program or other inventive approach, Paytronix gives you the ability to differentiate your program and energize your gift card sales.

In-Depth Reporting.

Paytronix puts in your hands the operational information you need to run a successful gift card program. Our reports run in real-time allowing you to capture the most up-to-date information for your analysis. You can format your reports to fit your purpose: review summary level statistics or dissect the data for detailed information, even view reports in your non-calendar fiscal periods.

Differentiate Gift Card and Comp Card Processing and Tracking.

The capacity to differentiate gift card revenues and redemptions from comp card transactions provides restaurants with a crucial financial accounting advantage. Separating these distinct transactions enables proper accounting for liabilities and expenses.

Track Sales and Redemptions Tracking.

Paytronix provides the ability to track gift card sales and redemptions across locations. This offers a valuable capability to franchised organizations that need to accurately track and report gift card liability to appropriately move money, net of sales discounts, across organizational entities.

Enable Gift Card Sales Through Third Party Channels.

Paytronix broadens gift card sales opportunities with its integration to third party channels, including Blackhawk, Incomm, Hallmark Insights, and many others.

Gift Card Conversion.

Paytronix delivers the flexibility and the power to execute a unique, exciting gift card programs that will engage your guests, enhance your brand, and deliver meaningful financial returns. The depth of our solutions stands unrivaled.

Our experience migrating gift card programs to the Paytronix platform will ensure a seamless transition for your guests and your servers. During the meticulously planned and tested conversion process we will preserve the key elements of your existing program, including:

- **Card Numbers** for unique account identification

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- **Card Activation Date and Store** for appropriate expiration and escheatment processing.
- **Intact Card Balances** for consistent liability reporting and to ensure accounting continuity.

To provide a favorable, convenient experience for your staff and guests, we accommodate a simultaneous cutover across all of your locations. A concurrent conversion provides operational stability and accounting consistency.

Paytronix gift cards represent far more than just “plain vanilla” cards that hold a set value. With fierce competition for gift cards from other restaurants as well as other retail outlets, you need a gift card program promotes your brand and excites your guests. Consider the Paytronix gift card system advantages.

Discounted Gift Card Sales.

Accounting for gift card liability is essential for all restaurants. Paytronix’s ability to track discounts provides exceptional differentiation. We allow you to follow the discount from the time of sale and then monitor redemption throughout the life cycle of the card. In this way, you can accurately report the outstanding net liability across your gift card portfolio. We report both the total and the net balance for ready reference and reconciliation.

Discount tracking is especially crucial for franchised organizations. When a franchisee redeems a card sold at a discount, the franchisee shares the cost of the discount. Money movement between corporate and the franchisee can be calculated net of the discount.

Paytronix enables other advantages involved in managing discounts, including:

- Applying sales discounts in flexible, convenient ways:
 - Rule Based. Automatically assign discount percentages for third party retailers at the time of the sale.
 - Bulk Discount Guidelines. Assign discounts based on a bulk card sale schedule. Provide discretion yet ensure the discounts conform to company guidelines.
 - Manual. Assign discounts manually through Paytronix’s “wallet” adjustments.
- Assigning the discount in proportion to the redemption rate for accurate, on-going balance reporting.
- Tracking gift card balances in gross terms as well as net of discount balance information.
- Calculating expiration and escheatment net of the sales discounts thereby minimizing your liability to state governments.



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Web Card Sales.

Your website offers a convenient channel for your guests to purchase gift cards. Paytronix's online shopping cart enables the sale of your gift cards directly from your website.

The sales process is simple, fast, and secure. Cards are sold in pre-set denominations with additional shipping and handling charges that you specify. All purchases are made via a credit card through a secure credit card processor. Fulfillment is handled by a pool of providers that offer a wide range of services.

Buyers can send the gift card directly to a friend ... and include a personalized message with delivery to add a special touch.

Selling gift cards online through Paytronix's online shopping cart gives you a trouble-free outlet to boost your gift card sales.

Money Movement.

Money movement is the ability to transfer funds from one entity to another — a common requirement in franchise environments. Paytronix accommodates both centralized and decentralized money movement and tracking models.

Centralized Money Movement: In this model, the corporate office holds all gift card sales revenue as well as all of the outstanding liability. When the cards are redeemed outside of the corporate ownership entity, the corporate office moves money to the entity who redeemed the card(s) for the appropriate net amount of the redemption.

Decentralized Money Movement: In this model, the franchisees hold both the money collected at the time of the sale and the liability for the cards. If the cards are redeemed in another ownership entity (another franchisee or corporate environment) money is then moved from the selling franchisee to the redeeming entity.

In addition, Paytronix has developed several other innovations to enhance money movement services. For example, merchants can create processes to collect the money owed (debits) prior to disbursing the credits to the redeeming entities. Restaurants are also able to track funded and unfunded entities and track the status of ACH accounts and credit memo accounts.

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In all, Paytronix provides complete money movement services with the flexibility to accommodate your specific money movement requirements.

Product-on-a-Card.

Product-on-a-Card is a special type of gift card that allows you to place a number of menu items on a card, rather than dollars. Product-on-a-card programs boost overall gift card revenues. Our clients have realized as much as a 20% increase after introducing this type of gift card programs. Plus, by raising your guests' visit frequency, you also garner a higher share of their spending.

When your guests become immune to sales pitches for standard gift cards, stir up new interest by inviting them to purchase a "milkshake-for-a-year" card. You would issue a gift card with a dozen milkshakes to be redeemed one per month for 12 months. The novelty of the request offers a chance to engage with guests and get them excited about your popular menu items.

There are many different types of product on a card programs that restaurants can use to engage guests, including:

- One-a-Month Gift Programs
- Contests
- Baker's Dozen
- Dinner-for-Two
- Kids' Club

Kids' clubs are a special Product-on-a-Card program. Children have a huge influence on the buying decisions of the entire family. A Kids' club is a way for a restaurant to build popularity and affinity with this important demographic. A Kids' Club, with a personalized card, provides a great motivation for kids to emulate parent behavior and drive purchasing behavior.

Product-on-a-Card offers are typically sold at a discount based on the expected redemption rate. Yet, despite the discounted price, these programs provide a superior financial return. Unlike traditional gift cards, you can target product-on-a-card programs for your higher margin, "signature" menu items to expand your guests' buying behaviors, and to create opportunities to increase their spending at your restaurants.

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Retail Sales Integration.

Gift card sales are becoming increasingly competitive. To compete, the presence on grocery and drug store shelves is a key weapon in the fight for market share. Gift card purchasers value convenience. Selling your gift cards where buyers are already shopping gives your restaurants another effective sales outlet.

Paytronix makes it easy to leverage the retail channel with integration to leading third-party gift card sellers, including:

- Blackhawk Network
- GiftCards.com
- Hallmark Insights
- Incomm

In addition, correctly accounting for retail gift card sales differentiates Paytronix. Retail partners sell gift cards at a discount – which complicates liability accounting reflected on company financial statements. Paytronix's solutions provide the capability to record the sales discount and then track the outstanding liability through the life cycle of the card. Ensuring proper liability accounting for external financial reporting and for intra-company money movement in franchised or dispersed-ownership organizations sets Paytronix apart as a provider of gift card solutions.

Gift Cards vs. Comp Cards.

A gift card is sold to guests and therefore represents taxable revenue. The value of a gift card appears on the balance sheet as a liability until redemption.

In contrast, a comp card is given by the restaurant to a guest as a gesture of goodwill or to extend a privilege to an employee. Therefore, the comp value should be recognized as an accounting expense, not as revenue. A comp should appear as a discount that lowers the subtotal of a guest check and reduces the amount of tax associated with the transaction.

Restaurants that ignore these differences incur a “double taxation” penalty. They overstate their income and sales tax liability and experience an inflated tax burden.

Paytronix provides integrated solutions designed to properly account for the accounting intricacies of gift card *and* comp card programs.



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Escheatment and Dormancy.

State level escheatment laws govern the handling of unclaimed property. In most states, gift cards are subject to escheatment regulation. Although specific details of the law vary from state to state, restaurants are required to report unclaimed gift card balances to the state at the designated end of life.

Using the Paytronix escheatment handling services facilitates compliance. At the end of life, the balance on a card is brought to zero and its status is changed to “escheated.” Reports show a summary (as well as a detailed view) of the unused card balances to transfer to the State in accordance with escheatment laws.

Some states require that gift cards expire at their end of life. Similar to escheatment, the unused card balance is brought to zero and the status is changed to “expired.” However, unlike escheatment, expiration calls for the expired balances to be recognized as revenue. The period to expiration normally represents a substantial period of time (e.g. Massachusetts law requires the card be available for use for seven years).

The responsibility for understanding and complying with applicable laws rests with you and your legal experts. Whether your restaurants are subject to escheatment or expiration (or both!), Paytronix gives you the flexibility to properly manage outstanding gift card balances at their end of life. Based on the direction from your legal team, we can configure the appropriate end of life processing to meet your specific requirements.

Dormancy processing is another approach to handling unused gift card balances. Where applied, restaurants assess a monthly dormancy fee to reclaim outstanding card balances. State-specific laws govern whether dormancy fees are allowable. If a restaurant elects to charge this fee, Paytronix enables processing and provides detailed reporting.

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Gift Card Promotions.

Gift card promotions provide an effective way to grow your gift card sales.

Special offers attract attention and entice guests to buy your gift cards. Paytronix gives you the comprehensive flexibility to create compelling promotions that align with your brand and will resonate with your guests.

Some of the most popular gift card promotions include:

- **Extra Value:** Sell a gift card for \$50 and receive a card worth \$55.
- **Discount Value:** Sell a \$50 gift card for \$45.
- **Combination Cards:** Sell a gift card above a threshold amount (say, \$25) and receive a bonus card redeemable for a free menu item or comp dollars.
- **Product-on-a-Card:** Sell a gift card redeemable for 12 items and charge the cost of ten.
- **Top Threshold Promotions:** Add extra dollars when guests recharge their gift cards.

Restaurants value gift card promotions because they provide an effective way to attract attention in the competitive gift card market. Paytronix allows you unparalleled flexibility to create distinctive promotions that will differentiate your gift cards, spur sales, and keep your guests coming back to your restaurants.

To learn more about Paytronix Gift Card Solutions, contact us.

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